UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from _____ to _____

Commission file number 001-40507

Full Truck Alliance Co. Ltd.
(Exact name of Registrant as specified in its charter)

Cayman Islands
(Jurisdiction of incorporation or organization)

6 Keji Road
Huaxi District, Guiyang
Guizhou 550025
People's Republic of China

Wanbo Science and Technology Park, 20 Fengxin Road
Yuhuatai District, Nanjing
Jiangsu 210012
People's Republic of China

(Address of principal executive offices)

Contact Person: Simon Chong Cai
Chief Financial Officer
Telephone: +86-25-6692-0156
Email: IR@amh-group.com
At the address of the Company set forth above
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing 20 Class A ordinary shares	**YMM**	**New York Stock Exchange**
Class A ordinary shares, US$0.00001 par value per share*		**New York Stock Exchange**

* Not for trading, but only in connection with the registration of American Depositary Shares representing such Class A ordinary shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Title of class	Number of shares outstanding
Class A ordinary shares were outstanding as of December 31, 2023	**18,941,505,257**
Class B ordinary shares were outstanding as of December 31, 2023	**2,131,865,628**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒	International Financial Reporting Standards as issued by the International Accounting Standards Board ☐	Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

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Conventions That Apply to This Annual Report on Form 20-F

Unless we indicate otherwise, references in this annual report on Form 20-F to:

- "active shippers" are to the aggregate number of registered shipper accounts on the FTA platform that have posted at least one shipping order on the FTA platform during a given period; some shippers may use more than one account, and/or may share the same account with other shippers;
- "ADSs" are to American depositary shares, each of which represents 20 Class A ordinary shares in our Company;
- "China" and the "PRC" are to the People's Republic of China, excluding, for the purposes of this annual report only, Taiwan, the Hong Kong Special Administrative Region and the Macao Special Administrative Region;
- "consolidated affiliates" are to the Group VIEs and their respective subsidiaries;
- "FTA platform" are to a digital, standardized and smart freight platform that connects shippers and truckers, currently providing services under the brands of *Yunmanman*, *Huochebang*, *Shengsheng* and *Yunmanman Cold Chain*;
- "fulfilled orders" are to all shipping orders matched through the FTA platform during a given period but exclude (i) shipping orders that are subsequently canceled, and (ii) shipping orders for which platform users failed to specify any freight prices as there are substantial uncertainties as to whether the shipping orders are fulfilled;
- "Group" are to Full Truck Alliance Co. Ltd., the Group VIEs and their respective subsidiaries;
- "Group VIEs" are to the variable interest entities, or VIEs, that are 100% owned by PRC citizens and hold certain business operation licenses or approvals, and generally operate businesses in which foreign investment is restricted, and are consolidated into the Group's consolidated financial statements in accordance with U.S. GAAP;
- "Hong Kong dollar(s)" or "HK dollar(s)" or "HK$" or "HKD" are to Hong Kong dollars, the lawful currency of Hong Kong;
- "*Huochebang*" are to the brand of *Huochebang* or the *Huochebang* platform, which was a leading digital freight platform providing services under the brand of *Huochebang* and integrated into the FTA platform following the establishment of our Company, as the context requires;
- "ordinary shares" are to Class A ordinary shares, US$0.00001 par value per share in our Company, and Class B ordinary shares, US$0.00001 par value per share in our Company; each Class A ordinary share is entitled to one vote; each Class B ordinary share is entitled to 30 votes;
- "Plus" are to PlusAI Corp, a company organized under the laws of the Cayman Islands, and its affiliates;
- "RMB" or "Renminbi" are to the legal currency of China;
- "road transportation industry" or "road transportation market" are to the market of transportation services for raw material, semi-finished goods and finished goods by trucks on roads;

- "shipper MAUs" are to the number of active shippers in a given month; "average shipper MAUs" in a given period are calculated by dividing (i) the sum of shipper MAUs for each month of such period, by (ii) the number of months in such period;
- "US$," "U.S. dollars," or "dollars" are to the legal currency of the United States;
- "we," "us," "our Company," "our," or "FTA" are to Full Truck Alliance Co. Ltd. and/or its subsidiaries, as the context requires; and
- "*Yunmanman*" are to the brand of *Yunmanman* or the *Yunmanman* platform, which was a leading digital freight platform providing services under the brand of *Yunmanman* and integrated into the FTA platform following the establishment of our Company, as the context requires.

This annual report contains translations between Renminbi and U.S. dollars for the convenience of the reader. The translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB7.0999 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 29, 2023. We make no representation that the Renminbi or U.S. dollar amounts referred to in this annual report could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all.

This annual report includes our audited consolidated financial statements for the years ended December 31, 2021, 2022 and 2023.

Our ADSs are listed on the New York Stock Exchange under the ticker symbol "YMM."

FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "may," "will," "expect," "anticipate," "future," "intend," "plan," "believe," "estimate," "is/are likely to" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect the Group's financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to:

- our goal and strategies;
- our expansion plans;
- our future business development, financial condition and results of operations;
- expected changes in the Group's revenues, costs or expenses;
- industry landscape of, and trends in, China's road transportation market;
- competition in our industry;
- our expectations regarding demand for, and market acceptance of, the Group's services;
- our expectations regarding the Group's relationships with shippers, truckers and other ecosystem participants;
- our ability to protect our systems and infrastructures from cyber-attacks;
- PRC laws, regulations, and policies relating to the road transportation market;
- the impact of any regulatory action taken against us;

- the impact of COVID-19 pandemic, extreme weather conditions and production constraints brought by electricity rationing measures; and
- general economic and business conditions.

We would like to caution you not to place undue reliance on these forward-looking statements and you should read these statements in conjunction with the risk factors disclosed in "Item 3.D. Key Information—Risk Factors." Those risks are not exhaustive. We operate in a rapidly evolving environment. New risks emerge from time to time and it is impossible for our management to predict all risk factors, nor can we assess the impact of all factors on the Group's business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in any forward-looking statement. We do not undertake any obligation to update or revise the forward-looking statements except as required under applicable law.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not required.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not required.

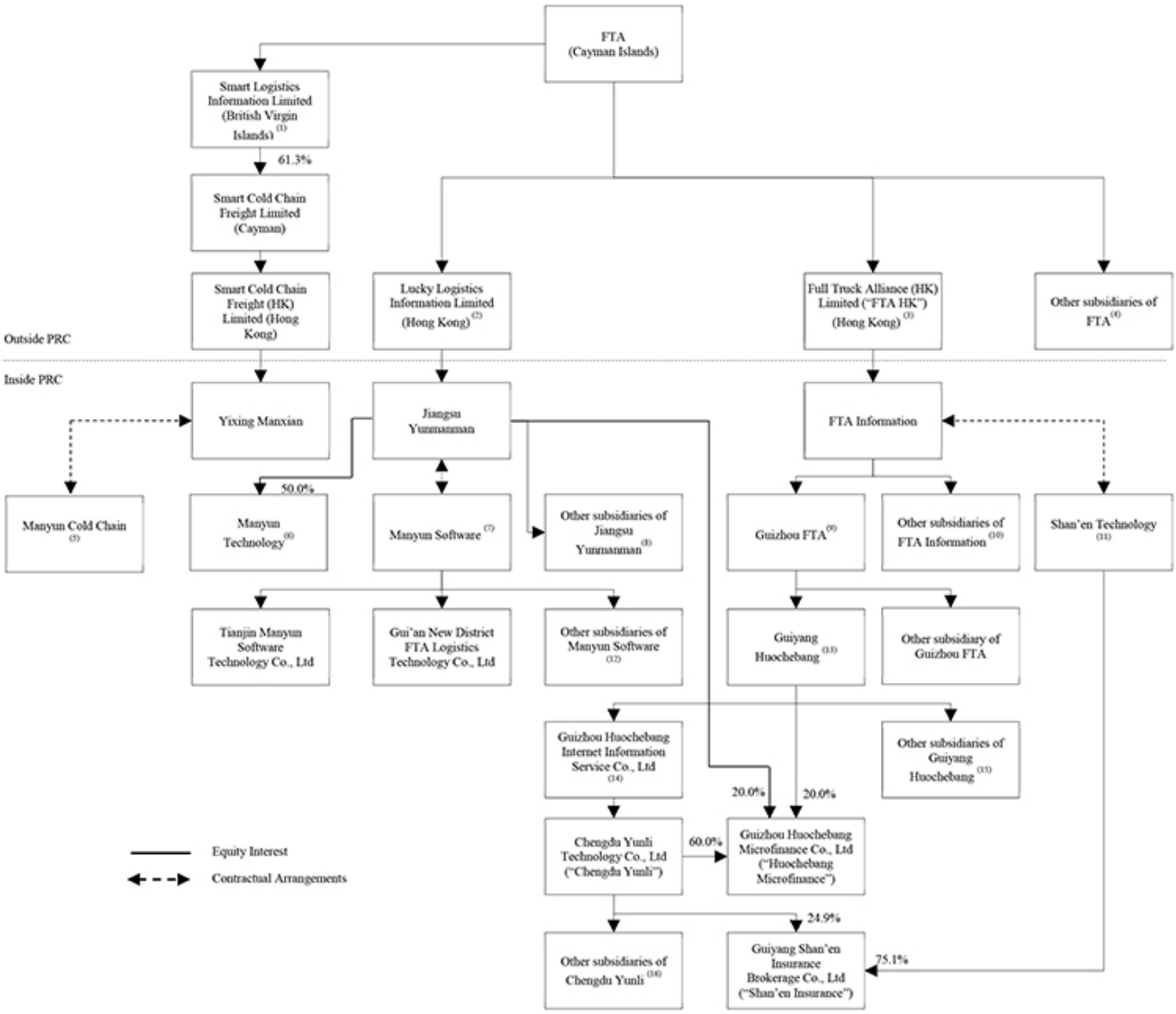
ITEM 3. KEY INFORMATION

Our Corporate Structure

Full Truck Alliance Co. Ltd. is not a Chinese operating company but a Cayman Islands holding company with operations primarily conducted (i) through contractual arrangements with certain variable interest entities, or the Group VIEs, in China and (ii) by our subsidiaries in China. Under the PRC laws and regulations, the provision of value-added telecommunication services and certain financial services in the PRC is subject to foreign investment restrictions and license requirements. Therefore, we operate such business in China through the Group VIEs, and rely on contractual arrangements among our PRC subsidiaries, the Group VIEs and their respective individual shareholders to control the business operations of the Group VIEs. Investors in our ADSs do not hold equity interest in the Group's operating entities in China, but instead hold an equity interest in Full Truck Alliance Co. Ltd., a Cayman Islands holding company. As used in this annual report, "FTA," "we," "us," "our Company" or "our" refers to Full Truck Alliance Co. Ltd. and/or its subsidiaries, "the Group" refers to Full Truck Alliance Co. Ltd., the Group VIEs and their respective subsidiaries, and "the consolidated affiliates" refers to the Group VIEs and their respective subsidiaries.

Prior to the fourth quarter of 2021, our Group VIEs were Shanghai Xiwei Information Consulting Co., Ltd., or Shanghai Xiwei, Beijing Manxin Technology Co., Ltd, or Beijing Manxin (formerly known as Beijing Yunmanman Technology Co., Ltd., or Beijing Yunmanman), and Guizhou FTA Logistics Technology Co., Ltd., or Guizhou FTA. In the fourth quarter of 2021, in order to enhance corporate governance, we underwent a reorganization of the holding structure of our onshore subsidiaries and the consolidated affiliates, or the Reorganization. The Reorganization mainly involved (i) changing the Group VIEs and (ii) changing certain subsidiaries of the Group VIEs to wholly-owned or partly-owned subsidiaries of our Company, to the extent permitted under the relevant PRC laws and regulations. The Reorganization was completed on January 1, 2022. On May 24, 2022, Yixing Manxian Information Technology Co., Ltd., or Yixing Manxian, our PRC subsidiary, gained control over Nanjing Manyun Cold Chain Technology Co., Ltd., or Manyun Cold Chain, a majority-owned subsidiary of Jiangsu Manyun Software Technology Co., Ltd., or Manyun Software, through a series of contractual arrangements with Manyun Cold Chain and its shareholders. Currently, the Group VIEs are (i) Manyun Software, (ii) Guiyang Shan'en Technology Co., Ltd., or Shan'en Technology, and (iii) Manyun Cold Chain.

The following diagram illustrates our corporate structure with our principal subsidiaries as of December 31, 2023. Certain entities that are immaterial to our results of operations, business and financial condition are omitted. Except as otherwise specified, equity interests depicted in this diagram are held as to 100%.



(1) Smart Logistics Information Limited also wholly owns one insignificant subsidiary.

(2) Besides Jiangsu Yunmanman Information Technology Co., Ltd. (formerly known as Jiangsu Manyun Logistics Information Co., Ltd.), or Jiangsu Yunmanman, Lucky Logistics Information Limited wholly owns two insignificant subsidiaries incorporated in the PRC.

(3) Besides Full Truck Alliance Information Technology Co., Ltd. (formerly known as Full Truck Alliance Information Consulting Co., Ltd.), or FTA Information, FTA HK's subsidiaries include two insignificant subsidiaries incorporated in the PRC that are wholly-owned by FTA HK and one insignificant subsidiary incorporated in the British Virgin Islands that is wholly-owned by FTA HK.

(4) Include two insignificant subsidiaries that are wholly-owned by FTA.

(5) Manyun Software, Tianjin Zhihui Yunli Management Consulting Partnership (Limited Partners), or Tianjin Zhihui, Mr. Peter Hui Zhang and Mr. Wenjian Dai hold 77.5%, 10.0%, 7.5% and 5.0% of equity interest in Manyun Cold Chain, respectively. Manyun Cold Chain primarily provides freight matching services for the cold chain logistics sector and operates *Yunmanman Cold Chain* apps.
(6) Jiangsu Yunmanman and another subsidiary of Lucky Logistics Information Limited each holds 50.0% of the equity interest in Jiangsu Manyun Technology Industry Co., Ltd, or Manyun Technology.
(7) Mr. Peter Hui Zhang and Ms. Guizhen Ma hold 70% and 30% equity interest, respectively, in Manyun Software. Manyun Software and its subsidiaries are primarily involved in operating the *Yunmanman* apps and *Shengsheng* apps and providing freight matching services.
(8) Include eight insignificant subsidiaries that are wholly-owned by Jiangsu Yunmanman.
(9) In March 2021, Guizhou FTA became a Group VIE. On January 1, 2022, FTA Information acquired Guizhou FTA from its shareholders and it became a wholly-owned subsidiary of FTA Information.
(10) Include two insignificant subsidiaries that are wholly owned by FTA Information.
(11) Mr. Peter Hui Zhang and Ms. Guizhen Ma hold 70% and 30% equity interest, respectively, in Shan'en Technology. Shan'en Technology and its subsidiaries are primarily involved in operating the *Huochebang* apps and providing freight matching services and insurance brokerage services.
(12) Include eleven insignificant subsidiaries that are wholly-owned by Manyun Software and one insignificant subsidiary that are majority-owned by Manyun Software.
(13) Previously, Guiyang Huochebang Technology Co., Ltd., or Guiyang Huochebang, was a Group VIE. In March 2021, as directed by FTA Information, Guizhou FTA, a newly established entity, acquired 100% of equity interest in Guiyang Huochebang for a nominal price from the shareholders of Guiyang Huochebang, and FTA Information gained control over Guizhou FTA through a series of contractual arrangements with Guizhou FTA and its shareholders. As a result, Guizhou FTA became a Group VIE, and Guiyang Huochebang became a subsidiary of Guizhou FTA.
(14) Guiyang Huochebang and FTA Information hold 83.8% and 16.2% of equity interest in Guizhou Huochebang Internet Information Service Co., Ltd., respectively.
(15) Include nine insignificant subsidiaries that are wholly-owned by Guiyang Huochebang.
(16) Include two insignificant subsidiaries that are wholly-owned by Chengdu Yunli.

The contractual arrangements among our PRC subsidiaries, the Group VIEs and their respective individual shareholders collectively enable us to:

- exercise effective control over our Group VIEs and their subsidiaries;
- receive substantially all the economic benefits of our Group VIEs; and
- have an exclusive option to purchase all or part of the equity interests in all or part of the assets when and to the extent permitted by PRC law.

These contractual arrangements generally include equity interest pledge agreements, spousal consent letters, power of attorney, loan agreements, exclusive service agreement and exclusive option agreement, as the case may be. As a result of the contractual arrangements, we are considered the primary beneficiary of these companies for accounting purposes, and we have consolidated the financial results of these companies in the Group's consolidated financial statements. However, we do not own equity interest in the Group VIEs. Furthermore, Full Truck Alliance Co. Ltd., as our holding company, does not conduct operating activities other than holding investment in certain of our equity investees.

The individual nominee shareholders of the Group VIEs are current or former directors and/or members of senior management of our Company. We consider such individuals suitable to act as the nominee shareholders of the Group VIEs because of, among other considerations, their contribution to the Group, their competence and their length of service with and loyalty to the Group. For more details of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Group VIEs."

We are subject to risks associated with our contractual arrangements with the Group VIEs. Our Company and its investors may never have a direct ownership interest in the businesses that are conducted by the Group VIEs. The contractual arrangements may not be as effective as direct ownership in providing us with control over the Group VIEs. If the Group VIEs or their shareholders fail to perform their respective obligations under these contractual arrangements, we could be limited in our ability to enforce these contractual arrangements. There are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. If we are unable to maintain effective control, we would not be able to continue to consolidate the financial results of these entities in the Group's financial statements. See "—D. Risk Factors—Risks Relating to Our Corporate Structure—We rely on contractual arrangements with the Group VIEs and their shareholders to conduct a substantial part of the Group's operations in China, which may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business" and "—D. Risk Factors—Risks Relating to Our Corporate Structure—The shareholders of the Group VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition."

There are also substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules regarding the status of the rights of our Cayman Islands holding company with respect to its contractual arrangements with the Group VIEs and their nominee shareholders. It is uncertain whether any new PRC laws or regulations relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or any of the Group VIEs is found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in accordance with the applicable laws and regulations to take action in dealing with such violations or failures. The Group VIEs hold certain material licenses and assets to conduct business in China and contribute the majority of the Group's revenues. An event that results in the deconsolidation of the Group VIEs would have a material effect on the Group's operations and cause the value of the securities of our Company to diminish substantially or even become worthless. See "—D. Risk Factors—Risks Relating to Our Corporate Structure— If the PRC government deems that the contractual arrangements in relation to the Group VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations."

The Group also faces various legal and operational risks and uncertainties associated with being based in or having its operations primarily in China and the country's complex and evolving laws and regulations. For example, the Group faces risks associated with regulatory approvals on offerings conducted overseas by and foreign investment in China-based issuers, the use of the Group VIEs, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy, which may impact the Group's ability to conduct certain businesses, accept foreign investments, or list on a U.S. or other foreign exchange outside of China. These risks could result in a material adverse change in the Group's operations and the value of our ADSs, significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause the value of such securities to significantly decline. See "—D. Risks Factors— Risks Relating to Doing Business in China."

Holding Foreign Companies Accountable Act

The Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, was signed into law on December 18, 2020 and amended pursuant to the Consolidated Appropriations Act, 2023 on December 29, 2022. Under the HFCA Act and the rules issued by the SEC and the PCAOB thereunder, if we have retained a registered public accounting firm to issue an audit report where the registered public accounting firm has a branch or office that is located in a foreign jurisdiction and the PCAOB has determined that it is unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction, the SEC will identify us as a "covered issuer", or SEC-identified issuer, shortly after we file with the SEC a report required under the Securities Exchange Act of 1934, or the Exchange Act (such as our annual report on Form 20-F), that includes an audit report issued by such accounting firm; and if we were to be identified as an SEC-identified issuer for two consecutive years, the SEC would prohibit our securities (including our shares or ADSs) from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

In December 2021, the PCAOB made its determinations, or the 2021 determinations, pursuant to the HFCA Act that it was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China or Hong Kong, including our auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP. After we filed our annual report on Form 20-F for the fiscal year ended December 31, 2021 that included an audit report issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP on April 25, 2022, the SEC conclusively identified us as an SEC-identified issuer on May 26, 2022.

Following the Statement of Protocol signed between the PCAOB and the China Securities Regulatory Commission and the Ministry of Finance of the PRC in August 2022 and the on-site inspections and investigations conducted by the PCAOB staff in Hong Kong from September to November 2022, the PCAOB Board voted in December 2022 to vacate the previous 2021 determinations, and as a result, our auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP, was no longer a registered public accounting firm that the PCAOB was unable to inspect or investigate completely as of the date of our annual report for the fiscal year ended December 31, 2022, or the 2022 annual report, and we were not identified as an SEC-identified issuer after we filed the 2022 annual report in 2023. On November 30, 2023, the PCAOB announced that it had completed its inspections on registered public accounting firms headquartered in mainland China and Hong Kong for 2023 with the complete access required under the HFCA Act. As such, we do not expect to be identified as an SEC-identified issuer in 2024 either. However, the PCAOB may change its determinations under the HFCA Act at any point in the future. See "—D. Risks Factors— Risks Relating to Doing Business in China—If the PCAOB determines that it is unable to inspect or investigate completely our auditor at any point in the future, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, and any such trading prohibition on our ADSs or threat thereof may materially and adversely affect the price of our ADSs and value of your investment."

Licenses, Permits and Approvals

We conduct our business primarily through (i) our Group VIEs and their subsidiaries in China and (ii) our subsidiaries in China. Our operations in China are governed by PRC laws and regulations. The Group has received all material permissions that are, or may be, required for its operations in China, including the operations of the Group VIEs. See "Item 4. Information on the Company—B. Business Overview— Licenses, Permits and Approvals." for more details.

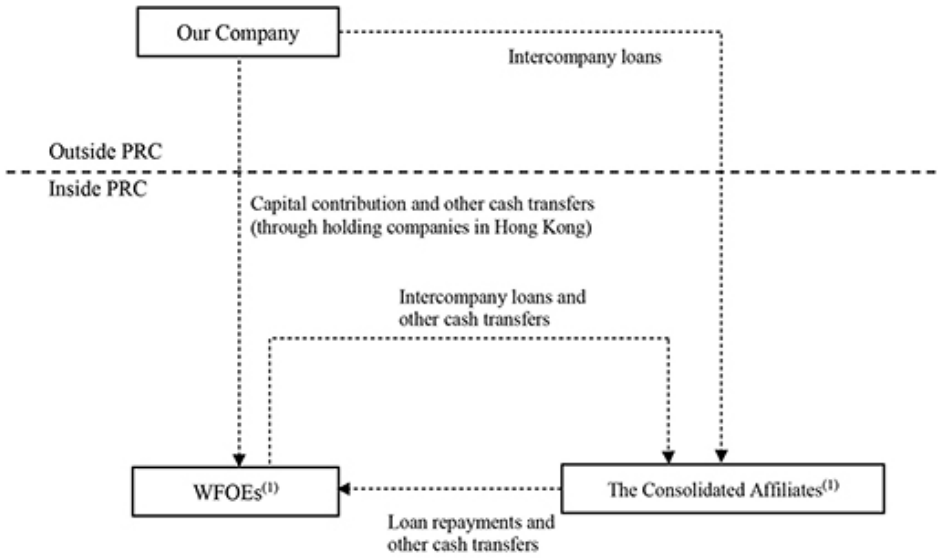
No material permission has been denied from us by relevant authorities in China. To enhance the experience of shippers, truckers and other ecosystem participants, we offer various auxiliary functions, content and value-added services through the FTA platform. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practices by relevant government authorities, we may be required to obtain additional licenses, permits, filings or approvals for these functions, content and services. See "—D. Risk Factors—Risks Relating to Our Business and Industry— If we fail to obtain or maintain licenses, permits or approvals applicable to the Group's business, we may become subject to significant penalties and other regulatory proceedings or actions."

In connection with our previous issuance of securities to foreign investors, under current PRC laws, regulations and regulatory rules, as of the date of this annual report, we, our PRC subsidiaries and our Group VIEs, (i) are not required to obtain permissions from the CSRC, (ii) are not required to go through cybersecurity review by the Cyberspace Administration of China, or the CAC, and (iii) have not received or were denied such requisite permissions by any PRC authority. However, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, and we cannot assure you that the relevant PRC government authorities will reach the same conclusion. The Cybersecurity Review Office of the CAC announced the initiation of a cybersecurity review of the *Yunmanman* apps and *Huochebang* apps on July 5, 2021. During the cybersecurity review, the *Yunmanman* and *Huochebang* apps were required to suspend new user registration. Based on notification by the CRO, we have resumed new user registration on the Yunmanman and Huochebang apps since June 29, 2022. For more details, see "—D. Risk Factors—Risks Relating to Our Business and Industry— The Group's business is subject to complex and evolving PRC laws and regulations relating to cybersecurity and data security" and —D. Risk Factors—Risks Relating to Our Corporate Structure—Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and its implementing rules and how they may impact the Group's business, financial condition and results of operations."

Cash Transfers within Our Corporate Structure

Full Truck Alliance Co. Ltd. is a Cayman Islands holding company with operations primarily conducted (i) through the consolidated affiliates in China and (ii) by our subsidiaries in China.

The following diagram summarizes how cash was transferred among our Company, our subsidiaries and the consolidated affiliates in 2021, 2022 and 2023.



(1) Our PRC subsidiaries, Jiangsu Yunmanman, FTA Information and Yixing Manxian, entered into contractual arrangements with the Group VIEs. Jiangsu Yunmanman, FTA Information and Yixing Manxian are our wholly foreign owned entities, or WFOEs. Shanghai Xiwei and Beijing Manxin were Group VIEs from the beginning of the periods presented below to November 2021. Guiyang Huochebang was a Group VIE from the beginning of the periods presented below to March 2021. In March 2021, Guizhou FTA became a Group VIE, and Guiyang Huochebang became a subsidiary of Guizhou FTA. Shanghai Xiwei and Beijing Manxin ceased to be the Group VIEs and became indirectly wholly-owned subsidiaries of Manyun Software in November 2021. We acquired Shanghai Xiwei and Beijing Manxin from Manyun Software and they became indirectly wholly-owned subsidiaries of Jiangsu Yunmanman on January 1, 2022. Guizhou FTA ceased to be a Group VIE following the completion of the Reorganization on January 1, 2022. Manyun Software, Shan'en Technology and Manyun Cold Chain are currently the Group VIEs. See "Item 4. Information on the Company—C.Organizational Structure."

The following table sets forth a summary of the cash flows that occurred between our Company, our subsidiaries, and the consolidated affiliates.

	For the Years Ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US$
	(in thousands)			
Intercompany Cash Flow Data:				
Transfer from our Company to our subsidiaries	2,103,259	2,050,687	1,833,910	258,301
Transfer from our Company to the consolidated affiliates	—	488,159	—	—
Transfer from our subsidiaries to the consolidated affiliates	6,323,470	3,075,366	1,952,383	274,987
Transfer from the consolidated affiliates to our subsidiaries	4,637,600	4,002,115	3,398,082	478,610

Our Company made cash transfers to our subsidiaries primarily in the form of capital contribution in 2021 and 2022 and made other cash transfers to our subsidiaries in 2023.

Our Company made cash transfers to the consolidated affiliates in the form of intercompany loans in 2022 to finance the consolidated affiliates' operations. Our company did not make cash transfers to the consolidated affiliates in 2021 and 2023.

Our subsidiaries made cash transfers to the consolidated affiliates primarily in the form of intercompany loans in 2021, 2022 and 2023 to finance the consolidated affiliates' operations.

The consolidated affiliates made loan repayments and other cash transfers to our subsidiaries in 2021, 2022 and 2023.

The Group VIEs did not pay any service fee under the exclusive service agreements in 2021, 2022 and 2023.

On March 13, 2024, we declared an annual cash dividend for the year ended December 31, 2023 of US$0.0072 per ordinary share, or US$0.1444 per ADS, payable on or around April 19, 2024, to holders of record of the Company's ordinary shares at the close of business on April 5, 2024. The aggregate amount of the dividend was approximately US$150 million. Any other future determination to pay dividends will be made at the discretion of our board of directors.

Restrictions on Transfer of Funds

In 2021, 2022 and 2023, no dividends or distributions were made to our Company by our subsidiaries. Our ability to pay dividends, if any, to the shareholders and ADSs investors and to service any debt we may incur may depend upon dividends paid by our PRC subsidiaries. Under PRC laws and regulations, our PRC subsidiaries are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets offshore to us. In particular, under PRC laws, rules and regulations, each of our subsidiaries incorporated in China is required to set aside at least 10% of its net income each year to fund certain statutory reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends.

Furthermore, we are subject to restrictions on currency exchange. The Renminbi is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our PRC subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities. Since a significant amount of our future revenues and cash flow will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize cash generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, including holders of our ADSs, and may limit our ability to obtain foreign currency through debt or equity financing for our onshore subsidiaries. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to us. For certain Cayman Islands, PRC and United States federal income tax considerations of an investment in the ADSs, see "Item 10. Additional Information — E. Taxation."

Summary Financial Information Related to the Consolidated Affiliates

The following condensed consolidated financial statement information presents information related to Full Truck Alliance Co. Ltd., or the Parent, which is a Cayman holding company, the consolidated affiliates and our subsidiaries as of December 31, 2021, 2022 and 2023 and for the years ended 2021, 2022 and 2023. The consolidated affiliates in the following refer to Shanghai Xiwei, Guizhou FTA and Beijing Manxin and their respective subsidiaries in 2021 and refer to Manyun Software, Shan'en Technology and Manyun Cold Chain and their respective subsidiaries in 2022 and 2023. See "Item 4. Information on the Company—C. Organizational Structure."

The following tables present the condensed consolidated schedule of results of operation data for the periods indicated.

	For the Years Ended December 31,									
	2021					2022				
	Parent	Consolidated affiliates	Subsidiaries	Eliminating Entries	Total	Parent	Consolidated affiliates	Subsidiaries	Eliminating Entries	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in thousands)									
Freight Matching Services	**—**	**3,946,882**	**—**	**—**	**3,946,882**	**—**	**5,549,537**	**107,114**	**—**	**5,656,651**
Freight brokerage	—	2,497,779	—	—	2,497,779	—	3,360,313	—	—	3,360,313
Freight listings	—	753,031	—	—	753,031	—	745,266	107,114	—	852,380
Transaction commission	—	696,072	—	—	696,072	—	1,443,958	—	—	1,443,958
Value-added services[1]	**—**	**1,141,867**	**1,056,488**	**(1,488,218)**	**710,137**	**—**	**118,323**	**2,644,932**	**(1,686,262)**	**1,076,993**
Credit solutions	—	517,776	2,310	—	520,086	—	23,941	772,415	—	796,356
Other value-added services	—	624,091	1,054,178	(1,488,218)	190,051	—	94,382	1,872,517	(1,686,262)	280,637
Net Revenues	**—**	**5,088,749**	**1,056,488**	**(1,488,218)**	**4,657,019**	**—**	**5,667,860**	**2,752,046**	**(1,686,262)**	**6,733,644**
Operating expenses:										
Cost of revenues [1]	(3,740)	(2,949,238)	(39,434)	452,414	(2,539,998)	(6,406)	(3,208,063)	(395,532)	95,450	(3,514,551)
Sales and marketing expenses[1]	(56,973)	(495,510)	(309,066)	24,248	(837,301)	(39,771)	(489,127)	(517,400)	144,029	(902,269)
General and administrative expenses[1]	(3,849,809)	(821,435)	(150,883)	550,975	(4,271,152)	(923,383)	(1,646,542)	(294,057)	1,446,049	(1,417,933)
Research and development expenses[1]	(48,777)	(829,404)	(304,249)	452,762	(729,668)	(63,884)	(187,766)	(663,001)	500	(914,151)
Provision for loans receivable	—	(31,780)	(65,878)	—	(97,658)	—	—	(194,272)	—	(194,272)
Total operating expenses	**(3,959,299)**	**(5,127,367)**	**(869,510)**	**1,480,399**	**(8,475,777)**	**(1,033,444)**	**(5,531,498)**	**(2,064,262)**	**1,686,028**	**(6,943,176)**
Other operating income	—	16,905	5,910	—	22,815	—	34,884	12,646	—	47,530
(Loss) income from operations	**(3,959,299)**	**(21,713)**	**192,888**	**(7,819)**	**(3,795,943)**	**(1,033,444)**	**171,246**	**700,430**	**(234)**	**(162,002)**
Other income (expense)										
Interest income[2]	153,749	49,713	42,497	(11,308)	234,651	326,699	52,183	106,080	(1,304)	483,658
Interest expenses[2]	—	(11,788)	(237)	11,985	(40)	—	(1,557)	—	1,382	(175)
Foreign exchange (loss) gain	(2,917)	(661)	(11,890)	—	(15,468)	(1,646)	2,427	14,267	—	15,048
Investment income	(379)	647	28,049	—	28,317	23,405	(46)	(17,948)	—	5,411
Unrealized gains (losses) from fair value changes of short term investments and derivative assets	18,333	—	5,634	—	23,967	(39,131)	(9)	(24,250)	—	(63,390)
Other income (expenses), net	2,277	11,305	(6,515)	—	7,067	228,955	1,689	(13)	—	230,631
Impairment loss	(43,708)	(66,953)	(906)	—	(111,567)	—	—	—	—	—
Share of loss in equity method investees	(5,696)	(4,613)	(1,012)	—	(11,321)	—	(21)	(1,225)	—	(1,246)
Total other income (loss)	**121,659**	**(22,350)**	**55,620**	**677**	**155,606**	**538,282**	**54,666**	**76,911**	**78**	**669,937**
Net (loss) income before income tax	**(3,837,640)**	**(44,063)**	**248,508**	**(7,142)**	**(3,640,337)**	**(495,162)**	**225,912**	**777,341**	**(156)**	**507,935**
Income tax (expense) benefits	(14,090)	(7,956)	7,855	—	(14,191)	(96,032)	(1,982)	1,979	—	(96,035)
Equity in gains of subsidiaries, and consolidated affiliates[3]	197,282	—	—	(197,282)	—	997,956	—	—	(997,956)	—
Net (loss) income	**(3,654,448)**	**(52,019)**	**256,363**	**(204,424)**	**(3,654,528)**	**406,762**	**223,930**	**779,320**	**(998,112)**	**411,900**
Less: Measurement adjustment attributable to redeemable non-controlling interest	—	—	—	—	—	—	—	4,599	—	4,599
Less: Net (loss) income attributable to non-controlling interests	—	(80)	—	—	(80)	—	3,267	—	(2,728)	539
Net (loss) income attributable to Full Truck Alliance Co. Ltd.	**(3,654,448)**	**(51,939)**	**256,363**	**(204,424)**	**(3,654,448)**	**406,762**	**220,663**	**774,721**	**(995,384)**	**406,762**
Deemed dividend to convertible redeemable preferred shares	(518,432)	—	—	—	(518,432)	—	—	—	—	—
Net (loss) income attributable to ordinary shareholders	**(4,172,880)**	**(51,939)**	**256,363**	**(204,424)**	**(4,172,880)**	**406,762**	**220,663**	**774,721**	**(995,384)**	**406,762**

	For the Year Ended December 31, 2023									
	Parent		Consolidated affiliates		Subsidiaries		Eliminating Entries		Total	
	RMB	US$	RMB	US$	RMB	US$	RMB	US$	RMB	US$
	(in thousands)									
Freight Matching Services	**—**	**—**	**5,715,859**	**805,063**	**1,332,971**	**187,745**	**—**	**—**	**7,048,830**	**992,808**
Freight brokerage	—	—	3,916,409	551,615	—	—	—	—	3,916,409	551,615
Freight listings	—	—	929,353	130,897	—	—	—	—	929,353	130,897
Transaction commission	—	—	870,097	122,551	1,332,971	187,745	—	—	2,203,068	310,296
Value-added services(1)	**—**	**—**	**254,301**	**35,818**	**2,784,880**	**392,243**	**(1,651,852)**	**(232,659)**	**1,387,329**	**195,402**
Credit solutions	—	—	—	—	1,001,892	141,114	—	—	1,001,892	141,114
Other value-added services	—	—	254,301	35,818	1,782,988	251,129	(1,651,852)	(232,659)	385,437	54,288
Net Revenues	**—**	**—**	**5,970,160**	**840,881**	**4,117,851**	**579,988**	**(1,651,852)**	**(232,659)**	**8,436,159**	**1,188,210**
Operating expenses:										
Cost of revenues(1)	(8,567)	(1,207)	(3,709,892)	(522,527)	(494,058)	(69,587)	93,501	13,170	(4,119,016)	(580,151)
Sales and marketing expenses(1)	(55,280)	(7,786)	(819,013)	(115,356)	(570,620)	(80,370)	205,722	28,976	(1,239,191)	(174,536)
General and administrative expenses(1)	(386,155)	(54,389)	(1,489,536)	(209,797)	(414,615)	(58,396)	1,352,629	190,513	(937,677)	(132,069)
Research and development expenses(1)	(76,817)	(10,819)	(216,739)	(30,527)	(653,079)	(91,985)	—	—	(946,635)	(133,331)
Provision for loans receivable	—	—	—	—	(234,599)	(33,043)	—	—	(234,599)	(33,043)
Total operating expenses	**(526,819)**	**(74,201)**	**(6,235,180)**	**(878,207)**	**(2,366,971)**	**(333,381)**	**1,651,852**	**232,659**	**(7,477,118)**	**(1,053,130)**
Other operating income	—	—	17,633	2,484	20,755	2,923	—	—	38,388	5,407
(Loss) income from operations	**(526,819)**	**(74,201)**	**(247,387)**	**(34,842)**	**1,771,635**	**249,530**	**—**	**—**	**997,429**	**140,487**
Other income (expense)										
Interest income(2)	771,606	108,678	61,681	8,688	309,976	43,659	(1,402)	(197)	1,141,861	160,828
Interest expenses(2)	—	—	(1,402)	(197)	—	—	1,402	197	—	—
Foreign exchange gain (loss)	1,152	162	—	—	(3,301)	(465)	—	—	(2,149)	(303)
Investment income	52,177	7,349	—	—	3,444	485	—	—	55,621	7,834
Unrealized gains from fair value changes of investments and derivative assets	12,852	1,810	—	—	86	12	—	—	12,938	1,822
Other income, net	116,546	16,416	7,445	1,049	6,273	882	—	—	130,264	18,347
Share of loss in equity method investees	—	—	—	—	(2,067)	(291)	—	—	(2,067)	(291)
Total other income	**954,333**	**134,415**	**67,724**	**9,540**	**314,411**	**44,282**	**—**	**—**	**1,336,468**	**188,237**
Net income (loss) before income tax	**427,514**	**60,214**	**(179,663)**	**(25,302)**	**2,086,046**	**293,812**	**—**	**—**	**2,333,897**	**328,724**
Income tax expense	(93,914)	(13,228)	(8,297)	(1,169)	(4,593)	(646)	—	—	(106,804)	(15,043)
Equity in gain of subsidiaries and consolidated affiliates (3)	1,879,288	264,694	—	—	—	—	(1,879,288)	(264,694)	—	—
Net income (loss)	**2,212,888**	**311,680**	**(187,960)**	**(26,471)**	**2,081,453**	**293,166**	**(1,879,288)**	**(264,694)**	**2,227,093**	**313,681**
Less: Measurement adjustment attributable to redeemable non-controlling interests	—	—	—	—	15,457	2,177	—	—	15,457	2,177
Less: Net income (loss) attributable to non-controlling interests	—	—	3,003	423	65	9	(4,320)	(608)	(1,252)	(176)
Net income (loss) attributable to ordinary shareholders	**2,212,888**	**311,680**	**(190,963)**	**(26,894)**	**2,065,931**	**290,980**	**(1,874,968)**	**(264,086)**	**2,212,888**	**311,680**

The following tables present the condensed consolidated schedule of balance sheets data as of the dates indicated.

	As of December 31,									
	2021					2022				
	Parent	Consolidated affiliates	Subsidiaries	Eliminating Entries	Total	Parent	Consolidated affiliates	Subsidiaries	Eliminating Entries	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in thousands)									
Cash and cash equivalents	1,032,540	2,948,946	302,805	—	4,284,291	273,112	2,474,166	2,390,034	—	5,137,312
Restricted cash—current	—	63,294	2,528	—	65,822	—	12,095	71,664	—	83,759
Short-term investments	17,866,528	550,000	3,218,114	—	21,634,642	16,581,019	—	4,506,070	—	21,087,089
Accounts receivable, net	—	28,734	405	—	29,139	—	8,577	4,438	—	13,015
Amounts due from related parties	—	7,075	—	—	7,075	—	—	—	—	—
Loans receivable, net	—	1,774,038	3,629	—	1,777,667	—	—	2,648,449	—	2,648,449
Prepayments and other current assets	113,595	849,323	136,689	—	1,099,607	193,771	1,604,354	236,302	—	2,034,427
Intercompany receivables [4]	—	526,865	681,611	(1,208,476)	—	—	706,633	211,609	(918,242)	—
Total current assets	**19,012,663**	**6,748,275**	**4,345,781**	**(1,208,476)**	**28,898,243**	**17,047,902**	**4,805,825**	**10,068,566**	**(918,242)**	**31,004,051**
Restricted cash—non-current	—	13,500	—	—	13,500	—	—	—	—	—
Property and equipment, net	—	100,931	1,227	—	102,158	—	18,449	90,375	—	108,824
Investment in and amount due from subsidiaries, and consolidated affiliates[3]	11,885,179	—	—	(11,885,179)	—	15,678,895	—	—	(15,678,895)	—
Long-term investments	1,007,361	670,110	880	—	1,678,351	1,100,407	—	686,313	(12,450)	1,774,270
Intangible assets, net	—	119,298	437,718	—	557,016	—	106,928	395,730	(237)	502,421
Goodwill	—	283,256	2,841,572	—	3,124,828	—	283,256	2,841,572	—	3,124,828
Deferred tax assets	—	20,492	—	—	20,492	—	6,570	34,920	—	41,490
Operating lease right-of-use assets and land use rights	—	—	—	—	—	—	74,820	57,180	—	132,000
Other non-current assets	—	3,836	11	—	3,847	—	5,960	2,467	—	8,427
Intercompany receivables [2]	—	—	7,533,695	(7,533,695)	—	—	—	2,679,400	(2,679,400)	—
Total non-current assets	**12,892,540**	**1,211,423**	**10,815,103**	**(19,418,874)**	**5,500,192**	**16,779,302**	**495,983**	**6,787,957**	**(18,370,982)**	**5,692,260**
Total assets	**31,905,203**	**7,959,698**	**15,160,884**	**(20,627,350)**	**34,398,435**	**33,827,204**	**5,301,808**	**16,856,523**	**(19,289,224)**	**36,696,311**

	As of December 31,									
	2021					2022				
	Parent	Consolidated affiliates	Subsidiaries	Eliminating Entries	Total	Parent	Consolidated affiliates	Subsidiaries	Eliminating Entries	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in thousands)									
Short-term loans	—	9,000	—	—	9,000	—	—	—	—	—
Accounts payable	42	29,077	262	—	29,381	2	6,374	21,577	—	27,953
Amounts due to related parties	179,859	—	—	—	179,859	122,152	—	—	—	122,152
Prepaid for freight listing fees and other service fees	—	383,153	83	—	383,236	—	436,806	25,274	—	462,080
Income tax payable	9,084	21,573	881	—	31,538	18,303	8,082	25,848	—	52,233
Other tax payable	250,008	566,479	78,105	—	894,592	—	682,030	39,567	—	721,597
Operating lease liabilities—current	—	—	—	—	—	—	39,649	4,941	—	44,590
Accrued expenses and other current liabilities	10,765	1,045,484	149,930	—	1,206,179	29,514	883,965	387,681	—	1,301,160
Intercompany payables[4]	—	681,525	859,272	(1,540,797)	—	—	649,768	880,706	(1,530,474)	—
Total current liabilities	**449,758**	**2,736,291**	**1,088,533**	**(1,540,797)**	**2,733,785**	**169,971**	**2,706,674**	**1,385,594**	**(1,530,474)**	**2,731,765**
Deferred tax liabilities	—	26,415	109,349	—	135,764	—	23,358	98,253	—	121,611
Operating lease liabilities—non current	—	—	—	—	—	—	34,036	1,895	—	35,931
Total non-current liabilities	**—**	**26,415**	**109,349**	**—**	**135,764**	—	**57,394**	**100,148**	—	**157,542**
Total liabilities	**449,758**	**2,762,706**	**1,197,882**	**(1,540,797)**	**2,869,549**	**169,971**	**2,764,068**	**1,485,742**	**(1,530,474)**	**2,889,307**
Total mezzanine equity	**—**	—	—	—	**—**	**—**	**—**	**149,771**	**—**	**149,771**
Total equity	**31,455,445**	**5,196,992**	**13,963,002**	**(19,086,553)**	**31,528,886**	**33,657,233**	**2,537,740**	**15,221,010**	**(17,758,750)**	**33,657,233**
Total liabilities, mezzanine equity and equity	**31,905,203**	**7,959,698**	**15,160,884**	**(20,627,350)**	**34,398,435**	**33,827,204**	**5,301,808**	**16,856,523**	**(19,289,224)**	**36,696,311**

	As of December 31, 2023									
	Parent		Consolidated affiliates		Subsidiaries		Eliminating Entries		Total	
	RMB	US$	RMB	US$	RMB	US$	RMB	US$	RMB	US$
	(in thousands)									
Cash and cash equivalents	59,957	8,445	2,617,594	368,680	4,093,344	576,536	—	—	6,770,895	953,661
Restricted cash—current	—	—	13,801	1,944	101,712	14,326	—	—	115,513	16,270
Short-term investments	9,377,702	1,320,822	—	—	2,138,602	301,215	—	—	11,516,304	1,622,037
Accounts receivable, net	—	—	12,088	1,703	11,330	1,595	—	—	23,418	3,298
Loans receivable, net	—	—	—	—	3,521,072	495,933	—	—	3,521,072	495,933
Prepayments and other current assets	279,541	39,373	1,501,233	211,444	269,006	37,888	—	—	2,049,780	288,705
Intercompany receivables[4]	—	—	584,675	82,350	150,772	21,235	(735,447)	(103,585)	—	—
Total current assets	**9,717,200**	**1,368,640**	**4,729,391**	**666,121**	**10,285,838**	**1,448,728**	**(735,447)**	**(103,585)**	**23,996,982**	**3,379,904**
Restricted cash–non-current	—	—	10,000	1,408	—	—	—	—	10,000	1,408
Long-term investments	6,415,971	903,671	228,400	32,169	4,431,368	624,145	—	—	11,075,739	1,559,985
Property and equipment, net	—	—	14,422	2,031	180,154	25,374	—	—	194,576	27,405
Investment in and amount due from subsidiaries, and consolidated affiliates[3]	19,491,063	2,745,258	—	—	—	—	(19,491,063)	(2,745,258)	—	—
Intangible assets, net	—	—	95,517	13,453	354,387	49,915	—	—	449,904	63,368
Goodwill	—	—	283,256	39,896	2,841,572	400,227	—	—	3,124,828	440,123
Deferred tax assets	—	—	786	111	148,295	20,887	—	—	149,081	20,998
Operating lease right-of-use assets and land use rights	—	—	82,120	11,566	52,747	7,430	—	—	134,867	18,996
Other non-current assets	121,280	17,082	3,482	490	86,908	12,241	—	—	211,670	29,813
Intercompany receivables[2]	—	—	—	—	2,679,400	377,386	(2,679,400)	(377,386)	—	—
Total non-current assets	**26,028,314**	**3,666,011**	**717,983**	**101,124**	**10,774,831**	**1,517,605**	**(22,170,463)**	**(3,122,644)**	**15,350,665**	**2,162,096**
Total assets	**35,745,514**	**5,034,651**	**5,447,374**	**767,245**	**21,060,669**	**2,966,333**	**(22,905,910)**	**(3,226,229)**	**39,347,647**	**5,542,000**
Accounts payable	—	—	7,179	1,011	18,041	2,541	—	—	25,220	3,552
Prepaid for freight listing fees and other service fees	—	—	506,423	71,328	42,494	5,985	—	—	548,917	77,313
Income tax payable	24,952	3,514	3,032	427	126,932	17,878	—	—	154,916	21,819
Other tax payable	8,932	1,258	731,284	102,999	44,401	6,254	—	—	784,617	110,511
Operating lease liabilities—current	—	—	34,867	4,911	2,891	407	—	—	37,758	5,318
Accrued expenses and other current liabilities	107,124	15,089	1,113,559	156,840	502,562	70,785	—	—	1,723,245	242,714

	As of December 31, 2023									
	Parent		Consolidated affiliates		Subsidiaries		Eliminating Entries		Total	
	RMB	US$	RMB	US$	RMB	US$	RMB	US$	RMB	US$
	(in thousands)									
Intercompany payables[4]	—	—	590,290	83,141	2,611,062	367,759	(3,201,352)	(450,900)	—	—
Total current liabilities	**141,008**	**19,861**	**2,986,634**	**420,657**	**3,348,383**	**471,609**	**(3,201,352)**	**(450,900)**	**3,274,673**	**461,227**
Deferred tax liabilities	—	—	20,333	2,864	88,258	12,431	—	—	108,591	15,295
Operating lease liabilities—non current	—	—	46,395	6,535	314	44	—	—	46,709	6,579
Other non-current liabilities	—	—	22,950	3,232	—	—	—	—	22,950	3,232
Total non-current liabilities	**—**	**—**	**89,678**	**12,631**	**88,572**	**12,475**	**—**	**—**	**178,250**	**25,106**
Total liabilities	**141,008**	**19,861**	**3,076,312**	**433,288**	**3,436,955**	**484,084**	**(3,201,352)**	**(450,900)**	**3,452,923**	**486,333**
Total mezzanine equity	**—**	**—**	**—**	**—**	**277,420**	**39,074**	**—**	**—**	**277,420**	**39,074**
Total equity	**35,604,506**	**5,014,790**	**2,371,062**	**333,957**	**17,346,294**	**2,443,175**	**(19,704,558)**	**(2,775,329)**	**35,617,304**	**5,016,593**
Total liabilities, mezzanine equity and equity	**35,745,514**	**5,034,651**	**5,447,374**	**767,245**	**21,060,669**	**2,966,333**	**(22,905,910)**	**(3,226,229)**	**39,347,647**	**5,542,000**

The following tables present the condensed consolidated schedule of cash flow data for the periods indicated.

	For the Years Ended December 31,									
	2021					2022				
	Parent	Consolidated affiliates	Subsidiaries	Eliminating entries	Total	Parent	Consolidated affiliates	Subsidiaries	Eliminating entries	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in thousands)									
Net cash (used in) provided by operating activities	(187,969)	(286,501)	263,051	—	(211,419)	310,343	(1,262,444)	936,581	—	(15,520)
Net cash (used in) provided by investing activities	(14,562,068)	(815,721)	(2,864,575)	3,843,391	(14,398,973)	295,993	(1,146,063)	(947,424)	3,928,715	2,131,221
Net cash provided by (used in) financing activities	8,859,414	1,804,168	2,081,323	(3,843,391)	8,901,514	(1,392,367)	1,869,028	2,121,879	(3,928,715)	(1,330,175)

	For the Year Ended December 31, 2023									
	Parent		Consolidated affiliates		Subsidiaries		Eliminating entries			Total
	RMB	US$	RMB	US$	RMB	US$	RMB	US$	RMB	US$
	(in thousands)									
Net cash provided by operating activities	788,079	111,000	137,792	19,408	1,343,775	189,266	—	—	2,269,646	319,674
Net cash provided by (used in) investing activities	380,149	53,543	(240,125)	(33,821)	(1,677,662)	(236,293)	2,091,377	294,564	553,739	77,993
Net cash (used in) provided by financing activities	(1,374,825)	(193,640)	257,467	36,263	2,041,733	287,572	(2,091,377)	(294,564)	(1,167,002)	(164,369)

(1) Represents intercompany provision of services, primarily technical services and promotion services provided by our subsidiaries to the consolidated affiliates. The related revenue and costs/expenses were eliminated upon consolidation.
(2) Represents intercompany entrusted loans from our PRC subsidiaries to the consolidated affiliates to fund their operations. As the entrusted loans are of a long-term investment nature, they are included in equity of the consolidated affiliates. The loan balances were eliminated against the consolidated affiliates' equity upon consolidation.
(3) Represents the Parent's investments in subsidiaries and the consolidated affiliates, including share of gain or loss from such investments under the equity method of accounting, and the amounts due from subsidiaries and consolidated affiliates, which were eliminated upon consolidation. To align with the line item in the condensed balance sheets of the Parent, amounts due from subsidiaries and consolidated affiliates are not included in intercompany receivables.
(4) Represents the intercompany balances among the Parent, our subsidiaries, and the consolidated affiliates, which were eliminated upon consolidation.

A. [Reserved]

B. Capitalization and Indebtedness

Not required.

C. Reasons for the Offer and Use of Proceeds

Not required.

D. Risk Factors

Summary of Risk Factors

Investing in our ADSs involves significant risks. You should carefully consider all of the information in this annual report before making an investment in the ADSs. Below please find a summary of the principal risks we face, organized under relevant headings:

Risks Relating to Our Business and Industry

Risks and uncertainties relating to our business and industry include, but are not limited to, the following:

- The Group's historical financial and operating performance may not be indicative of its future prospects and results of operations due to the limited operating history of some of the Group's business lines, evolving business model and changing market;

- The Group's operations have grown substantially since inception. We may not be able to effectively manage the Group's growth, control the Group's expenses or implement the Group's business strategies;
- The Group's business may be affected by fluctuations in China's road transportation market;
- If we are unable to attract or maintain a critical mass of shippers and truckers in a cost-effective manner, whether as a result of competition or other factors, transaction activities on the FTA platform and the Group's financial results would be adversely impacted;
- The Group's business is subject to complex and evolving PRC laws and regulations relating to cybersecurity and data security;
- We may not succeed in continuing to maintain, protect and strengthen the Group's brands, and any negative publicity about the Group, its business, its management, its ecosystem participants or the road transportation market in general, may materially and adversely affect the Group's reputation, business, results of operations and growth;
- If the Group's solutions and services do not achieve and maintain sufficient market acceptance or provide the expected benefits to ecosystem participants, its financial condition, results of operations and competitive position will be materially and adversely affected;
- If the Group's users, other ecosystem participants or their employees engage in, or are subject to, criminal, violent, fraudulent, inappropriate or dangerous activities, the Group's reputation, business, financial condition, and operating results may be adversely impacted;
- The profitability of the Group's freight brokerage service has been and is expected to continue to be reliant upon, among others, grants provided by local government authorities. If the Group cannot continue to receive such grants, its freight brokerage service and its contribution to the Group's financial performance may be materially and adversely affected;
- If we fail to effectively match truckers with shipments and optimize our pricing models, the Group's business, financial condition and results of operations could be adversely affected;
- We cannot guarantee that our monetization strategies or the Group's business initiatives will be successfully implemented or generate sustainable profit;
- The Group incurred in the past, and may incur in the future, net losses; and
- The Group may be required to write down goodwill and other identifiable intangible assets.

Risks Relating to Our Corporate Structure

Risks and uncertainties relating to our corporate structure include, but are not limited to, the following:

- If the PRC government deems that the contractual arrangements in relation to the Group VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations;
- Our contractual arrangements with the Group VIEs may result in adverse tax consequences to us;

- We rely on contractual arrangements with the Group VIEs and their shareholders to conduct a substantial part of the Group's operations in China, which may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business; and
- The shareholders of the Group VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Risks Relating to Doing Business in China

We are subject to risks and uncertainties relating to doing business in China in general, including, but are not limited to, the following:

- Changes in the political and economic policies of the PRC government may materially and adversely affect the Group's business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies;
- There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations;
- The audit report included in this annual report is prepared by an auditor which the U.S. Public Company Accounting Oversight Board was unable to inspect and investigate completely before 2022 and, as such, our investors have been deprived of the benefits of such inspections in the past, and may be deprived of the benefits of such inspections in the future;
- If the PCAOB determines that it is unable to inspect or investigate completely our auditor at any point in the future, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, and any such trading prohibition on our ADSs or threat thereof may materially and adversely affect the price of our ADSs and value of your investment; and
- You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China, based on the United States or other foreign laws, against us, our directors, executive officers or the expert named in this annual report. Therefore, you may not be able to enjoy the protection of such laws in an effective manner.

Risks Relating to Our ADSs

Risks relating to our ADSs, include, but not limited to, the following:

- The trading price of our ADSs has been and is likely to continue to be volatile, which could result in substantial losses to holders of our ADSs;
- We may fail to meet our publicly announced guidance or other expectations about the Group's business, which could cause our stock price to decline;
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about the Group's business, the market price for our ADSs and their trading volume could decline; and
- Because we cannot guarantee any future payment of cash dividends, you may not receive any return on your investment unless you sell your ADSs for a price greater than that which you paid for them.

Risks Relating to Our Business and Industry

The Group's historical financial and operating performance may not be indicative of its future prospects and results of operations due to the limited operating history of some of the Group's business lines, evolving business model and changing market.

The Group started its business in 2011 by providing freight listing service through QQ and WeChat groups. The FTA platform is a leading digital freight platform in China, and the Group facilitated 158.8 million fulfilled orders in 2023. The Group has limited experience in certain key aspects of its business operations, such as freight matching and pricing, offering value-added services, as well as developing and maintaining long-term relationships with a wide range of ecosystem participants. It is difficult to accurately predict the Group's future revenues and budget for its costs and expenses, and the evaluation of the Group's business and prediction about its future performance may not be as accurate as they would be if the Group had a longer operating history. In the event that actual results differ from the investors' expectations, the market price of our ADSs could decline.

As the Group's business develops or in response to competition, the Group may continue to introduce new services, make adjustments to its existing services, its business model or its operations in general, which may not be successful or generate results that meet our expectations. Any significant change to the Group's business model or failure to achieve the intended business results may have a material and adverse impact on the Group's business and results of operations. We also face challenges to successfully develop new platform features and expand the Group's service offerings to enhance the experience of shippers and truckers. Therefore, it may be difficult to effectively assess the Group's future prospects. Furthermore, the road transportation and internet service industries in China are undergoing constant change. The laws and regulations governing the road transportation and internet service industries in China are also subject to further changes and interpretation. As the market, the regulatory environment or other conditions evolve, the Group's existing solutions and services may not continue to deliver the expected business results.

You should consider the Group's business and prospects in light of the risks and challenges it encounters or may encounter given the limited operating history of some of the Group's business lines, as well as its evolving business model and changes in the market in which the Group operates. These risks and challenges include the Group's ability to, among other things:

- continue to maintain, protect and strengthen the Group's brands and reputation;
- attract or maintain a critical mass of shippers and truckers;
- continue to provide superior experience to shippers and truckers;
- keep up with the technological developments and implementation of advanced technologies;
- effectively match truckers with shipments and optimize the related pricing models;
- capture monetization opportunities on the FTA platform;
- maintain and expand cooperative relationships or strategic partnerships with other ecosystem participants;
- improve the Group's operational efficiency;
- attract, retain and motivate talented employees, particularly sales and marketing and research and development personnel to support the Group's business growth;
- navigate economic conditions and fluctuations;
- implement the Group's business strategies, including the offering of new services; and
- comply with complex and evolving laws, regulations, policies and guidelines and resolve legal actions and regulatory actions.

The Group's operations have grown substantially since inception. We may not be able to effectively manage the Group's growth, control the Group's expenses or implement the Group's business strategies.

The Group's operations have grown substantially since inception, which placed significant strain on our management and resources. There can be no assurance that the Group's level of revenue growth will be sustainable or achieved at all in the future. We believe that the Group's growth and expansion will depend on its ability to attract and retain shippers and truckers on the FTA platform, to increase engagement and transaction activities of users on the FTA platform, monetize the Group's services, and leverage its scale of business to manage operating costs and expenses. There can be no assurance that the Group will achieve any of the above.

To manage the Group's growth and expansion, we anticipate that we will need to implement a variety of new and upgraded operational systems, procedures and controls, including improving the Group's technology infrastructure as well as internal management systems. Expanding into new businesses and developing and adopting new technologies will require the Group to incur additional costs, such as compensation, benefit costs and office rental expenses. We may also need to further expand, train, manage and motivate the Group's workforce and manage its relationships with ecosystem participants. All of these endeavors involve risks and will require substantial management efforts and skills and significant additional expenditures. The Group's further expansion may divert its management, operational or technological resources from the Group's existing business operations. In addition, the Group's expansion may require it to adjust its existing offerings or enter into new market segments, and we may have difficulty in satisfying market demands and regulatory requirements. We cannot assure you that we will be able to successfully maintain the Group's growth rate or implement its future business strategies effectively, and failure to do so may materially and adversely affect its business, financial condition, results of operations and future prospects.

The Group's business may be affected by fluctuations in China's road transportation market.

We are sensitive to changes in overall economic conditions that impact cargo volumes and truck capacity. China's road transportation market historically has experienced cyclical fluctuations due to economic slowdowns, downturns in business cycles of shippers, volatility in energy price, pandemic, electricity rationing measures, shortages of raw materials, rising commodity prices and other economic factors beyond our control. Deterioration in the economic environment would subject the Group's business to various risks, including the following that may have a material and adverse impact on the Group's operating results and cause it not to achieve growth or profitability:

- a reduction in overall cargo volumes reduces the Group's revenue and opportunities for growth; in addition, a decline in the volume of cargo shipped due to a downturn in shippers' business cycles or other factors generally results in decreases in order pricing, as truckers compete for shipping orders to maintain truck productivity, which will affect the Group's monetization opportunities;
- a number of truckers may go out of business and the Group may be unable to have sufficient truckers to meet shippers' demand when the market recovers; and
- the Group may not be able to appropriately adjust its expenses to changing platform activities. In periods of rapid change, it is more difficult to match the Group's staffing levels to its business needs. In addition, the Group has other expenses that are fixed for a period of time, and it may not be able to adequately adjust them in a period of rapid change in platform activities.

Furthermore, China's road transportation market may experience changes as a result of new technologies. For example, new energy vehicles may become prevalent in the future, which could change the supply structure of heavy-duty trucks and potentially reshape the competitive landscape. Similarly, the development of autonomous driving technologies may affect the vehicle and labor costs of the road transportation market, which may change the market landscape. If the Group were unable to adapt to changes in China's road transportation market, its business, results of operations and financial condition would be materially and adversely affected.

If we are unable to attract or maintain a critical mass of shippers and truckers in a cost-effective manner, whether as a result of competition or other factors, transaction activities on the FTA platform and the Group's financial results would be adversely impacted.

The Group's success significantly depends on its ability to maintain and increase the scale of its network by attracting additional shippers and truckers to the FTA platform in a cost-effective manner. If shippers choose not to use the FTA platform, the Group may lack sufficient opportunities for truckers to find shipments, which may reduce the perceived utility of the FTA platform. Similarly, if truckers choose not to offer their services through the FTA platform, the Group may lack a sufficient supply of truckers to attract shippers to the FTA platform. An insufficient supply of shippers or truckers would adversely affect the Group's revenue and financial results. Although we may benefit from having a larger network of shippers and truckers than our competitors, the network effects of the FTA platform may not result in sufficient competitive advantages or may be overcome by our competitors. Maintaining a balance between shipper demand and trucker supply for any given route at any given time and the Group's ability to execute operationally may be more important to service quality than the absolute size of the network. If the Group's service quality diminishes or our competitors' services achieve greater market adoption, our competitors may be able to grow at a quicker rate than we do and may diminish the Group's network effects. Additionally, if we fail to cater to the needs and preferences of shippers and truckers, control the Group's costs in doing so or fail to deliver superior user experience, we may not be able to attract additional shippers and truckers in a cost-effective manner, and the Group's business, financial condition and results of operations may be materially and adversely affected.

Transaction activities on the FTA platform may decline materially or fluctuate as a result of many factors, including, among other things, dissatisfaction with the operation of the FTA platform, the price of shipping orders, dissatisfaction with the quality of service provided by the truckers on the FTA platform, quality of platform user support, negative publicity related to the Group's brands, including as a result of safety incidents, dissatisfaction with the Group's services and offerings in general or regulatory restrictions on its services. If the Group fails to provide high-quality support, or introduce new or upgraded service offerings, or features that truckers, shippers, as well as ecosystem participants recognize as valuable or if the Group cannot otherwise attract and retain a large number of shippers and truckers, the Group's fulfilled orders and revenue would decline, and its business would suffer. In addition, new features and functions on the FTA platform that may be received positively by one category of users may be viewed as negative to another category of users. For example, some truckers may be dissatisfied with the "tap and go" feature, which allows a shipper to post shipping order with a fixed price and is intended to replace price negotiation and streamline the transaction process between shippers and truckers, because such feature may result in lower prices for certain transactions. Furthermore, although we aim to increase truckers' truck utilization, earnings potential, as well as profitability through smarter and more efficient freight matching, some truckers may view the increased efficiency in overall freight price discovery and negotiation on the FTA platform as a negative to their gross earnings. Dissatisfied truckers may lodge complaints with regulators, which, regardless of their veracity, may result in possibly heightened attention from regulators, the public and the media. In addition, we may introduce additional new features and functions, including pricing mechanisms to automate and minimize negotiations and improve the overall transaction efficiency on the FTA platform. We are committed to protecting interests of all of the FTA platform users and adjusting features and functions on the FTA platform based on user feedback. However, we cannot assure you that we will not experience user dissatisfaction or receive negative reactions from platform users. Any complaints and negative comments resulting from user dissatisfaction may cause government inquiries or substantial harm to the Group's brand, reputation and operations.

Shippers and truckers on the FTA platform may engage in unethical or fraudulent behaviors that harm the interests of their counterparties. For example, shippers may misrepresent cargo information or refuse to pay shipping fees to truckers; and truckers may raise shipping fees after picking up cargos. We have implemented rules that are designed to protect the interests of shippers and truckers on the FTA platform and promote honest dealings, but there can be no assurance as to the effectiveness of such rules. Shippers and truckers may feel dissatisfied towards the FTA platform due to the unethical behaviors of other ecosystem participants. Any decline in the number of shippers or truckers using the FTA platform or their activity level on the FTA platform would reduce the value of the Group's network and would harm its future operating results.

The Group's business is subject to complex and evolving PRC laws and regulations relating to cybersecurity and data security.

Regulatory authorities in China have enhanced regulatory requirements to cybersecurity, data security and personal information protection, and the PRC government may adopt other rules and restrictions in the future. As we generate and process a large amount of data through the FTA platform, we face risks inherent in handling and protecting large volumes of data, including protecting the data hosted in our system, detecting and prohibiting unauthorized data share and transfer, preventing attacks on our system by outside parties or fraudulent behavior or improper use by our employees, and maintaining and updating our database. Any privacy or data security breach or failure to comply with these laws and regulations could have a material adverse impact on the Group's reputation, brand, business and results of operations.

In April 2020, the Cyberspace Administration of China, or CAC, and eleven other regulatory authorities of the PRC jointly promulgated the Rules on Cybersecurity Review. Pursuant to the Rules on Cybersecurity Review, if an operator of critical information infrastructure purchases internet products and services that implicate or may implicate national security, such operator should be subject to cybersecurity review by the Cybersecurity Review Office of the CAC, or CRO.

The CRO announced the initiation of a cybersecurity review of the *Yunmanman* and *Huochebang* apps on July 5, 2021. During the cybersecurity review, the *Yunmanman* and *Huochebang* apps were required to suspend new user registration. The Group fully cooperated with the CRO to facilitate its review process. Based on notification by the CRO, we have resumed new user registration on the *Yunmanman* and *Huochebang* apps since June 29, 2022.

On July 10, 2021, the CAC and other related authorities released the draft amendment to the Rules on Cybersecurity Review for public comments through July 25, 2021. On December 28, 2021, the CAC and certain other government authorities promulgated the Revised Cybersecurity Review Measures that replaced the last version and took effect from February 15, 2022. Pursuant to the Revised Cybersecurity Review Measures, online platform operator holding over one million users' information must apply for a cybersecurity review before listing abroad, and operators of "critical information infrastructure" that intend to purchase internet products and services that will or may affect national security must apply for a cybersecurity review. Furthermore, the competent government authorities may also initiate a cybersecurity review against the relevant operators where the authorities believe that the network product or service or data processing activities affect or may affect national security.

On November 14, 2021, the CAC published the Draft Regulations on Network Data Security Management, which provides that data processors conducting the following activities shall apply for cybersecurity reviews: (i) merger, reorganization or division of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) listing abroad of data processors that process over one million users' personal information; (iii) listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. The CAC has solicited comments on this draft until December 13, 2021, but there is no definite timetable as to when it will be enacted. As such, substantial uncertainties exist with respect to the enactment timetable, final content, interpretation and implementation of such measures. We cannot predict the impact of the Draft Regulations on Network Data Security Management, if any, at this stage, and we will closely monitor and assess future development in the rule-making process. If the enacted versions of the Draft Regulations on Network Data Security Management mandate clearance of cybersecurity review and other specific actions to be completed by China-based companies listed on a U.S. stock exchange, including us, we face uncertainties as to whether such clearance can be timely obtained, or at all.

On July 30, 2021, the PRC State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to such regulations, critical information infrastructure, or the CII, refers to any important network facilities or information systems of the important industry or field, such as public communication and information service, energy, transportation, water conservancy, finance, public services, e-government affairs and national defense science, which may endanger national security, people's livelihood and public interest in the case of damage, function loss or data leakage. Relevant administration departments of each critical industry and sector are required to formulate detailed guidance to recognize the CII in the respective sectors, and a critical information infrastructure operator, or a CIIO, must take the responsibility to protect the security of CII by performing certain prescribed obligations. As of the date of this annual report, no detailed implementation rules have been formally issued by the relevant governmental authorities. However, as this regulation was newly issued, the relevant governmental authorities may formulate further detailed rules or explanations with respect to the interpretation and implementation of this regulation. As of the date of this annual report, we have not been informed by any governmental authority that we are a critical information infrastructure operator.

On August 23, 2022, the PRC Ministry of Transport published the Administrative Measures for the Security Protection of Highway and Waterway Critical Information Infrastructure (Draft for comments), or the Draft Measures, which stipulates that the Ministry of Transport shall formulate and improve the rules for identification of highway and waterway critical information infrastructure, considering following factors: (i) the degree of importance of network facilities and information systems for key core business of highway and waterway; (ii) the possible degree of harm in the event of destruction or disfunction of network facilities and information systems, or data leakage; and (iii) the relevant impact to other industries and fields. As of the date of this annual report, the Draft Measures were released for public comment only and it is still uncertain when the final versions of these new provisions and measures will be issued and take effect, how they will be enacted, interpreted or implemented, and whether they will affect us. As of the date of this annual report, we have not been informed by relevant governmental authority that we are a highway and waterway critical information infrastructure operator.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer, or the Security Assessment Measures, effective from September 1, 2022 to regulate outbound data transfer activities, protect the rights and interests of personal information, safeguard national security and social public interests, and promote the cross-border security and free flow of data. The Provisions on Promoting and Regulating Cross-border Data Flows, or the Provisions on Cross-border Data Flows, issued and become effective on March 22, 2024, further clarify and elaborate the relevant provisions of the Security Assessment Measures. The Security Assessment Measures and the Provisions on Cross-border Data Flows require the data processor providing data overseas and falling under certain circumstances to apply for the security assessment of cross-border data transfer with the local provincial-level counterparts of the national cybersecurity authority. For details, see "Item 4. Information on the Company. — B. Business Overview — Regulatory Matters — Regulations Related to Internet Security and Privacy Protection." As of the date of this annual report, we believe the Group is not involved in outbound data transfers in its daily operations, and therefore, we do not currently expect the Security Assessment Measures or the Provisions on Cross-border Data Flows to have a material impact on the Group's daily operations. However, if we engage in any capital markets transaction in overseas markets in the future, we may need to transfer certain data outside of the PRC, and such outbound data transfer may be subject to the restrictions under the Security Assessment Measures. Moreover, given the Security Assessment Measures were recently promulgated, there are substantial uncertainties as to the interpretation of such measures, and the PRC government authorities have discretion in the interpretation and enforcement of the applicable laws. Therefore, it is uncertain whether we would be required to report any security assessment for cross-border data transfers to the CAC.

Non-compliance with cybersecurity and personal information protection laws and regulations could result in administrative penalties, such as warnings, fines, service suspension, removal of the Group's apps from the relevant app stores, revocation of relevant business permits and/or licenses, or penalties of other nature that may cause a material adverse impact on the Group's business, results of operations and financial condition.

We may not succeed in continuing to maintain, protect and strengthen the Group's brands, and any negative publicity about the Group, its business, its management, its ecosystem participants or the road transportation market in general, may materially and adversely affect the Group's reputation, business, results of operations and growth.

Enhancing the recognition and reputation of the Group's brands is critical to its business and competitiveness. Factors that are vital to this objective include but are not limited to the Group's ability to:

- maintain the quality and reliability of services offered on the FTA platform;
- maintain and develop relationships with shippers, truckers and other ecosystem participants;
- provide prospective and existing shippers and truckers with superior experiences;
- effectively manage and resolve user complaints; and
- effectively protect personal information and privacy of, and any sensitive data received from, shippers and truckers.

Any malicious or inadvertent negative allegations made by the media or other parties about the foregoing or other aspects of the Group, including but not limited to its management, business, regulatory compliance, financial condition or prospects, whether with merit or not, could severely hurt the Group's reputation and harm its business and results of operations. In addition, the Group makes postings on various third-party media platforms to enhance our engagement with users. However, if the content posted on such platforms is viewed as inappropriate or controversial by the public, whether due to oversight in the Group's content review process, inappropriate conduct or mistake of the Group's employees or other reasons, the Group may face adverse reactions of users, negative social sentiment, potential regulatory investigation or even fines or penalties, which may in turn adversely affect the Group's reputation, business operation and financial condition.

As the road transportation market in China is under constant development and the regulatory framework for this market is subject to changes and developments, negative publicity about this industry may arise from time to time. Negative publicity about the road transportation market in general may also have a negative impact on the Group's reputation, regardless of whether we have engaged in any inappropriate activities. Any actual or perceived failure of other digital freight platforms to detect or prevent illegal activities or provide high-quality services could compromise the Group's image, undermine the trust and credibility we have established and have a negative impact on the Group's ability to attract new shippers, truckers and other ecosystem participants. Negative developments in the road transportation market, such as fraudulent or illegal behavior by industry participants, may also lead to tightened regulatory scrutiny of the sector and limit the scope of permissible business activities that may be conducted by us. If any of the foregoing takes place, the Group's business and results of operations could be materially and adversely affected.

The Group collaborates with various road transportation industry participants in providing its solutions and services. Such participants include financial institutions, insurance companies, gas station operators and other business partners. Negative publicity about such counterparties, including any failure by them to adequately protect the information of shippers and truckers, to comply with applicable laws and regulations or to otherwise meet required quality and service standards could harm the Group's reputation.

If the Group's solutions and services do not achieve and maintain sufficient market acceptance or provide the expected benefits to ecosystem participants, its financial condition, results of operations and competitive position will be materially and adversely affected.

The Group has incurred and will continue to incur expenses to develop, adjust and market existing or new solutions and services for shippers and truckers. For example, we plan to establish and expand dedicated teams to design and develop user experiences and operations for intra-city and less-than-truckload, or LTL services to better serve the unique user needs of these industry verticals. Adjusted or new solutions and services must achieve high levels of market acceptance in order for us to recoup the Group's investment in developing, acquiring and bringing them to market.

The Group's existing or new solutions and services and changes to the FTA platform could fail to maintain or achieve sufficient market acceptance for many reasons, including but not limited to:

- our failure to predict market demand accurately and supply solutions and services that meet this demand in a timely fashion;

- ecosystem participants may not like, find useful or agree with the functions and features of the Group's solutions and/or services, fees charged for the Group's solutions and/or services, or any changes we make;
- our failure to properly price new solutions and services;
- negative publicity about the Group's solutions and services or the FTA platform's performance or effectiveness;
- the Group's failure to satisfy the expectations of the quality or reliability of its solutions and/or services;
- views taken by regulatory authorities that the Group's solutions and services or platform changes do not comply with PRC laws, rules or regulations applicable to us; and
- the introduction or anticipated introduction of competing solutions and services by our competitors, particularly in the intra-city and LTL segments.

If the Group's existing solutions and services do not maintain market acceptance, or its new solutions and services do not achieve adequate acceptance in the market or provide the expected benefits to ecosystem participants, the level of user engagement and transaction activities on the FTA platform may decrease and the Group's market share and profitability may be negatively affected, which could materially and adversely affect its business, financial condition, results of operations and prospects, as well as its reputation and brands. In addition, the Group may incur higher cost and expenses as a result of adjusted or new solutions and services. New solutions and services may also subject the Group to additional regulatory or licensing requirements. Failure by the Group to comply with any such new regulatory or licensing requirements could materially and adversely affect its business and results of operations.

If the Group's users, other ecosystem participants or their employees engage in, or are subject to, criminal, violent, fraudulent, inappropriate or dangerous activities, the Group's reputation, business, financial condition, and operating results may be adversely impacted.

We are not able to control or predict the actions of shippers, truckers and other ecosystem participants, either during their use of the FTA platform or otherwise, and we may be unable to protect or provide a safe environment for ecosystem participants and other third parties as a result of certain actions by shippers, truckers and other ecosystem participants. Such actions may result in accidents, injuries, loss of cargo, truck damage, leakage of sensitive personal information, business interruption, or damages to the Group's financial condition, brands and reputation. The Group's users may also suffer damages due to false or misleading information posted on the FTA platform. Although the Group administers certain qualification measures for shippers and truckers, including requiring identity information from shippers and truckers in the user registration process, these qualification measures may not provide the Group with all potentially relevant information. Furthermore, if the Group fails to duly verify the requisite qualifications or licenses of shippers, truckers or other ecosystem participants, it may be subject to fines, penalties or other regulatory actions. In addition, as an online platform, the Group does not inspect the cargos that truckers carry, and such cargos may contain unsafe, prohibited or restricted items. The Group also does not independently test truckers' driving skills. Consequently, the Group expects to continue to receive complaints from shippers, and it may become subject to actual or threatened legal action related to truckers' conduct.

To prevent illegal activities on the FTA platform, protect the rights of the Group's users and maintain a benign ecosystem, the Group adopts various measures in screening, risk control and operation and also collaborates with administrative and judicial authorities when necessary. However, due to the large number of transactions on the FTA platform, we may not be able to identify every incident of inappropriate, illegal or fraudulent activities involving the FTA platform, or prevent all such activities from occurring, especially given the evolving nature of illegal activities such as new forms of fraud. For example, if truckers engage in criminal activities, fraud or misconduct, such as speeding, drowsy driving and other traffic violations, operating beyond licensed scope, or use the FTA platform as a conduit for criminal or fraudulent activities, shippers may not consider the Group's service offerings safe, and we may receive negative press coverage or regulatory inquiries as a result of the Group's business relationships with such truckers, which would adversely impact the Group's brands, reputation, and business. On the other hand, if shippers engage in criminal or fraudulent activities, such as issuing invoice with false amount, or other misconducts while using the FTA platform, truckers may be unwilling to continue using the FTA platform. We cannot assure you the Group's safety measures against potential criminal activities and safety incidents will be effective. If any of these happens, the Group's ability to attract platform users may be harmed, its operations and functions may be disrupted or suspended, and its business and financial results could be adversely affected. In such event, claims may also be brought against the Group, its management and relevant personnel for civil or criminal liabilities. In response to allegations of illegal, fraudulent or inappropriate activities conducted through the FTA platform, relevant governmental authorities may also intervene and hold the Group, its management and relevant personnel liable for non-compliance with applicable laws and regulations and impose penalties. Defending or attending to such actions could be costly and require significant time and attention of the Group's management and other resources, which would materially and adversely affect the Group's business.

The Group, its management and employees are subject to risks associated with operational safety in operating the Group's services, which may result in potential liabilities on the Group, its management and relevant personnel. Public reporting or disclosure of safety incidents reportedly occurring on or related to the FTA platform, whether generated by us or third parties such as media or regulators, may adversely impact the Group's business and financial results. Furthermore, we may be subject to claims of significant liability based on traffic accidents, deaths, injuries, or other incidents that are caused by truckers or shippers while using the FTA platform, or even when shippers or truckers are not actively using the FTA platform. In addition, regulators may decide to hold us liable for incidents caused by shippers or truckers, despite the Group's status as a platform that facilitates transactions between shippers and truckers. Even if these claims or regulatory proceedings do not result in liability or penalties on the Group, it could incur significant costs in investigating and defending against them or suffer significant reputational damage, which could have a material and adverse effect on the Group's prospects and future growth, including its ability to attract and retain shippers and truckers.

The profitability of the Group's freight brokerage service has been and is expected to continue to be reliant upon, among others, grants provided by local government authorities. If the Group cannot continue to receive such grants, its freight brokerage service and its contribution to the Group's financial performance may be materially and adversely affected.

The consolidated affiliates pay a significant amount of VAT to local tax authorities in connection with the Group's freight brokerage service. As online freight brokers, the consolidated affiliates enter into contracts with shippers to sell shipping service and platform service and also enter into contracts with truckers to purchase shipping service pursuant to relevant PRC regulations. The difference between the amount the consolidated affiliates collect from shippers and the amount they pay to truckers represents the FTA platform service fee and the Group's net revenue. The consolidated affiliates assume the legal obligation to pay VAT assessed on the entire selling price of the shipping service and platform service pursuant to their contracts with shippers and truckers.

The gross amount of VAT related to freight brokerage services that the consolidated affiliates were obliged to pay exceeded the Group's net revenues from such services in 2021, 2022 and 2023 and we expect such situation to continue. Nevertheless, the Group was able to generate gross profit from the freight brokerage service in 2021, 2022 and 2023 because the consolidated affiliates received grants from local government authorities. For details regarding government grants, see "Item 5. Operating and Financial Review and Prospects – Components of Results of Operations – Cost of Revenues". The Group's VAT obligations net of the government grants were recorded in its cost of revenues for freight brokerage service.

We take into consideration the VAT obligation the consolidated affiliates assume under their contracts with shippers and truckers, the estimated amount of grants that they expect to receive from local government authorities, as well as other relevant factors when setting the rate of the FTA platform service fee. As such, the profitability of the freight brokerage service significantly depends upon the amount of grants provided by local government authorities, which are not guaranteed, as well as our pricing strategy and other factors.

Whether the consolidated affiliates can obtain such government grants in a particular province in the PRC is subject to the policy of the local government authority and the negotiation between such local government authority and the relevant consolidated affiliates, and if the Group fails to further obtain such grants from local government authorities, its business and financial condition could be materially and adversely affected. While the consolidated affiliates are currently entitled to government grants based on cooperation agreements with the local government authorities, we cannot assure you that the consolidated affiliates will be able to continue to receive such government grants on similar terms, or at all. For the years ended December 31, 2021, 2022 and 2023, the gross amounts of VAT costs amounted to RMB3,510.7 million, RMB4,518.9 million and RMB5,271.1 million (US$742.4 million), respectively, and the government grants amounted to RMB1,559.8 million, RMB1,979.6 million and RMB2,150.1 million (US$302.8 million), respectively. During the years ended December 31, 2021, 2022 and 2023, we did not experience any material reduction or cancelation of government grants that we are entitled to. In the event that the government grants are reduced or canceled, we may have to adjust the rate of the FTA platform service fee, which could make the freight brokerage service less attractive to shippers and truckers and the Group's business could be materially and adversely affected. We cannot assure you that we will always be able to pass on any increased VAT costs due to reduction or elimination of related government grants through adjustment of the rate of platform service fee either, in which case, the Group may incur gross loss for the freight brokerage service and its results of operations and financial condition could be materially and adversely affected. In addition, any significant delay in the payment of government grants may also have a material and adverse impact on the Group's results of operations and financial condition.

If we fail to effectively match truckers with shipments and optimize our pricing models, the Group's business, financial condition and results of operations could be adversely affected.

We offer shippers and truckers a digital freight platform that matches them efficiently. The Group's ability to attract shippers and truckers to use, and build trust in, the FTA platform is significantly dependent on its ability to match suitable shipping orders to reliable truckers. In order to recommend or present suitable shipping orders to truckers, our matching algorithms compare the labels of cargos with those of the trucker and predict the probability for the trucker to accept each shipping order. If the quantity or quality of data available to us for analysis is unsatisfactory, or if our matching algorithms have deficiencies, our matching may not be effective, resulting in fewer transactions on the FTA platform, which in turn would materially and adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, we apply freight pricing models in our "tap and go" feature for shippers and, in certain circumstances, commission-charging for online transaction service. Our system generates a recommended price based on the prices of historical comparable shipping orders for shippers to determine the actual price for their shipping orders. In addition, in certain circumstances, such as when the order prices are not available to us, the Group's commissions for online transaction service are based on fair market prices estimated by our freight pricing models. The pricing methodology depends on the availability of comparable historical transaction data. If our freight pricing models are flawed or ineffective or the data we accumulate are incorrect or outdated, our price recommendation or estimate could be adversely affected. Shippers may not use our "tap and go" feature if our price recommendation fails to serve as a meaningful reference. With respect to the Group's commissions for online transaction service, underestimation of the fair market price would reduce the amount of commissions paid by truckers to us, and overestimation of such price would result in trucker dissatisfaction. As a result of such flawed pricing, the Group's business, brands, reputation, results of operations and financial condition may be materially and adversely affected.

We cannot guarantee that our monetization strategies or the Group's business initiatives will be successfully implemented or generate sustainable profit.

We are at an early stage of monetizing the FTA platform services and our monetization model is evolving. We cannot assure you that we can successfully implement the Group's existing business model to generate sustainable profit. If the Group's existing business model fails to maintain market acceptance or we fail to develop or implement new monetization strategies, we may not be able to maintain or increase the Group's revenue or effectively manage any associated costs. In addition, we are exploring and will continue to explore new business initiatives that we believe are important to the Group's long-term success and future growth, but they may have the effect of increasing the Group's costs, reducing its revenue and lowering its margins and profit, and this effect may be significant in the short term and potentially over longer periods.

Furthermore, we may introduce new products and services or increase investments in products and services for which we have limited scale or operating experience. For example, we plan to establish and expand dedicated teams to design and develop user experiences and operations for intra-city and LTL services to better serve the unique user needs of these industry verticals. The Group's services in these segments may be less profitable than other services. If these new products or services fail to meet our expectations or are unable to attract or engage shippers and truckers or other ecosystem participants, as the case may be, we may fail to diversify the Group's revenue streams or generate sufficient revenues to justify its investments and costs, and the Group's business and operating results may suffer as a result.

The Group incurred in the past, and may incur in the future, net losses.

The Group incurred significant losses in the past. It incurred net losses of RMB3,654.5 million in 2021. In 2022 and 2023, the Group recorded net income of RMB411.9 million and RMB2,227.1 million (US$313.7 million), respectively. We will need to continue to generate and sustain increased revenue levels and effectively manage expenses in future periods to maintain and increase profitability. However, there is no guarantee that the Group will continue to record or increase net income in the future.

We focus on long-term success and future growth. We have in the past and will continue to invest in efforts to serve more shippers and truckers, enhance their user experience, and expand the capabilities and scope of the FTA platform. We believe these efforts are important to the Group's long-term success and future growth, but they may have the effect of increasing the Group's costs, reducing its revenue and/or increasing its net losses, and this effect may be significant in the short term and potentially in the long term. These efforts may also prove to be more expensive than we anticipate, and we may not succeed in increasing the Group's revenue sufficiently to offset these expenses. For example, we may aggressively expand the Group's market share in the intra-city and LTL verticals, and we may incur substantial costs in connection with such efforts. In addition, as part of the Group's future growth strategy, we may decide to lower the Group's service fees for freight brokerage service to serve more shippers and drive their engagement, which would result in lower revenue from freight brokerage service in the near term. Furthermore, many of our efforts to generate revenue are new and unproven, and any failure to adequately increase revenue or contain the related costs could prevent us from attaining or increasing profitability. The Group's strategic investments and acquisitions may also adversely affect its results of operations. For example, our investment in Plus Automation, Inc. and Plus PRC Holding Ltd. may have the effect of increasing the Group's net losses in the future. Plus is a developer of automated driving systems for trucks, and it has incurred significant losses and may not become profitable in the near future or at all. As such, we may not be able to achieve, maintain or increase profitability in the future.

We face risks associated with the cargo transported using the freight matching service and vicarious liability for vehicles registered with the Group.

The consolidated affiliates handle a large volume of cargos through the freight brokerage service, and face challenges with respect to the safety of these cargos. Cargos may be stolen, damaged or lost for various reasons, and the consolidated affiliates may be perceived or found liable for such incidents. Although the consolidated affiliates only assume liability for cargo damages up to RMB20,000 per shipment under their shipping agreements, we may need to expend resources on responding to and defending against claims arising out of these incidents. Furthermore, there can be no assurance that the consolidated affiliates will be able to limit our liability to RMB20,000 per shipment in every instance. In addition, the consolidated affiliates do not inspect cargos for unsafe, prohibited or restricted items. Unsafe items, such as flammables and explosives, toxic or corrosive items and radioactive materials, may damage other cargos, injure recipients, harm truckers, damage properties or cause serious accidents. Furthermore, if truckers on the FTA platform transport and deliver prohibited or restricted items, the consolidated affiliates may be subject to administrative or criminal penalties, and if any personal injury or property damage takes place, the consolidated affiliates may be subject to civil liabilities. We may face similar risks for our freight listing service and online transaction service, although to a lesser extent, as the transportation is fulfilled by third-party truckers.

Historically, we allowed a number of truckers to register their vehicles with our transportation companies to satisfy their compliance and financing needs in connection with our legacy financial leasing business. Although we have ceased offering financial leases and stopped registering new vehicles, our transportation companies may continue to face vicarious liability for traffic accidents, deaths, injuries, cargo damage or other incidents that are caused by vehicles registered with us. The Group's auto insurance and general liability insurance policies may not cover all potential claims to which we are exposed, and may not be adequate to indemnify us for all potential liabilities. These incidents may also subject us to negative publicity, which could adversely affect the Group's business, operating results, and future prospects.

Any financial or economic crisis, or perceived threat of such a crisis may materially and adversely affect the Group's business, prospects, financial condition and results of operation.

Any prolonged slowdown in the Chinese or global economy may have a negative impact on the Group's business, financial condition and results of operations. In particular, general economic factors and conditions in China or worldwide may affect the road transportation industry. The global macroeconomic environment is facing challenges, such as the conflicts in Ukraine and the ongoing global trade disputes and tariffs. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, such as the continuously rising U.S. interest rate. Economic conditions in China are sensitive to global economic conditions. Any prolonged slowdown in China's economic development might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviors. These adverse economic effects could negatively affect the road transportation industry, resulting in reduced cargo volumes and truck capacity on the FTA platform and as well as financial difficulty among shippers and truckers, which would negatively impact their ability to repay loans facilitated by us or otherwise materially and adversely affect the Group's business, results of operations and financial condition. Furthermore, continued turbulence in the international markets may adversely affect our ability or plan to access the capital markets.

We could be adversely affected by political tensions between the United States and China.

Political tensions between the United States and China have escalated in recent years due to, among other things, the trade war between the two countries since 2018, the COVID-19 outbreak, the PRC National People's Congress' passage of Hong Kong national security legislation, the imposition of U.S. sanctions on certain Chinese officials from China's central government and the Hong Kong Special Administrative Region by the U.S. government, and the imposition of sanctions on certain individuals from the U.S. by the Chinese government, various executive orders issued by former U.S. President Donald J. Trump, such as the one issued in August 2020 that prohibits certain transactions with ByteDance Ltd., Tencent Holdings Limited and the respective subsidiaries of such companies, the executive order issued in November 2020 that prohibits U.S. persons from transacting publicly traded securities of certain "Communist Chinese military companies" named in such executive order, as well as the executive order issued in January 2021 that prohibits such transactions as are identified by the U.S. Secretary of Commerce with certain "Chinese connected software applications," including Alipay and WeChat Pay, as well as the Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures promulgated by the MOFCOM on January 9, 2021, which apply to Chinese individuals or entities that are purportedly barred by a foreign country's law from dealing with nationals or entities of a third country. In October 2022, the U.S. government implemented comprehensive export controls to restrict the export of advanced semiconductors and the equipment required to manufacture them to China. Rising political tensions between China and the U.S. could reduce levels of trades, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. The measures taken by the U.S. and Chinese governments may have the effect of restricting the Group's ability to transact or otherwise do business with entities within or outside of China and may cause investors to lose confidence in Chinese companies and counterparties, including us. If the Group was unable to conduct its business as it is currently conducted as a result of such regulatory changes, the Group's business, results of operations and financial condition would be materially and adversely affected.

Furthermore, there have been recent media reports on deliberations within the U.S. government regarding potentially limiting or restricting China-based companies from accessing U.S. capital markets, and delisting China-based companies from U.S. national securities exchanges. In January 2021, after reversing its own delisting decision, the NYSE ultimately resolved to delist China Mobile, China Unicom and China Telecom in compliance with the executive order issued in November 2020, after receiving additional guidance from the U.S. Department of Treasury and its Office of Foreign Assets Control. These delistings have introduced greater confusion and uncertainty about the status and prospects of Chinese companies listed on the U.S. stock exchanges. If any further such deliberations were to materialize, the resulting legislation may have a material and adverse impact on the stock performance of China-based issuers listed in the United States such as us, and we cannot assure you that we will always be able to maintain the listing of our ADSs on a national stock exchange in the U.S., such as the NYSE or the Nasdaq Stock Market, or that you will always be allowed to trade our ADSs.

If we fail to keep up with the technological developments and implementation of advanced technologies, the Group's business, results of operations and prospects may be materially and adversely affected.

We apply technologies to serve the Group's ecosystem participants more efficiently and bring them better user experience. The Group's success will in part depend on its ability to keep up with the changes in technologies and the continued successful implementation of advanced technology, including AI, data analytics and autonomous driving. If we fail to adapt the FTA platform and services to changes in technological developments in an effective and timely manner, the Group's business operations may suffer. Changes in technologies may require substantial expenditures in research and development as well as in modification of the Group's services, which may be disruptive to its business and can be time-consuming and expensive, and may increase management responsibilities and divert management attention. Hurdles in implementing technological advances may result in the Group's services becoming less attractive to ecosystem participants, which, in turn, may materially and adversely affect its business, results of operations and prospects.

We are subject to the evolving laws and regulations governing the road transportation, internet service and insurance industries in the PRC. Heightened regulatory scrutiny may lead to frequent regulatory communications, inquiries or investigations that could materially and adversely affect the Group's business model, results of operations and prospects.

The Group's business is subject to a variety of laws and regulations in the PRC governing the rapidly evolving road transportation, internet service and insurance industries. The application and interpretation as to certain of these laws and regulations are currently ambiguous and evolving, and may be interpreted and administered inconsistently between the different government authorities and local bureaus.

As of the date of this annual report, the Group had not been involved in any non-compliance incident which, individually or in the aggregate, have had or are reasonably likely to have a material and adverse impact on the Group's business, financial condition or results of operations. However, if the PRC government continues to tighten its regulatory framework for the road transportation and internet service industries in the future, and subject industry participants such as the Group to new or specific requirements, such as licensing or additional user protection requirements, or require us to adjust the Group's existing business practices, the Group's business, financial condition and prospects would be materially and adversely affected. For instance, since 2021, the PRC Ministry of Transport has issued several guidances which repeatedly mentioned the concept of ensuring truck drivers' reasonable income and restriction of commission fees and membership fees. However, there are substantial uncertainties regarding the interpretation and application of these guidances and there is no further detailed rules or requirements that have been issued by such authority currently. The PRC Ministry of Transport or other regulatory authorities may from time to time issue new guidances or take further actions in the future to strengthen this aspect. We, together with several other industry players, were requested to attend certain regulatory guidance meetings in the past. During these meetings, the relevant regulators emphasized the industry players' responsibilities to manage safety risks, set appropriate shipping prices and charges, avoid unfair competition, maintain adequate internal processes and protect user (particularly trucker) rights, among other requirements. In connection with these meetings, we were also from time to time requested to furnish materials regarding our business practices with respect to the relevant topics. Going forward, we may continue to be required to attend similar meetings or become subject to regulatory inquiries or investigations with PRC regulators. There is no guarantee that such regulatory communications would not result in substantial penalties or orders, or require us to adjust the Group's existing business practices in ways that may materially and adversely affect its growth and results of operations. Compliance with existing and future rules, laws and regulations can be costly and if the Group's practices are deemed to violate any existing or future rules, laws and regulations, the Group may face injunctions, including orders to cease non-compliant activities, and may be exposed to other penalties as determined by the relevant government authorities as well. We may also suffer reputational damages, if the Group or its business partners are deemed to violate any existing or future rules, laws and regulations.

Under PRC laws and regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet or wireless networks content that, among other things, violates the principle of the PRC constitution, laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent or defamatory. While the Group has adopted content screening mechanisms, there is no guarantee that the content posted or displayed on the FTA platform, including those posted by us and by our users, such as shippers, will not be deemed by the PRC government to violate any content restrictions. If such cases happen, we could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect the Group's business, financial condition and results of operations.

In addition, the insurance brokerage business of Shan'en Insurance has been and will continue to be subject to regular and ad hoc regulatory inspections and actions by National Financial Regulatory Administration (formerly known as China Banking and Insurance Regulatory Commission, or the CBIRC), or the NFRA, and other authorities regarding its compliance with applicable rules and regulations. We were subject to an inspection from July to September 2021 by a local counterpart of CBIRC, who, upon completion of the inspection, required us to rectify our archive management and disclosure policy. As of the date of this annual report, we have taken the rectification actions as well as measures to enhance internal control, and paid an immaterial amount of fine. There can be no assurance that the regulatory authorities will not identify non-compliance incidents regarding Shan'en Insurance's operations in the future. Regulatory actions against Shan'en Insurance may materially and adversely affect the Group's business, financial condition and results of operations.

The Group's day-to-day operation is also subject to laws and regulations such as occupational safety and fire control requirements, among others. The Group may from time to time develop new solutions and services, which may also subject the Group or its business partners to additional regulatory or licensing requirements, including anti-monopoly laws, anti-unfair competition law, consumer protection laws and tax requirements, among others. Failure by the Group or its business partners to comply with any such new regulatory or licensing requirements could result in fines, penalties or even criminal liabilities, which would materially and adversely affect the Group's business and results of operations.

The Group's business generates, collects, stores and processes a large amount of data, which include sensitive personal information and may include data that may be deemed core data or material data. The improper processing of such data by the Group, its employees or business partners could materially and adversely affect the Group's reputation, business, results of operations and financial condition.

We face risks inherent in handling and protecting a large amount of data that the Group's business generates and processes from the significant number of transactions the FTA platform facilitates, and such data include sensitive personal information and may include data that may be deemed core data or material data. In particular, we face a number of challenges relating to data from transactions and other activities on the FTA platform, including:

- protecting the data in and hosted on the Group's system, including against attacks on its system by external parties or misbehavior by its employees;

- addressing concerns related to privacy, security and other factors; and
- complying with applicable laws, rules and regulations relating to the processing and security of data that include personal information and data that may be deemed core data or material data, including any requests from regulatory and government authorities relating to such data.

In particular, if we fail to secure platform users' sensitive personal information, such as their addresses and contact information, platform users may be vulnerable to harassments, and their assets may also be put at risk due to data leakages. As a result, we may be held liable for these incidents, and platform users may feel insecure and cease to use the Group's services. In addition, any system or technological failure or compromise of our technology system that results in unauthorized access to or release of any personal data of platform users or proprietary information of the Group's business operations could significantly harm the Group's reputation and/or result in litigation, regulatory investigations and penalties against us.

We are subject to various data privacy and protection laws and regulations in China, including without limitation, the PRC Cybersecurity Law. Under the Cyber Security Law of China, the owners and administrators of networks and network service providers have various personal information security protection obligations, including restrictions on the collection and use of personal information of users, and they are required to take steps to prevent personal data from being divulged, stolen, or tampered with. See "Item 4. Information on the Company — B. Business Overview — Regulatory Matters—Regulations Related to Internet Security and Privacy Protection" for details. We cannot assure you that the governmental authorities will not interpret or implement the laws or regulations in ways that negatively affect us. Moreover, different regulatory bodies in China, including the MIIT, the CAC, the Ministry of Public Security and State Administration of Market Regulation, or the SAMR, have enforced data privacy and protection laws and regulations with various standards and applications. These various standards in enforcing data privacy and protection laws may create difficulties in ensuring full compliance and increase the Group's operating cost, as we need to spend time and resources to deal with various inspections for compliance.

While we have adopted a rigorous and comprehensive policy for the collection, processing, storage and other aspects of data use and privacy and taken necessary measures to comply with all applicable data privacy and protection laws and regulations, we cannot guarantee the effectiveness of these policies and measures undertaken by us, or business partners on the FTA platform. In the past, we received notices from regulatory authorities that identified certain compliance defects in our data privacy and protections practices, requiring us to rectify our data privacy measures. We have adopted several remedial measures in response to such notices and submitted our rectification reports to the relevant governmental authorities. Despite the absence of any material cybersecurity breach and our continuous efforts to comply with our internal policies as well as applicable laws and regulations, any failure or perceived failure to comply with all applicable data privacy and protection laws and regulations, any failure or perceived failure of the Group's business partners to do so, or any failure or perceived failure of the Group's employees to comply with internal control measures, may result in warning, negative publicity and legal proceedings or regulatory actions against the Group, and could result in fines, revocation of permits, licenses, suspension of business operations or other penalties or liabilities, which may in turn damage the Group's reputation, discourage current and potential shippers and truckers from using the Group's services, and subject the Group to fines and damages, which could have a material adverse effect on the Group's business and results of operations.

Furthermore, the PRC regulatory and enforcement regime with regard to data security and data protection is still evolving. PRC regulators have been increasingly focused on regulation in the areas of data security and data protection. For example, on June 10, 2021, the Standing Committee of the National People's Congress of China, or the SCNPC, promulgated the PRC Data Security Law, which took effect on September 1, 2021. The PRC Data Security Law imposes data security and privacy protection obligations on entities and individuals which carry out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it might cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, illegally acquired or used. On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law, which took effect on November 1, 2021. The Personal Information Protection Law provides the basic regulatory regime for personal information protection, including without limitation, stipulating an expanded definition of personal information, providing a long-arm jurisdiction in cross-border scenarios, emphasizing individual rights, and prohibiting rampant infringement of personal information, such as stealing, selling, or secretly collecting personal information. The Group provides services to individual shippers and truckers who may upload personal information to FTA platform when using the Group's services, which may be deemed to be sensitive personal information under the Personal Information Protection Law. Any failure to comply with the Personal Information Protection Law may subject the Group to liabilities or administrative penalties, including but not limited to suspension or termination of the Group's services. For further details, see "Item 4. Information on the Company — B. Business Overview — Regulatory Matters — Regulations Related to Internet Security and Privacy Protection." Furthermore, on December 8, 2022, the MIIT published the Measures for the Administration of Data Security in the Field of Industry and Information Technology (for Trial Implementation), which became effective from January 1, 2023 and stipulates that telecom data processors (including telecom business operators with telecom business operation licenses) shall sort out data regularly, identify important and core data in accordance with relevant standards and develop their own specific catalogues to ensure data security in data collection, storage, use, processing, transmission, provision and disclosure. These newly promulgated laws and regulations reflect PRC government's further attempts to strengthen the legal protection for personal information, as well as the security of national network and key information infrastructure.

The functional designs and interactive logic of the Group's mobile apps may need to be adjusted from time to time in order to comply with evolving laws, regulations, norms and other applicable regulatory requirements, which could increase the Group's compliance costs and may adversely affect its mobile apps' user experience. We cannot assure you that relevant regulators will not interpret or implement the laws or regulations in ways that negatively affect the Group. In addition, the Group may become subject to additional or new laws and regulations in this regard, which may result in additional expenses to the Group and subject the Group to potential liability and risk of negative publicity. We expect that data security and protection will continue to receive significant public attention and scrutiny from regulators going forward, which could increase the Group's compliance costs and subject the Group to heightened risks and challenges associated with data security and protection. If the Group were unable to manage these risks, it could become subject to penalties, fines, suspension of business and revocation of required permits or licenses, and the Group's reputation and results of operations could be materially and adversely affected.

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

The PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-monopoly Law, including levying significant fines, with respect to concentration of undertakings and cartel activity, mergers and acquisitions, as well as abusive behavior by companies with market dominance. In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the National Development and Reform Commission of the PRC, or the NDRC, and State Administration of Industry and Commerce of the PRC, or the SAIC. The SAMR issued a new set of guidelines with respect to merger control review in September 2018, and issued the Notice on Anti-monopoly Enforcement Authorization on December 28, 2018, which grants authorizations to the SAMR's provincial branches to enforce anti-monopoly laws within their respective jurisdictions. The SAMR has imposed several administrative penalties on various companies for failing to duly make filings as to their transactions subject to merger control review by the SAMR. The scope of the companies that were penalized is broad, and covers a variety of different industries.

Significant regulatory uncertainty existed as to whether prior filing of notification of concentration is required for business concentration involving variable interest entities prior to 2020. In November 2020, the Anti-monopoly Bureau of SAMR released the draft Guidelines on Anti-monopoly Issues in Platform Economy, or the Platform Economy Anti-monopoly Guidelines, for public comment and in February 2021, adopted the Platform Economy Anti-monopoly Guidelines, which for the first time specified that, any concentration made between the variable interest entities shall be regulated by the Anti-monopoly Law. In addition, the Platform Economy Anti-monopoly Guidelines set out detailed standards and rules in respect of the definition of relevant markets, typical types of cartel activities and abusive behaviors by online platform operators with market dominance, which provide further guidelines for enforcement of anti-monopoly laws against online platform operators. For instance, online platform operators that use technological advantages, such as data and algorithms, to eliminate or restrict competition or impose price restrictions or exclusivity requirements on users may be deemed to be abusing dominant market position.

Prior to the effectiveness of the Platform Economy Anti-monopoly Guidelines, the SAMR has already fined certain companies that acquired businesses using variable interest entities without obtaining merger control approval or without prior filing of notification of concentration, indicating its increased scrutiny over historical cases of concentration of undertakings involving companies using variable interest entities and heightened enforcement efforts over past failure to file prior notification of concentration of undertakings for such transactions. Since 2020, the SAMR has fined companies that acquired or merged with or cooperated with onshore or offshore entities, including those operated through variable interest entities, for failure to file prior notification before conducting the mergers or cooperation transactions.

Although we do not believe we were legally required to make a merger control review filing or obtain merger control approval in relation to the historical merger between *Yunmanman* and *Huochebang* in 2017, there can be no assurance that regulators will agree with us, particularly, in light of the enforcement actions since 2020. In addition, as there were few cases where companies using variable interest entities were investigated for failure to make filings in connection with concentration of undertakings prior to 2020, we did not file prior notification of concentration of undertakings for our historical business alliance or joint-investment transactions with our business partners. The SAMR issued a penalty decision on one transaction we made in 2020, for which we have paid an immaterial amount of penalty. There can also be no assurance that regulators will not initiate other anti-monopoly enquiry or investigation into, or take enforcement actions against, the historical merger between *Yunmanman* and *Huochebang* and/or our historical business alliance or joint-investment transactions or require us to submit filings in relation to such historical transactions. We may be subject to penalty in connection with any such enquiry or investigation, if we are determined by the anti-monopoly enforcement agency to have failed to make the requisite filings, including (i) a fine up to ten percent of the business operator's sales revenue in the past year, if the concentration of undertakings has or may have an effect of excluding or limiting competition, or (ii) a fine up to RMB5 million if the concentration of undertakings does not have the effect of excluding or limiting competition, and in extreme cases the anti-monopoly enforcement agency may order business operators to cease illegal concentration, to dispose shares, assets or businesses within a certain period of time, or to take other necessary measures to restore to the state before the concentration pursuant to the applicable PRC anti-monopoly law. We may also be subject to claims from our competitors or users, which could adversely affect the Group's business and operations. Furthermore, any new requirements or restrictions, or proposed requirements or restrictions, could result in adverse publicity or fines against the Group.

On June 24, 2022, the Decision of the Standing Committee of the National People's Congress to Amend the Anti-Monopoly Law of the People's Republic of China was adopted and became effective on August 1, 2022, which stipulates that the State Council's anti-monopoly enforcement agency may order business operators to cease illegal concentration, to dispose shares, assets or businesses within a certain period of time, or to take other necessary measures to restore to the state before the concentration. For details, see "Item 4. Information on the Company — B. Business Overview — Regulatory Matters — Regulations Related to Anti-Monopoly." Stricter anti-monopoly and anti-unfair competition enforcement by the PRC regulatory authorities, especially enforcement actions focused on platform economy, may, among other things, prohibit the Group from future acquisitions, divestitures or combinations the Group plans to make, impose fines or penalties, require divestiture of certain of the Group's assets, or impose other restrictions that limit or require the Group to modify its operations, including limitations on the Group's contractual relationships with shippers and truckers or restrictions on the Group's pricing or revenue models, which could materially and adversely affect the Group's business, financial condition, results of operations and future prospects.

Furthermore, as we continue to navigate the evolving legislative environment and varied local implementation practices of anti-monopoly and competition laws and regulations in the PRC, we have attended and may continue to be required to attend administrative guidance meetings or other communications with regulators from time to time. We may continue to receive greater scrutiny and attention from regulators and more frequent and stringent investigations or reviews by regulators, which will increase the Group's compliance costs. It could also be time-consuming to comply with the relevant regulations described above to complete future transactions and carry out the Group's business operations. Heightened regulatory inquiries, investigations and other governmental actions and approval requirements from governmental authorities such as the SAMR may be uncertain and could delay or inhibit our ability to complete these transactions and carry out the Group's business operations, which could affect the Group's ability to expand its business, maintain its market share or otherwise achieve the goals of our acquisition strategy, divert significant management time and attention and the Group's financial resources, bring negative publicity, subject the Group to liabilities or administrative penalties, and/or materially and adversely affect the Group's financial conditions, operations and business prospects.

We may not be able to compete effectively, which could materially and adversely affect the Group's business, financial condition, results of operations and prospects, as well as its reputation and brands.

The road transportation market is intensely competitive and characterized by fragmentation and shifting user preferences. We face competition from regional players in local markets and players that focus on certain segments of the road transportation market. We also compete with other companies for value-added services that cater to various essential needs of shippers and truckers. Players that focus on certain segments of the road transportation market may enter into new segments in which we operate and compete with us. Furthermore, large technology companies that have strong brand recognition, substantial financial resources and sophisticated technology capabilities may develop their own digital freight platforms in the future.

The Group operates as a digital freight marketplace, which is a relatively new business model. Our competitors may operate different business models, have different cost structures or participate selectively in different industry segments. They may ultimately prove to be more successful or more adaptable to customer demand and new regulatory, technological and other developments. Some of our current and potential competitors may have significantly more financial, technological, marketing and other resources than we do and may be able to devote greater resources to the development, promotion and support of their platforms and service offerings. Our competitors may also have longer operating history and greater brand recognition than us. Additionally, a current or potential competitor may acquire, or form a strategic alliance with, one or more of our other competitors. Our competitors may be better at developing new solutions and services, offering more attractive fees, responding more quickly to new technologies and undertaking more extensive and effective marketing campaigns. More players may enter the road transportation market and intensify the market competition.

In response to competition, we may have to lower and/or adjust the various fees that the Group charges to shippers and truckers or increase its operating expenses and capital expenditures to attract more shippers and truckers, which could materially and adversely affect its business, margins and results of operations. If the Group is not able to compete effectively, its ability to attract and retain shippers, truckers and other ecosystem participants may be adversely affected, the level of transaction activities and user engagement on the FTA platform may decrease and the Group's market share may be negatively affected, which could materially and adversely affect the Group's business, financial condition, results of operations and prospects, as well as its reputation and brands.

If we fail to obtain or maintain licenses, permits or approvals applicable to the Group's business, the Group may become subject to significant penalties and other regulatory proceedings or actions.

The road transportation business in China is highly regulated by the PRC government. See also "Item 4. Information on the Company — B. Business Overview — Regulatory Matters—Regulations Related to Road Transportations." In connection with the online operations of the FTA platform, the Group is also required to obtain value-added telecommunications service licenses, in order to provide relevant value-added telecommunication services. The consolidated affiliates have obtained value-added telecommunications service licenses for the operations of the mobile apps and websites.

To enhance the experience of shippers, truckers and other ecosystem participants, the Group offers various auxiliary functions, content and value-added services through the FTA platform. Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practices by relevant government authorities, the Group may be required to obtain additional licenses, permits, filings or approvals for these functions, content and services. For example, it remains unclear whether the in-app message and voice call functions on the Group's mobile apps would require a separate value-added telecommunications service authorization in relation to "instant interactive services" under the applicable PRC laws and regulations. Although we do not believe that a separate authorization is required because the Group's mobile apps are not primarily communication software and such in-app message and voice call functions are only auxiliary functions to the Group's main services. However, we cannot assure you that the relevant PRC government authorities would agree with our interpretation. If the Group were required to obtain additional authorization, it may not be able to do so in a timely manner, or at all.

Moreover, we cannot assure you that the Group will be able to maintain existing licenses and permits, or renew any of them when their current term expires, or update information (such as information related to the Group's websites, mobile applications, legal representatives, business scopes or professional staff) filed with regulators in time due to procedural or substantive requirements. Under applicable PRC laws, rules and regulations, any failure to obtain, maintain and/or renew the licenses and permits, or any failure to update information filed with regulators in time, in each case required to conduct the Group's business, may subject the Group to various penalties, including confiscation of revenues, imposition of fines, and restrictions on or termination of the business operation subject to such license or permit requirement. Any such disruption in the business operations of our PRC subsidiaries, the Group VIEs or consolidated affiliates could materially and adversely affect the Group's business, financial condition and results of operations.

Furthermore, if the Group enters into new service categories or business lines, adopt new business models, or any of its current services are determined to be subject to new licensing requirements in the future, especially due to the evolving application or interpretation of relevant laws and regulations, it may be required to obtain licenses or permits that it does not currently have or to amend the licenses or permits it currently has. We will strive to obtain and amend the relevant licenses and permits but we cannot assure you that the Group will be able to obtain or amend such licenses and permits in a timely manner, or at all.

Regulatory uncertainties relating to online lending industry in China could harm the Group's business, financial condition and results of operations.

The online lending industry in China is subject to evolving regulations. We cannot assure you that our existing or future credit solutions provided as part of our value-added services that cater to various essential needs of shippers and truckers would not be deemed by regulators to be in violation of any laws, regulations and rules in the future. In addition, new laws and regulations relating to the online lending industry may be adopted, and existing laws and regulations may be interpreted in ways that are inconsistent with our existing or future business practices, which, along with any possible changes needed to fully comply with any existing or new regulations, could require us to modify our business or operations. Compliance with such laws or regulations could force us to incur increased operating expenses, or modify our business models, which may have a material and adverse impact on the Group's business, financial condition and results of operations.

The State Council promulgated the Regulations on the Administration of Financing Guarantee Companies, or the Financing Guarantee Rules, in 2017. According to the Financing Guarantee Rules, the establishment of financing guarantee companies shall be subject to the approval by the competent government authority, and unless otherwise stipulated, no entity may operate financing guarantee business without such approval. If any entity violates these regulations and operates financing guarantee business without approval, the entity may be subject to penalties including ban or suspension of business, fines of RMB500,000 to RMB1,000,000, confiscation of illegal gains if any, and if the violation constitutes a criminal offense, criminal liability in accordance with applicable laws.

We currently facilitate loans funded by third-party financial institutions that we collaborate with, and we guarantee such loans through our PRC subsidiaries. In some limited instances in the past, guarantees were provided by certain of the consolidated affiliates that did not have the required license to operate financial guarantee business. In addition, one of the consolidated affiliates provided guarantees during a period in which its license for financial guarantee business had expired, and it generated an immaterial amount of revenue during such period. We maintained routine reporting to the competent regulatory authority during such period and have subsequently renewed such license. If such past practices were found by the regulatory authorities to be in violation of the applicable regulations, we would be subject to penalties, such as confiscation of illegal gains and fines, which could have an adverse impact on the Group's business, financial condition and results of operations. Furthermore, there can be no assurance that we will be able to renew our licenses for financial guarantee business when such licenses expire in the future.

In November 2020, the CBIRC and People's Bank of China, or the PBOC, published the draft Interim Measures for the Administration of Online Small Loan Business, or the Draft Online Small Loan Measures. The Draft Online Small Loan Measures provide, among others, that an online small loan company must obtain the CBIRC's approval before carrying out online small loan business across different provinces. Under the Draft Online Small Loan Measures, existing online small loan companies with businesses across provinces in China will have a three-year transition period to obtain the required approval and adjust their businesses as necessary to be in compliance with these measures. We have utilized our small loan company, which is one of our PRC subsidiaries, to fund a portion of the cash loans to shippers and truckers. The Draft Online Small Loan Measures, if enacted in substantially the form published for public comment, will, among other things, require our small loan company to obtain the NFRA's approval to be able to continue to operate our cash loan business across different provinces after the three-year transition period. We cannot assure you that we will be able to obtain the NFRA's approval in a timely manner, or at all. As of December 31, 2023, the total outstanding balance of the on-balance sheet loans, consisting of the total principal amounts and all accrued and unpaid interests (net of provisions) of the loans funded through our small loan company, was RMB3,521.1 million (US$495.9 million). Historically, we also funded loans through trusts established by us. Such arrangement was terminated in March 2022.

Furthermore, relevant regulatory and judicial authorities may change the private lending rate of interest that can be charged by non-financial institutions from time to time. On August 20, 2020, China's Supreme People's Court, or the SPC, announced its decision to lower the cap for such private lending rate in a revised judicial interpretation. Under the revised judicial interpretation, such total annual percentage rates (inclusive of any default rate, default penalty and any other fee) exceeding four times that of China's benchmark one-year loan prime rate, or LPR, as published each month will not be legally protected. Based on the LPR of 3.45% as published on March 20, 2024, such cap would be 13.80%. According to a guidance letter issued by the SPC on December 29, 2020, clarifying the applicability of its revised judicial interpretation, the cap for private lending rate does not apply to small loan companies, financial guarantee companies, financial leasing companies, commercial factoring companies and certain other local financial organizations under the supervision of local financial regulatory authorities. However, uncertainties still exist with respect to the interpretation and implementation of existing and future laws and regulations governing small loan companies. For example, recent SPC guidance and judgment indicate that the portion of annualized interest rate, or APR, charged by financial institutions in excess of 24% per annum will not be supported in litigations. The APRs on our cash loans vary depending on borrowers' credit profiles and may exceed 24% in some cases. The excess portion may not be enforceable should any dispute arise between us and the relevant borrowers. If the regulatory requirements for our licensed small loan company or financial guarantee companies are strengthened by any newly adopted, or by the application of any existing, laws, regulations or rulings, our licensed small loan company or financial guarantee companies may need to change their business models, which may have a material and adverse effect on the Group's business, financial condition, results of operation and prospects.

The Group relies on commercial banks and third-party online payment service providers for payment processing services for certain of its services. If these payment services are restricted or curtailed in any way or become unavailable or unavailable on reasonable terms to the Group for any reason, its business may be materially and adversely affected.

The Group is not licensed to process payments and rely on commercial banks and third-party online payment service providers for payment processing services for certain of the Group's services involving payments. If the quality, utility, convenience or attractiveness of these payment processing services declines, or we have to change the Group's business arrangements with them for using these payment services for any reason, the attractiveness of the FTA platform could be materially and adversely affected.

The Group's third-party online payment service providers and its relationship with them are subject to a number of risks that could materially and adversely affect their ability to provide payment processing and escrow services to the Group, including:

- dissatisfaction with these online payment services or decreased use of their services by shippers, truckers and other ecosystem participants;
- increasing competition, including from other established Chinese internet companies, payment service providers and companies engaged in other financial technology services;
- changes to rules or practices applicable to payment systems that third-party online payment service providers reply on;
- breach of users' personal information and concerns over the use and security of information collected from users;
- service outages, system failures or failures to effectively scale the system to handle large and growing transaction volumes;
- increasing costs to third-party online payment service providers, including fees charged by commercial banks processing transactions through online payment channels, which could in turn be passed on to the Group and increase its costs of revenues; and
- failure to manage funds accurately or loss of funds, whether due to employee fraud, security breaches, technical errors or otherwise.

If any of the foregoing takes place, the Group's third-party online payment service providers' services may be restricted or curtailed or become unavailable or unavailable on reasonable terms to the Group, and its business and results of operations could be materially and adversely affected.

In addition, the commercial banks and third-party online payment service providers that we work with are subject to the supervision of the PBOC. The PBOC may publish rules, guidelines and interpretations from time to time regulating the operation of financial institutions and payment service providers that may in turn affect the business arrangements between such entities and the Group. For example, in November 2017, the PBOC published a notice, or the PBOC Notice, on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting the unlicensed payment settlement services, so as to safeguard the fund security and information security. As the laws and regulations in this area are still evolving and subject to interpretation, we cannot assure you that the PBOC or other governmental authorities will not scrutinize the Group's business arrangements with commercial banks and third-party online payment service providers. For instance, the Group's past settlement practices may give rise to the risk of the Group being deemed as inadvertently engaging in payment activity without the required license. The Group has adjusted its business arrangements in accordance with applicable laws and regulations. However, if its business arrangements were found by the regulatory authorities to be noncompliant, or if required by the PBOC or any new laws, rules or regulations, the Group's payment service providers may decide to, among other things, suspend their services or be forced to adjust their business arrangements with the Group. As a result, the Group may incur additional expenses to find alternative payment service providers or adjust its business practices or invest considerable resources in complying with the requirements. Furthermore, if the PBOC or other governmental authorities deem the Group's business arrangements with payment service providers to be noncompliant, the Group may be subject to regulatory action, investigations, fines and penalties, which could materially and adversely affect its business, results of operations and reputation.

If we fail to effectively manage the credit risks related to our credit solutions provided to truckers and shippers on the FTA platform, our business may be adversely affected.

We provide various credit solutions to shippers and truckers to meet their financial needs. We have primarily used our own capital to fund cash credit solutions for shippers and truckers. We also facilitate loans funded by third-party financial institutions, and we guarantee such loans. Historically, we also funded loans through trusts established by us. Such arrangement was terminated in March 2022. We believe our credit solutions create value for our ecosystem participants and enhance user engagement and transaction activities on the FTA platform. As of December 31, 2023, the total outstanding balance of the on-balance sheet loans, consisting of the total principal amounts and all accrued and unpaid interests (net of provisions) of the loans funded through our small loan company, was RMB3,521.1 million (US$495.9 million), and the total non-performing loan ratio for these loans was 2.0%. Our non-performing loan ratio is calculated by dividing the outstanding principal and all accrued and unpaid interests of the on-balance sheet loans that were over 90 calendar days past due (excluding loans that are over 180 days past due and are therefore charged off) by the total outstanding principal and all accrued and unpaid interests of the on-balance sheet loans (excluding loans that are over 180 days past due and are therefore charged off) as of a specified date.

We may increase the amount of credit we offer and we are exploring freight fee receivable loans for truckers to improve their cash flows. Furthermore, while we have implemented a risk management system, we cannot assure you as to the effectiveness of such system. If we fail to effectively manage the credit risks related to our credit solutions, the Group's business, results of operations and financial condition would be materially and adversely affected.

In addition, our failure to collect payments on the loans funded or guaranteed by us may have a material adverse effect on the Group's business operations and financial positions. Moreover, the current regulatory regime for debt collection in the PRC remains unclear. We aim to ensure collection efforts carried out by us and our third-party service providers comply with relevant laws and regulations in the PRC, and we have employed contractual measures to further ensure third-party service providers' compliance with relevant laws and regulations. However, we only exercise limited control over third-party service providers, and if our collection methods are viewed by the borrowers or regulatory authorities as harassments, threats or other illegal means, we may be subject to risks relating to third-party debt collection services providers, including lawsuits initiated by the borrowers or restrictions, fines or penalties imposed by the relevant regulatory authorities.

Employee misconduct may expose us to vicarious liabilities, reputational harm and/or economic damages.

Many of the Group's employees play critical roles in ensuring the safety and reliability of the Group's services or its compliance with relevant laws and regulations. Certain of the Group's employees have access to sensitive information, proprietary technologies and know-how. While we have adopted codes of conduct for all of the Group's employees and implemented policies and procedures relating to data privacy, intellectual property, anti-corruption, proprietary information and trade secrets, we cannot assure you that the Group's employees will abide by these codes, policies and procedures or that the precautions we take to detect and prevent employee misconduct will be effective. For example, prior to the merger of *Yunmanman* and *Huochebang*, a then employee of *Huochebang* was found guilty by a court for stealing user data from *Huochebang*'s database. There were other instances of employee misconduct in the past, but there were no legal liabilities for the Group or the Group's employees. Although such incidents did not have a material impact on the Group's business, we cannot assure you that employee misconduct will not materially and adversely affect its business, results of operations and financial condition in the future. If any of the Group's employees engage in any misconduct or illegal or suspicious activities, including but not limited to, misappropriation or leakage of sensitive user information or proprietary information, the Group and such employees could be subject to legal claims and liabilities and the Group's reputation and business could be materially and adversely affected as a result. In addition, while the Group has screening procedures during the recruitment process, we cannot assure you that the Group will be able to uncover misconduct of job applicants that occurred before offering them employment, or that the Group will not be affected by legal proceedings against its existing or former employees as a result of their actual or alleged misconduct.

Any significant disruption in the Group's mobile apps and information technology systems, including events beyond the Group's control, could prevent the Group from offering its solutions and services or reduce their attractiveness.

In the event of a system outage, malfunction or data loss, the Group's ability to provide services would be materially and adversely affected. The satisfactory performance, reliability and availability of the Group's technology, mobile apps and information technology systems and the Group's underlying network infrastructure are critical to its operations, user service, reputation and its ability to attract new and retain existing shippers, truckers and other ecosystem participants. The Group's information technology infrastructure is currently deployed and its data is currently maintained on customized cloud computing services. The Group's servers are housed at two third-party data centers, and the Group's operations depend on the service providers' ability to protect the Group's systems in their facilities as well as their own systems against damage or interruption from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer malware, viruses, spamming, phishing attacks or other attempts to harm the Group's systems, criminal acts and similar events, many of which may be beyond our control. The Group's mobile apps are provided through third-party app stores and any disruptions to the services of these app stores may negatively affect the delivery of the Group's mobile apps to users. Moreover, if the Group's arrangements with these service providers are terminated or if there is a lapse of service or damage to their facilities or if the services are no longer cost-effective to us, we could experience interruptions in the Group's solutions and service as well as delays and additional expense in arranging new solutions and services for shippers, truckers and other ecosystem participants.

Any interruptions or delays in the Group's service, whether as a result of third-party error, our error, natural disasters or security breaches, whether accidental or willful, could harm the Group's relationships with shippers, truckers and other ecosystem participants and its reputation. We may not have sufficient capacity to recover all data and services lost in a timely manner in the event of an outage. These factors could prevent the Group from matching shippers with truckers or engaging in other business operations, damage the Group's brands and reputation, divert the Group's employees' attention, reduce its revenue, subject it to liability and cause shippers, truckers and other ecosystem participants to abandon the Group's solutions and services, any of which could adversely affect the Group's business, financial condition and results of operations.

As information technology is a critical aspect in the efficient operation of the Group's business, failure to maintain or improve its information technology infrastructure could harm the Group's business and prospects.

The efficient and reliable operation of the Group's business depends on its information technology systems. We are continuously upgrading the FTA platform to provide increased scale, improved performance, additional capacity and additional built-in functionality, including functionality related to security. Adopting new services and maintaining and upgrading the Group's information technology infrastructure require significant investment of time and resources. Any failure to maintain and improve the Group's information technology infrastructure could result in unanticipated system disruptions, slower response time, impaired user experience, delays in reporting accurate operating and financial information and failures in risk management. The risks of these events occurring are even higher during certain periods of peak usage and activity when cargo volume is higher on the FTA platform. In addition, much of the software and interfaces the Group uses are internally developed and proprietary technology. If we experience problems with the functionality and effectiveness of the Group's software, interfaces or platform, such as undetected errors or defects, or are unable to maintain and continuously improve the Group's information technology infrastructure to handle its business needs, the Group's business, financial condition, results of operations and prospects, as well as its reputation and brand, could be materially and adversely affected.

Furthermore, the Group's information technology infrastructure and services, including its service offerings, incorporate third-party-developed software, systems and technologies, as well as hardware purchased or commissioned from external suppliers. If the Group's information technology infrastructure and services expand and become increasingly complex, it will face increasingly serious risks to the performance and security of its information technology infrastructure and services that may be caused by these third-party-developed components, including risks relating to incompatibilities among these components, service failures or delays or back-end procedures on hardware and software. The Group also needs to continuously enhance its existing technology. Otherwise, it faces the risk of its information technology infrastructure becoming unstable and susceptible to security breaches. This instability or susceptibility could create serious challenges to the security and uninterrupted operation of the FTA platform and services, which would materially and adversely affect the Group's business and reputation.

The Group's collection and recovery efforts may become less effective and may also subject it to regulatory risks and reputational risks.

We provide truckers with cash credit solutions and shippers with working capital loans, which are primarily funded by us through our small loan company, which is one of our PRC subsidiaries. Certain cash loans for truckers are funded by an institutional funding partner, and we guarantee such loans through arrangements with the institutional funding partner. The term of such loans is typically less than one year.

The Group endeavors to ensure that it complies with the relevant laws and regulations in the PRC in collecting loans receivable and has established strict policies and implemented measures to ensure that the personnel responsible for collecting loans receivable do not engage in aggressive or predatory practices. However, there can be no assurance that such personnel will not engage in any misconduct while performing their tasks. Any misconduct by such personnel or the perception that the collection and recovery practices are considered to be aggressive, predatory or not compliant with the relevant laws and regulations in the PRC may lead to negative publicity and result in harm to our reputation and business, which could further undermine the ability to collect loans receivable, or result in fines and penalties being imposed by the relevant regulatory authorities, any of which may have a material adverse effect on our results of operations.

Any failure by the Group, its business partners or users to comply with applicable anti-money laundering laws and regulations could damage the Group's reputation.

The Group, its business partners and third-party payment service providers are subject to anti-money laundering obligations under applicable anti-money laundering laws and regulations and are regulated in that respect by the PBOC. If any of the Group's third-party service providers or users fail to comply with applicable anti-money laundering laws and regulations, the Group's reputation could suffer and it could become subject to regulatory intervention, which could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, any negative perception of the industries relevant to the Group's business, such as any failure of online transaction platform to detect or prevent money laundering activities, even if factually incorrect or based on isolated incidents, could compromise the Group's image or undermine the trust and credibility it has established.

We have granted and expect to continue to grant share-based awards in the future under our share incentive plans, which may result in increased share-based compensation expenses.

We adopted share incentive plans to provide additional incentives to directors, officers, employees and consultants. See "Item 6. Directors, Senior Management and Employees — B. Compensation — Share Incentive Plans." We have granted options and ordinary shares to certain directors, officers and employees pursuant to our share incentive plans, and option to purchase 262,619,654 Class A ordinary shares was outstanding as of March 31, 2024. The Group recorded RMB3,837.9 million, RMB919.3 million and RMB441.8 million (US$62.2 million) in 2021, 2022 and 2023, respectively, in share-based compensation expenses in relation to share-based award grants, including grants to the management members of certain of the Group's equity investees. We also expect to continue to grant awards under our share incentive plans, which we believe is of significant importance to our ability to attract and retain key personnel and employees. As a result, the Group's expenses associated with share-based compensation may increase, which may have an adverse effect on the Group's financial condition and results of operations.

The Group's financial results may vary significantly from period to period due to the seasonality of its business and fluctuations in its operating costs.

The Group's quarterly results of operations, including the levels of its revenue, operating cost and expenses, net (loss)/income and other key metrics such as fulfilled orders, may vary significantly in the future due to a variety of factors, some of which are outside of our control, and period-to-period comparisons of the Group's operating results may not be meaningful, especially given the Group's limited operating history. Accordingly, the results for any one quarter are not necessarily an indication of future performance. Fluctuations in quarterly results may adversely affect the price of our ADSs. Factors that may cause fluctuations in the Group's quarterly financial results include:

- the Group's ability to attract or maintain a critical mass of shippers and truckers;

- the levels of user engagement and transaction activities;
- the mix of solutions and services the Group offers;
- the amount and timing of incurrence of the Group's operating cost and expenses and the maintenance and expansion of its business, operations and infrastructure;
- the Group's focus on the long-term success and future growth, instead of near-term profit;
- the Group's ability to execute its monetization strategies;
- network outages or security breaches;
- general economic, industry and market conditions; and
- changes in applicable laws and regulations, as well as our involvement in legal or regulatory actions.

In addition, because the Group's revenue generated from freight brokerage and online transaction service is related to the available working days of shippers and truckers, national holidays and the number of business days during a given period may also create seasonal impact on the Group's results of operations. The transaction volume on the FTA platform is typically lower during the first quarter each year due to the Chinese New Year holiday season. In addition, some shippers operate in industries where shipping patterns are tied closely to consumer demand, which can sometimes be difficult to predict or are based on just-in-time production schedules. Furthermore, increases in toll fees and fuel costs may lead to rising shipping fees, which may in turn adversely affect transaction activities on the FTA platform and our results of operations. Therefore, the Group's revenue is, to a large degree, affected by factors that are outside of our control. There can be no assurance that the Group's historic operating patterns will continue in future periods, as we cannot influence or forecast many of these factors. The quarterly fluctuations in the Group's revenue and results of operations could result in volatility and cause the price of our ADSs to fall. To the extent the Group's revenue grows, these seasonal fluctuations may become more pronounced.

The successful operation of the Group's business depends upon the performance, reliability and security of the internet infrastructure in China.

The successful operation of the Group's business depends on the performance and reliability of the internet infrastructure and telecommunications networks in China. Almost all access to the internet in China is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the MIIT. Moreover, the Group primarily relies on a limited number of telecommunication service providers to provide it with data communications capacity. The Group has limited access to alternative networks or services in the event of disruptions, failures or other problems with China's internet infrastructure or the telecommunications networks provided by telecommunications service providers. With the expansion of its business, the Group may be required to upgrade its technology and infrastructure to keep up with the increasing traffic on the FTA platform. However, we have no control over the costs of the services provided by telecommunications service providers. If the prices we pay for telecommunications and internet services rise significantly, the Group's results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, the Group's user engagement and transaction activities may decline and the Group's business may be harmed.

The Group's business depends upon the interoperability of the FTA platform across devices, operating systems, and third-party applications that we do not control.

One of the most important features of the FTA platform is its broad interoperability with a range of devices, operating systems, and third-party applications. The FTA platform is accessible from devices running various operating systems such as iOS and Android. We depend on the accessibility of the FTA platform across these third-party operating systems and applications that we do not control. Moreover, third-party services and products are constantly evolving, and we may not be able to modify the FTA platform to assure its compatibility with that of relevant third parties following development changes. The loss of interoperability, whether due to actions of third parties or otherwise, could adversely affect the Group's business.

The Group's use of third-party open source software could adversely affect the Group's ability to offer its products and offerings and subject the Group to possible litigation.

We use open source software in the Group's software and systems and will use open source software in the future. Open source software generally refers to software for which the original source code is freely available and may be redistributed or modified. The licenses applicable to our use of open source software may require the source code that is developed using open source software to be made available to the public and that any modifications or derivative works to certain open source software continue to be licensed under open source licenses. From time to time, we may face claims from external parties claiming infringement of their intellectual property rights, or demanding the release or license of the open source software or derivative works that we developed using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. Our use of open source software may also present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other parties to determine how to breach our systems that rely on open source software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

We are dependent on app stores to distribute the Group's mobile apps.

We currently cooperate with Apple's app store and Android app stores to distribute the Group's mobile apps to users. As such, the promotion, distribution and operation of the Group's applications are subject to such distribution platforms' standard terms and policies for application developers, which are subject to the interpretation of, and frequent changes by, these distribution channels. There is no guarantee that the Group's applications will always comply with the standard terms and policies of such distribution platforms. If these third-party distribution platforms change their terms and conditions or their interpretations of these terms and conditions in a manner that is detrimental to us, or refuse to distribute the Group's applications, timely launch updated versions of the Group's applications, or remove the Group's applications, or if any other major distribution channel with which we would like to seek collaboration refuses to collaborate with us in the future on commercially reasonable terms, or at all, the Group's business, financial condition and results of operations may be materially and adversely affected. In addition, such distribution platforms may require us to update or change our user policies or functions to meet their terms and conditions. As a result, our ability to attract, retain and expand our user base may be hindered, which could adversely affect the Group's business or financial results.

The Group may be subject to potential liability in connection with pending or threatened legal proceedings and other matters, which could adversely affect the Group's business or financial results.

From time to time, the Group has become and may in the future become a party to various legal or administrative proceedings arising in the ordinary course of the Group's business in China, including claims arising from the Group's freight brokerage service and discontinued financial leasing service. See "—We face risks associated with the cargo transported using the freight brokerage service and vicarious liability for vehicles registered with the Group." In addition, we were named as a defendant in certain putative shareholder class action lawsuits in connection with our initial public offering. See "Item 4. Information of the Company — B. Business Overview —Legal Proceedings and Compliance." The Group may also be subject to potential liability in connection with pending or threatened legal proceedings arising from breach of contract claims, anti-competition claims and other matters.

These proceedings, investigations, claims and complaints could be initiated or asserted under or on the basis of a variety of laws in different jurisdictions, including, without limitation, data protection and privacy laws, trucker or consumer protection laws, labor and employment laws, anti-monopoly or competition laws, transportation laws, advertising laws, value-added telecommunication services laws, intellectual property laws, securities laws, financial services laws, tort laws, contract laws, property laws, anti-money laundering laws, anti-corruption laws, anti-bribery laws and criminal laws. There is no guarantee that the Group will be successful in defending itself in legal and administrative actions or in asserting its rights under various laws. If the Group fails to defend itself in these actions, the Group may be subject to restrictions, fines or penalties that will materially and adversely affect the Group's operations. Even if the Group is successful in its attempt to defend itself in legal and regulatory actions or to assert its rights under various laws and regulations, the process of communicating with relevant regulators, defending itself and enforcing its rights against the various parties involved may be expensive and time-consuming. These actions could expose the Group to negative publicity, substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business.

In addition, the Group's directors, management and key employees may from time to time be subject to litigation, regulatory investigations, proceedings, confinement and/or negative publicity or otherwise face potential liability in relation to commercial, labor, employment, securities or other matters, which could affect their ability or willingness to continue to serve the Group or dedicate their efforts to the Group and negatively affect the Group's brand and reputation, resulting in an adverse effect on its business, results of operations and financial condition.

Certain of the Group's leased property interests may be defective, which could cause disruption to the Group's business.

As of the date of this annual report, we had not completed the relevant property leasing registrations for most of the Group's leased properties in China, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. According to our PRC legal counsel, the failure to complete the registration process does not affect the validity of the property lease agreements but a maximum penalty of RMB10,000 may be imposed on us for the non-registration of each lease. As of the date of this annual report, we are not aware of any material claims or actions being contemplated or initiated by government authorities with respect to the Group's leasehold interests in or use of such properties.

In addition, we may become involved in disputes with the property owners or parties who otherwise have rights to or interests in the Group's leased properties. For instance, if a lessor of the Group's leased properties has not obtained valid authorizations from the legal owners with respect to the Group's leases, or has not obtained requisite approvals or permits with respect to the construction of such properties, the Group's leases with such lessor could be invalid and the lessor's right to lease might be challenged by an interested third party or the government authority. If any of such properties were successfully challenged, we may be forced to relocate our operations housed in the affected properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from external parties' challenges on the Group's use of such properties. As a result, the Group's business, financial condition and results of operations may be adversely affected.

We may need additional capital to pursue business objectives and respond to business opportunities, challenges or unforeseen circumstances, and financing may not be available on terms acceptable to us, or at all.

Growing and operating the Group's business will require significant cash investments, capital expenditures and commitments to respond to business challenges, including developing or enhancing new or existing services and technologies and expanding the Group's infrastructure. If cash on hand, cash generated from operations, and the net proceeds from our initial public offering are not sufficient to meet the Group's cash and liquidity needs, we may need to seek additional capital, potentially through debt or equity financings. We may not be able to raise required cash on terms acceptable to us, or at all. Volatility in the credit markets may have an adverse effect on the Group's ability to obtain debt financing. Issuances of equity or convertible debt securities may be on terms that are dilutive or potentially dilutive to our shareholders. The holders of new securities may also have rights, preferences, or privileges that are senior to those of existing stockholders. If new financing sources are required, but are insufficient or unavailable, we may need to modify the Group's growth and operating plans and business strategies based on available funding, if any, which would harm the Group's ability to grow its business.

The Group's business depends substantially on the continuing efforts of our directors, executive officers, senior management, key employees and qualified personnel, and the Group's operations may be severely disrupted if we lose their services.

The Group's future success depends substantially on the continuing efforts of our directors, executive officers, senior management, and key employees and qualified personnel. In particular, we rely on the leadership, expertise, experience and vision of our directors and senior management team. If one or more of our directors, executive officers, senior management, key employees or qualified personnel were unable or unwilling to continue their services with us, whether due to resignation, accident, health condition, family considerations or any other reason, we might not be able to find their successors in a timely manner, or at all. The size and scope of the FTA platform also require the Group to hire and retain a wide range of capable and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. We will need to continue to attract and retain experienced and capable personnel at all levels. Since the road transportation industry is characterized by high demand and intense competition for talent, we cannot assure you that we will be able to attract or retain qualified management or other highly skilled employees.

We do not have key man insurance for our directors, executive officers, senior management or other key employees. If any of the Group's key employees terminate his or her services or otherwise becomes unable to provide continuous services to us, the Group's business, financial condition and results of operations may be materially and adversely affected and it may incur additional expenses to recruit, train and retain qualified personnel. Each of our executive officers and key employees has entered into an employment agreement with a non-compete clause with us. However, these agreements may be breached by the counterparties, and there may not be adequate and timely remedies available to us to compensate our losses arising from the breach. We cannot assure you that we would be able to enforce these non-compete clauses. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members.

Our metrics and estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may harm the Group's reputation and negatively affect its business.

We rely on certain key operating metrics, such as fulfilled orders, average shipper MAUs and shipper MAUs, among other things, to evaluate the performance of the Group's business. Our operating metrics may differ from estimates published by third parties or from similarly titled metrics used by other companies due to differences in methodology and assumptions. We calculate these operating metrics using internal company data, which are subject to our estimates and adjustments. For example, we define (i) active shippers as the aggregate number of registered shipper accounts on the FTA platform that have posted at least one shipping order on the FTA platform during a given period, and (ii) shipper MAUs as the number of active shippers in a given month. However, some shippers may use more than one account, and/or may share the same account with other shippers. As a result, the Group's shipper MAUs may understate or overstate the number of shippers who have posted at least one shipping order on the FTA platform in a given month. If we discover material inaccuracies in the operating metrics we use, or if they are perceived to be inaccurate, the Group's reputation may be harmed and our evaluation methods and results may be impaired, which could negatively affect the Group's business. If investors make investment decisions based on operating metrics we disclose that are inaccurate, we may also face potential lawsuits or disputes.

We may not be able to prevent others from unauthorized use of the Group's intellectual property and we may be subject to intellectual property infringement claims, either of which could harm the Group's business and competitive position.

We rely on a combination of patents, trademarks, copyrights, trade secrets and confidentiality agreements to protect the Group's proprietary rights. As of December 31, 2023, the Group had 234 patents, 119 pending patent applications, 1,035 registered trademarks and 271 pending trademark applications and 341 registered software copyrights in China. As of December 31, 2023, the Group had 20 registered trademarks in other countries, including India, Russia and Vietnam.

We have invested significant resources to develop these intellectual properties. However, any of the Group's intellectual property rights could be challenged, invalidated or circumvented, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, other parties may misappropriate the Group's intellectual property rights, which would cause us to suffer economic or reputational damage. Because of the rapid pace of technological change, there can be no assurance that all of the Group's proprietary technologies and similar intellectual property will be patented in a timely or cost-effective manner, or at all. Furthermore, parts of the Group's business rely on technologies developed or licensed by other parties, or co-developed with other parties, including open source software, and we may not be able to obtain or continue to obtain licenses and technologies from these other parties on reasonable terms, or at all.

It is often difficult to register, maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. For instance, we may seek to register new trademarks in the future, and there is no assurance that the relevant applications for trademark registrations in the PRC will be approved by competent governmental authority. If such trademarks could not be successfully registered in the categories related to the Group's business, we may fail to prevent others from using such trademarks in businesses similar to ours, and the Group's business, financial condition and results of operations may be materially and adversely affected. In addition, confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect the Group's intellectual property rights or to enforce the Group's contractual rights in China. Preventing any unauthorized use of the Group's intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of the Group's intellectual property. In the event that we resort to litigation to enforce the Group's intellectual property rights, such litigation could result in substantial costs and a diversion of the Group's managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, the Group's trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing the Group's intellectual property rights could have a material adverse effect on its business, financial condition and results of operations.

Meanwhile, the Group's operations or any aspects of its business could infringe upon or otherwise violate trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights held by other parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, other parties' trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights may be infringed by the Group's services or other aspects of the Group's business without its awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China, the U.S. or other jurisdictions. If any infringement claims are brought against us, we may be forced to divert management's time and other resources from the Group's business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of China's intellectual property right laws and the procedures and standards for granting trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights in China are still evolving and are uncertain, and there can be no assurance that PRC courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, the Group's business and results of operations may be materially and adversely affected.

The Group's insurance coverage strategy may not be adequate to protect it from all business risks or, if insurance carriers change the terms of such insurance in a manner not favorable to us, if we are required to purchase additional insurance for other aspects of the Group's business, or if we fail to comply with regulations governing insurance coverage, the Group's business could be harmed.

The Group maintains various insurance policies to safeguard against risks and unexpected events. However, the Group does not maintain business interruption insurance or key-man insurance or any insurance covering liabilities resulting from misconducts or illegal activities committed by its employees, users or business partners. We cannot assure you that the Group's insurance coverage is sufficient to prevent the Group from any loss or that the Group will be able to successfully claim its losses under its current insurance policy on a timely basis, or at all. If the Group incurs any loss that is not covered by its insurance policies, or the compensated amount is significantly less than its actual loss, the Group's business, financial condition and results of operations could be materially and adversely affected. See also "—We face risks associated with the cargo transported using the freight brokerage service and vicarious liability for vehicles registered with the Group." If the Group's insurance carriers change the terms of the Group's policies in a manner unfavorable to the Group, its insurance costs could increase.

In addition, the Group is subject to laws, rules, and regulations relating to insurance coverage which could result in proceedings or actions against the Group by governmental entities or others. Furthermore, shippers using the freight brokerage service may require higher levels of coverage as a condition to entering into contracts with the consolidated affiliates. Any failure, or perceived failure, by the Group to comply with laws, rules, and regulations or contractual obligations relating to insurance coverage could result in proceedings or actions against it by governmental entities or others. These lawsuits, proceedings, or actions may subject the Group to significant penalties and negative publicity, require the Group to increase its insurance coverage, require it to amend its insurance policy disclosure, increase its costs, and disrupt its business.

From time to time we may evaluate and potentially consummate strategic investments or acquisitions, which could require significant management attention, disrupt the Group's business and adversely affect its financial results.

We may evaluate and consider strategic investments, combinations, acquisitions or alliances to enhance our competitive position. For example, the FTA platform was created through the business merger of *Yunmanman* and *Huochebang* in 2017. These transactions could be material to the Group's financial condition and results of operations if consummated. If we are able to identify an appropriate business opportunity, we may not be able to successfully consummate the transaction and, even if we do consummate such a transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such transaction, which may result in investment losses.

Strategic investments or acquisitions will involve risks commonly encountered in business relationships, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits, including the inability to successfully further develop the acquired technology;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from the Group's normal daily operations and potential disruptions to its ongoing business;
- strain on the Group's liquidity and capital resources;
- difficulties in executing intended business plans and achieving the intended objectives, benefits, revenue-enhancing opportunities or synergies from such strategic investments or acquisitions;
- difficulties in maintaining uniform standards, controls, procedures and policies within the overall organization;
- difficulties in retaining relationships with existing business partners of the acquired business;
- risks of entering markets in which the Group has limited or no prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business;

- assumption of contractual obligations that contain terms that are not beneficial to the Group, require it to license or waive intellectual property rights or increase its risk for liability;
- liability for activities of the acquired business before the acquisition, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities and litigations and other proceedings initiated in connection therewith;
- in the case of overseas acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries; and
- unexpected costs and unknown risks and liabilities associated with strategic in-vestments or acquisitions.

Any future investments or acquisitions may not be successful, may not benefit the Group's business strategy, may not generate sufficient revenues to offset the associated acquisition costs, may not result in the intended benefits, may incur unanticipated liabilities and expenses, or may otherwise harm the Group's business generally.

We have limited influence over our minority-owned investees, which subjects us to substantial risks, including potential loss of value.

Our growth strategy has included investing in minority ownership positions in technology and logistics companies. Our investment in these entities involves significant risks that are outside of our control. We have limited influence over our minority-owned investees. As a result, the boards of directors or management teams of these companies may make decisions or take actions with which we disagree or that may be harmful to the value of our ownership in these companies.

In addition, any material decline in the business of these entities would adversely affect the value of our assets and the Group's financial results. Furthermore, the value of these assets is based in part on the market valuations of these entities, and weakened financial markets have adversely affected, and may in the future adversely affect such valuations. These positions could expose us to risks, litigation, and unknown liabilities because, among other things,

- these companies have limited operating histories in evolving industries and may have less predictable operating results;
- these companies may be privately owned and, as a result, limited public information is available and we may not learn all the material information regarding these businesses;
- these companies may be domiciled and operate in countries with particular economic, tax, political, legal, safety, regulatory and public health risks;
- these companies depend on the management talents and efforts of a small group of individuals, and, as a result, the death, disability, resignation, or termination of one or more of these individuals could have an adverse effect on the relevant company's operations; and
- these companies will likely require substantial additional capital to support their operations and expansion and to maintain their competitive positions. Any of these risks could materially affect the value of our assets, which could have an adverse effect on the Group's business, financial condition or results of operations.

Furthermore, we are contractually limited in our ability to sell or transfer these assets. There is currently no public market for any of these securities, and there may be no market in the future if and when we decide to sell such assets. Furthermore, we may have to sell these assets at a time at which we would not be able to realize what we believe to be the long-term value of these assets. Additionally, we may have to pay significant taxes upon the sale or transfer of these assets. Accordingly, we may never realize the value of these assets relative to the contributions we made to these businesses.

In addition, loss incurred by the Group's equity method investees affects the Group's results of operations. The Group recognized share of loss in equity method investees of RMB11.3 million, RMB1.2 million and RMB2.1 million (US$0.3 million) in 2021, 2022, and 2023, respectively. Impairment loss recognized on the Group's equity investees and investments in debt securities may also affect the Group's results of operations. For example, the Group recognized impairment loss of RMB111.6 million in 2021, primarily attributable to full impairment provision recognized on two of the Group's equity investees. The Group may also extend loans to certain companies from time to time and may experience impairment loss in connection with such loans.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of the NYSE. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. Commencing with our fiscal year ended December 31, 2022, we must perform system and process evaluation and testing of our internal controls over financial reporting to allow management to report on the effectiveness of our internal controls over financial reporting in our Form 20-F filing for that year, as required by Section 404 of the Sarbanes-Oxley Act. In addition, beginning at the same time, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting.

As of December 31, 2023, our management has concluded that our internal control over financial reporting is effective. See "Item 15. Controls and Procedures — Management's Annual Report on Internal Control over Financial Reporting." Our independent registered public accounting firm has issued a report, which has concluded that we maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023.

However, our internal control over financial reporting may not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our ADSs and/or Class A ordinary shares could decline and we could be subject to sanctions or investigations by the NYSE, SEC or other regulatory authorities.

Enforcement of stricter labor laws and regulations and increases in labor costs in the PRC may adversely affect the Group's business and results of operations.

The economy in China has experienced increases in inflation and labor costs in recent years. As a result, average wages in the PRC are expected to continue to increase. In addition, we are required by PRC laws and regulations to pay various statutory employee benefits, including pension insurance, housing funds, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of the Group's employees. We expect that the Group's labor costs, including wages and employee benefits, will continue to increase. Unless we are able to control the Group's labor costs or pass on these increased labor costs, the Group's financial condition and results of operations may be adversely affected. Furthermore, pursuant to the PRC Labor Contract Law, as amended, or the Labor Contract law, and its implementation rules, employers are subject to various requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate some of the Group's employees or otherwise change the Group's employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to affect those changes in a desirable or cost-effective manner, which could adversely affect the Group's business and results of operations.

In addition, we cannot assure you that the Group's employment practices will be deemed to be in compliance with labor-related laws and regulations in China due to interpretation and implementation uncertainties related to the evolving labor laws and regulations, which may subject us to labor disputes or government investigations. Under the PRC Social Insurance Law and the Administrative Measures on Housing Provident Fund, employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing provident funds, and employers are required, together with their employees or separately, to pay the contributions to social insurance and housing provident funds for their employees. The relevant government agencies may examine whether an employer has made adequate payments of the requisite statutory employee benefits, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. For instance, certain of our PRC subsidiaries and consolidated affiliates engage third-party human resources agencies to make social insurance and housing provident fund contributions for some of their employees. There is no assurance that such third-party agencies make contributions in full in a timely manner, or at all, and even if they do, regulators may deem such practice to be noncompliant with the relevant labor laws and bring enforcement actions against us. If we are deemed to have violated relevant labor laws and regulations, we could be required to make additional contributions to social insurance or housing provident funds, pay late fees and fines, provide additional compensation to the Group's employees or adjust our labor practices and the Group's business, financial condition and results of operations could be materially and adversely affected. In addition, any strike or other work stoppage or group incidents engaged by our employees may subject us to significant disruption of our operations and/or higher on-going labor costs, which may have an adverse effect on our reputation, business, financial condition and results of operations.

We face risks related to health epidemics and other outbreaks, harsh weather and natural disasters, which could significantly disrupt the Group's operations.

The Group's business could be materially and adversely affected by the outbreak of a widespread health epidemic, such as COVID-19, swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, harsh weather conditions or natural disasters, such as snowstorms, earthquakes, fires or floods, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China could materially disrupt the Group's business and operations. These events could also significantly impact the industries we operate in and cause a temporary closure of the facilities the Group uses for its operations, which would severely disrupt its operations and have a material adverse effect on its business, financial condition and results of operations. The Group's operations could be disrupted if any of its employees, or employees of its business partners were suspected of contracting an epidemic disease, since this could require the Group or business partners to quarantine some or all of these employees or disinfect the facilities used for operations. In addition, the Group's revenue and profitability could be materially reduced to the extent that a health epidemic, adverse weather conditions or natural disaster or other outbreak harms the global or Chinese economy in general. The Group's operations could also be severely disrupted if shippers, truckers and other ecosystem participants were affected by health pandemics or epidemics, harsh weather conditions, natural disasters or other outbreaks. See also "—The COVID-19 outbreak has adversely affected, and may continue to adversely affect the Group's results of operations."

The COVID-19 outbreak has adversely affected, and may continue to adversely affect the Group's results of operations.

The Group experienced certain disruptions in its operations in certain periods from 2020 to 2022 as a result of the COVID-19 outbreak in China and measures undertaken by the Chinese government to contain the spread of COVID-19, which negatively affected the Company's business to some extent. For instance, the COVID-19 outbreak, together with other factors, contributed to sequential decreases in the number of fulfilled orders in the third and fourth quarters of 2021 from the respective previous quarters as well as year-on-year declines in fulfilled orders in 2022. The Group has gradually recovered from the impact of COVID-19, as evidenced by year-over-year increase in fulfilled orders from 2022 to 2023. Nonetheless, any future COVID-19 outbreaks in China may adversely affect the Group's business, results of operations, financial position and cash flows.

The Group may be required to write down goodwill and other identifiable intangible assets.

The Group's balance sheet includes a material amount of goodwill and intangible assets. Goodwill and intangible assets, net, together accounted for approximately 9.1% of total assets on its balance sheet as of December 31, 2023. The impairment of a significant portion of these assets would negatively affect the Group's financial condition or results of operations. The Group regularly evaluates whether events and circumstances have occurred indicating that any portion of its intangible assets and goodwill may not be recoverable. When factors indicate that intangible assets and goodwill should be evaluated for possible impairment, the Group may be required to reduce the carrying value of these assets. The Group did not identify additional impairment indicator as of December 31, 2023 to trigger the impairment of the goodwill and intangible assets.

The trading price of our ADSs has been and is likely to continue to be volatile and could fluctuate widely in response to a variety of factors. As a result of the volatility, our market capitalization decreased from US$8.6 billion as of December 31, 2022 to US$7.5 billion as of December 31, 2023. While our market capitalization remained relatively stable at US$7.6 billion as of March 31, 2024, there is no guarantee that our market capitalization will not decrease in the future. If such situation occurs, we may be required to evaluate the recoverability of goodwill prior to the annual assessment, and we can provide no assurance that a material impairment charge will not occur in a future period. Such an impairment could have a material adverse effect on our business, financial position, results of operations and liquidity.

Risks Relating to Our Corporate Structure

If the PRC government deems that the contractual arrangements in relation to the Group VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of value-added telecommunication businesses, such as online information service, is subject to restrictions under current PRC laws and regulations, especially the Special Entry Management Measures (Negative List) for the Access of Foreign Investment (2021 version), or the 2021 Negative List, which took effect on January 1, 2022. Industries not listed in the 2021 Negative List are generally deemed "permitted" for foreign investments unless specifically restricted by other PRC laws. According to the 2021 Negative List and other applicable laws and regulations, the industry of value-added telecommunications services (other than the services of electronic commerce, multiparty conferencing within the PRC, information storage and forwarding, and call center) generally falls into the restricted category with very limited exceptions in certain pilot demonstration zones.

Because we are an exempted company incorporated in the Cayman Islands, we are classified as a foreign enterprise under PRC laws and regulations, and our PRC subsidiaries are foreign-invested enterprises. Due to PRC laws and regulations that impose certain restrictions or prohibitions on foreign equity ownership of entities providing value-added telecommunications services, we conduct a substantial part of the Group's operations in China through the Group VIEs, which hold certain licenses required to operate our business in China. Our PRC subsidiaries, Jiangsu Yunmanman, FTA Information and Yixing Manxian, entered into contractual arrangements with the Group VIEs (which are Manyun Software, Shan'en Technology and Manyun Cold Chain) and the Group VIEs' respective shareholders, respectively. For a detailed description of these contractual arrangements, see "Item 4. Information of the Company — C. Organizational Structure— Contractual Arrangements with the Group VIEs."

We believe that our corporate structure and contractual arrangements comply with the current applicable PRC laws and regulations. Our PRC legal counsel, based on its understanding of the relevant laws and regulations, is of the opinion that each of the contracts among (i) Jiangsu Yunmanman, Manyun Software and Manyun Software's shareholders, (ii) FTA Information, Shan'en Technology and Shan'en Technology's shareholders and (iii) Yixing Manxian, Manyun Cold Chain and Manyun Cold Chain's shareholders is valid, binding and enforceable in accordance with its terms. In addition, our PRC legal counsel, based on its understanding of the relevant laws and regulations, is of the opinion prior to the termination thereof in connection with the Reorganization, each of the contracts among (i) Jiangsu Yunmanman, Shanghai Xiwei, and Shanghai Xiwei's shareholders, (ii) Jiangsu Yunmanman, Beijing Manxin, and Beijing Manxin's shareholders and (iii) FTA Information, Guizhou FTA, and Guizhou FTA's shareholders was valid, binding and enforceable in accordance with its terms then in effect.

However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including the PRC Foreign Investment Law and its implementing rules, the Telecommunications Regulations and the relevant regulatory measures concerning the telecommunications industry and other industries the Group is engaged in, there can be no assurance that the PRC government authorities, including the MOFCOM, the MIIT, or other competent authorities would agree that our corporate structure or any of the above contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

If our corporate structure and contractual arrangements are deemed by the MIIT or the MOFCOM or other regulators having competent authority to be illegal, either in whole or in part, we may lose control of the Group VIEs and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can achieve this without material disruption to our business. Furthermore, if our corporate structure and contractual arrangements are found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking the Group's relevant business and operating licenses;
- imposing fines on us;
- confiscating any of the Group's income that they deem to be obtained through illegal operations;
- shutting down the Group's relevant services;
- discontinuing or restricting the Group's operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to change our corporate structure and contractual arrangements;
- restricting or prohibiting our use of the proceeds from overseas offering to finance our PRC subsidiaries' and the consolidated affiliates' business and operations; and
- taking other regulatory or enforcement actions that could be harmful to the Group's business.

As such, if Chinese regulatory authorities disallow the VIE structure, such development would likely result in a material change in the Group's operations and/or the value of our ADSs, including that it could cause the value of such securities to significantly decline or become worthless. Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and contractual arrangements. See "—Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and its implementing rules and how they may impact the Group's business, financial condition and results of operations." Occurrence of any of these events could materially and adversely affect the Group's business, financial condition and results of operations. In addition, if the imposition of any of these penalties or requirements to restructure our corporate structure causes us to lose the rights to direct the activities of the Group VIEs or our right to receive their economic benefits, we would no longer be able to consolidate the financial results of such Group VIEs in the Group's consolidated financial statements. However, we do not believe that such actions would result in the liquidation or dissolution of our Company, our subsidiaries in China or the Group VIEs or their subsidiaries. See "Item 4. Information on the Company — C. Organizational Structure—Contractual Arrangements with the Group VIEs."

Our contractual arrangements with the Group VIEs may result in adverse tax consequences to us.

We could face material and adverse tax consequences if the PRC tax authorities determine that our contractual arrangements with the Group VIEs were not made on an arm's length basis and adjust our income and expenses for PRC tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect us by (i) increasing the tax liabilities of the Group VIEs without reducing the tax liability of our subsidiaries, which could further result in late payment fees and other penalties to the Group VIEs for underpaid taxes; or (ii) limiting the ability of the Group VIEs to obtain or maintain preferential tax treatments and other financial incentives.

We rely on contractual arrangements with the Group VIEs and their shareholders to conduct a substantial part of the Group's operations in China, which may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business.

We are a Cayman Islands holding company and primarily conduct the Group's operations through and generate a substantial part of revenue from the Group VIEs, with which we maintain contractual arrangements. We currently rely on contractual arrangements with Manyun Software, Shan'en Technology, Manyun Cold Chain and their respective shareholders to operate the value-added telecommunications business and insurance brokerage service in the PRC, and we and our shareholders do not have any equity interests in these Group VIEs, as current PRC laws and regulations restrict foreign investment in companies that engage in such services. For a description of our contractual arrangements with the Group VIEs and their shareholders, see "Item 4. Information on the Company — C. Organizational Structure — Contractual Arrangements with the Group VIEs." These contractual arrangements may not be as effective as direct ownership in providing us with control over the Group VIEs. If the Group VIEs or their shareholders fail to perform their respective obligations under these contractual arrangements, our recourse to the assets held by the Group VIEs is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies under PRC law. These remedies may not always be effective, particularly in light of uncertainties regarding the interpretation and enforcement of the relevant laws and regulations. Furthermore, in connection with litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any of record holder of equity interest in the Group VIEs, including such equity interest, may be put under court custody. As a consequence, we cannot be certain that the equity interest will be disposed pursuant to the contractual arrangement or ownership by the record holder of the equity interest.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. However, the legal framework and system in China, in particularly those relating to arbitration proceedings, are not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the interpretation and enforcement of PRC laws, rules and regulations could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in the PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing these contractual arrangements, it would be very difficult to exert effective control over the Group VIEs, and the Group's ability to conduct its business and the Group's financial condition and results of operations may be materially and adversely affected. The arbitration provisions in the contractual arrangements do not apply to claims made under the U.S. federal securities laws. See "Risks Relating to Doing Business in China—There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations."

We may lose the ability to use and benefit from, the licenses, approvals and assets held by the Group VIEs that are material to the operation of our business if any of the Group VIEs goes bankrupt or becomes subject to dissolution or liquidation proceeding.

As part of our contractual arrangements with the Group VIEs, these entities hold certain licenses, approvals and assets that are material to the operation of our business. If any of the Group VIEs goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some of our business activities, which could materially and adversely affect the Group's business, financial condition and results of operations. Additionally, if any of the Group VIEs undergoes voluntary or involuntary liquidation proceeding, unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect the Group's business, financial condition and results of operations.

The shareholders of the Group VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Mr. Peter Hui Zhang, our founder, chairman and chief executive officer, and Ms. Guizhen Ma, our director, hold 70% and 30% of equity interest in each of Manyun Software and Shan'en Technology, respectively. Manyun Software, Tianjin Zhihui, Mr. Peter Hui Zhang and Mr. Wenjian Dai hold 77.5%, 10.0%, 7.5% and 5.0% of equity interest in Manyun Cold Chain, respectively. In connection with the Group's operations in China, we rely on the shareholders of the Group VIEs to abide by the obligations under such contractual arrangements. The interests of these shareholders in their individual capacities as the shareholders of the Group VIEs may differ from the interests of our Company as a whole, as what is in the best interests of the Group VIEs, including matters such as whether to distribute dividends or to make other distributions to fund our offshore requirement, may not be in the best interests of our Company. There can be no assurance that when conflicts of interest arise, any or all of these individuals will act in the best interests of our Company or those conflicts of interest will be resolved in our favor. In addition, these individuals may breach or cause the Group VIEs and their subsidiaries to breach or refuse to renew the existing contractual arrangements with us. Control over, and funds due from, the Group VIEs may be jeopardized if such individuals breach the terms of the contractual arrangements or are subject to legal proceedings.

Currently, we do not have arrangements to address potential conflicts of interest the shareholders of the Group VIEs may encounter, on the one hand, and as a beneficial owner of our Company, on the other hand. We, however, could, at all times, exercise our option under the exclusive call option agreements to cause them to transfer all of their equity ownership in the Group VIEs to a PRC entity or individual designated by us as permitted by the then applicable PRC laws. In addition, if such conflicts of interest arise, we could also, in the capacity of attorney-in-fact of the then existing shareholders of the Group VIEs as provided under the power of attorney agreements, directly appoint new directors of the Group VIEs. We rely on the shareholders of the Group VIEs to comply with PRC laws and regulations, which protect contracts and provide that directors and executive officers owe a duty to our Company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains, and the laws of the Cayman Islands, which provide that directors have a duty of care and a duty to act honestly in good faith with a view to our best interests. However, the legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and the shareholders of the Group VIEs, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Our corporate actions will be substantially controlled by Mr. Peter Hui Zhang, who will have the ability to control or exert significant influence over important corporate matters that require approval of shareholders, which may deprive you of an opportunity to receive a premium for your ADSs and materially reduce the value of your investment.

Our memorandum and articles of association provide that in respect of all matters subject to a shareholders' vote, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to 30 votes, voting together as one class. Mr. Peter Hui Zhang, our founder, chairman and chief executive officer, beneficially owns all the Class B ordinary shares issued and outstanding, which, together with the Class A ordinary shares he beneficially owns, represent 77.3% of the voting power of our total issued and outstanding shares as of March 31, 2024. As a result, Mr. Peter Hui Zhang has the ability to control or exert significant influence over important corporate matters to the extent permitted under our memorandum and articles of association, and investors may be prevented from affecting important corporate matters involving our Company that require approval of shareholders, including, among others:

- the composition of our board of directors and, through it, any determinations with respect to the Group's operations, business direction and policies, including the appointment and removal of officers; and

- any determinations with respect to mergers or other business combinations.

These actions may be taken even if they are opposed by our other shareholders, including the holders of the ADSs. Furthermore, this concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our Company and reducing the price of the ADSs. As a result of the foregoing, the value of your investment could be materially reduced.

The dual-class structure of our share capital may render the ADSs ineligible for inclusion in certain stock market indices, and thus adversely affect the market price and liquidity of the ADSs.

In July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Under the announced policies, our dual-class capital structure would make the ADSs ineligible for inclusion in any of these indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not be investing in ADSs. These policies are still relatively new and it is yet unclear what effect, if any, they have had and will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included and may adversely affect the liquidity of the shares of such companies. As such, the exclusion of the ADSs from these indices could result in a less active trading market for the ADSs and adversely affect their trading price.

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

Under PRC law, legal documents for corporate transactions, including agreements and contracts such as the leases and sales contracts that the Group's business relies on, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant local branch of the SAMR. We generally execute legal documents by affixing chops or seals, rather than having the designated legal representatives sign the documents. The chops of our subsidiaries and the Group VIEs are generally held by the relevant entities so that documents can be executed locally. Although we usually utilize chops to execute contracts, the registered legal representatives of our subsidiaries and the Group VIEs have the apparent authority to enter into contracts on behalf of such entities without chops, unless such contracts are set forth otherwise.

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

Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and its implementing rules and how they may impact the Group's business, financial condition and results of operations.

The VIE structure through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. MOFCOM published a discussion draft of the proposed PRC Foreign Investment Law in January 2015, or the 2015 Draft FIL, according to which, variable interest entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately "controlled" by foreign investors. In March 2019, the PRC National People's Congress promulgated the PRC Foreign Investment Law, and in December 2019, the State Council promulgated the Implementing Rules of PRC Foreign Investment Law, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the PRC Foreign Investment Law. The PRC Foreign Investment Law and the Implementing Rules both became effective from January 1, 2020 and replaced the major previous laws and regulations governing foreign investments in the PRC. Pursuant to the PRC Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The PRC Foreign Investment Law and the Implementing Rules do not introduce the concept of "control" in determining whether a company would be considered as a foreign-invested enterprise, nor do they explicitly provide whether the VIE structure would be deemed as a method of foreign investment. However, the PRC Foreign Investment Law has a catch-all provision that includes into the definition of "foreign investments" made by foreign investors in China in other methods as specified in laws, administrative regulations, or as stipulated by the State Council, and as the PRC Foreign Investment Law and the Implementing Rules are newly adopted and relevant government authorities may promulgate more laws, regulations or rules on the interpretation and implementation of the PRC Foreign Investment Law, the possibility cannot be ruled out that the concept of "control" as stated in the 2015 Draft FIL may be embodied in, or the VIE structure adopted by us may be deemed as a method of foreign investment by, any of such future laws, regulations and rules. If the Group VIEs were deemed as foreign-invested enterprises under any of such future laws, regulations and rules, and any of the businesses that we operate would be in any "negative list" for foreign investment and therefore be subject to any foreign investment restrictions or prohibitions, further actions required to be taken by us under such laws, regulations and rules may materially and adversely affect the Group's business, financial condition and results of operations. Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, business, financial condition and results of operations.

Risks Relating to Doing Business in China

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

The Group's operations are mainly conducted in the PRC, and all of the Group's revenue has historically been sourced from the PRC. Accordingly, the Group's financial condition and results of operations are affected to a significant extent by economic, political and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, restricting the inflow and outflow of foreign capital, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past three decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on us. The Group's financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. The PRC government also has significant authority to exert influence on the ability of a China-based issuer, such as our Company, to conduct its business and control over securities offerings conducted overseas and/or foreign investments in such issuer. The PRC government may intervene or influence the operations of a China-based issuer, which could result in a material change in the Group's operations and/or the value of our ADSs. In particular, there have been recent statements by the PRC government indicating an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers. Any such regulatory oversight or control could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our ADSs to significantly decline or become worthless. For further details, see "—There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations." In addition, the PRC government has implemented in the past certain measures to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for the Group's services and consequently have a material adverse effect on the Group's business, financial condition and results of operations.

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

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

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the nonbinding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, rules and regulations in China may evolve quickly. Uncertainties due to evolving laws and regulations could impede the ability of a China-based issuer, such as our Company, to obtain or maintain permits or licenses required to conduct business in China. In the absence of required permits or licenses, governmental authorities could impose material sanctions or penalties on us. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation. Furthermore, if China adopts more stringent standards with respect to environmental protection or corporate social responsibilities, we may incur increased compliance costs or become subject to additional restrictions in the Group's operations.

On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking Down on Illegal Securities Activities According to the Law, or the Opinions, which, among other things, require the relevant governmental authorities to strengthen cross-border oversight of law enforcement and judicial cooperation, to accelerate rulemaking related to data security and cross-border data flow, to enhance supervision over China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. Since the Opinions are relatively new, uncertainties still exist as to how soon legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on companies like us. Efforts by the PRC government to strengthen oversight or control over offerings that are conducted overseas and/or foreign investment in China-based issuers could hinder our ability to offer or continue to offer our ADSs or Class A ordinary shares to investors and cause the value of our ADSs or Class A ordinary shares to significantly decline or become worthless.

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

Furthermore, the high volume of orders and transactions taking place on the FTA platform as well as publicity about the Group's business attracts heightened attention from the public, regulators and the media. In addition, due to changes that have occurred and will occur in the Group's services or policies, we have faced and may continue to face objections, complaints and negative comments from members of the public, the traditional, new and social media, shippers, truckers and other participants on the FTA platform. From time to time, these objections, complaints and negative comments, regardless of their veracity, may result in user dissatisfaction, public protests or negative publicity, which could result in government inquiries or stricter regulatory scrutiny or substantial harm to the Group's brand, reputation and operations.

If we do not pay sufficient attention to public opinion or if any incident arises but is not dealt with in a timely manner, the Group's reputation, brand and image will be adversely affected.

The M&A rules and certain other regulation of PRC regulatory agencies establish complex procedures for acquisitions conducted by foreign investors that could make it more difficult for us to grow through acquisitions.

On August 8, 2006, six PRC regulatory agencies, including MOFCOM, the State-Owned Assets Supervision and Administration Commission, the State Administration of Taxation, or the SAT, the State Administration for Industry and Commerce, currently known as the SAMR, the China Securities Regulatory Commission, or the CSRC, and State Administration of Foreign Exchange People's Republic of China, or the SAFE, jointly adopted the Regulations on Mergers of Domestic Enterprises by Foreign Investors, or the M&A Rules, which came into effect on September 8, 2006 and were amended on June 22, 2009. The M&A Rules include provisions that purport to require that an offshore special purpose vehicle that is controlled by PRC domestic companies or individuals and that has been formed for the purpose of an overseas listing of securities through acquisitions of PRC domestic companies or assets to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles. See "Item 4. Information on the Company — B. Business Overview — Regulatory Matters— Regulations Related to M&A Rules and Overseas Listings."

These regulations established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex. For example, the M&A rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. The approval from the MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the anti-monopoly authority under the State Council when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council in August 2008 and amended in September 2018, is triggered. In addition, the Provisions of Ministry of Commerce on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Moreover, on December 19, 2020, the NDRC and the MOFCOM promulgated the Measures for the Security Review of Foreign Investment, which stipulated that foreign investment that affects or may affect national security shall be subject to a security review. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the new regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. See "Item 4. Information on the Company — B. Business Overview — Regulatory Matters— Regulations Related to M&A Rules and Overseas Listings."

The filing with and reporting to the CSRC will be required in connection with our future offshore offerings and occurrences of their specific events. We cannot assure you that we will be able to make such filing or reporting in a timely manner.

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "New Regulations on Filing"), and published the answers to reporters' questions and an announcement about filing management arrangements. Currently, the Group is not required to make any filing under the New Regulations on Filing or the announcement. However, according to the New Regulations on Filing, any future securities offerings made by the Group in the U.S. securities markets shall be filed with and reported to the CSRC within three working days after the offering is completed, and any future securities offerings made by the Group in other overseas securities markets shall be filed with and reported to the CSRC within three working days after the applications for such offerings are submitted. The Group will also be subject to filing requirement if it seeks to directly or indirectly list its domestic assets in overseas markets through one or multiple acquisitions, share swaps, transfers of shares or other means. In addition, the Group shall submit a report to CSRC after the occurrence and public disclosure of the following material events: (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment and (4) voluntary or mandatory delisting. See "Item 4. Information on the Company — B. Business Overview — Regulatory Matters— Regulations Related to M&A Rules and Overseas Listings."

If we engage in offshore securities offerings or experience relevant events mentioned above in the future, we would need to comply with the filing and reporting requirements under the Trial Measures. If we fail to comply with such requirements, we may face adverse actions or sanctions by the CSRC, such as orders for correction, warnings and a fine between RMB1,000,000 and RMB10,000,000. Furthermore, the CSRC and other PRC regulatory authorities may adopt new regulatory requirements for offshore securities offerings. We cannot assure you that we will be able to make all filings or reports and obtain all applicable approvals in connection with future offshore securities offerings in a timely manner, or at all. Any adverse regulatory actions or sanctions could result in material and adverse effect on the Group's business, reputation, financial condition or the trading price of the ADSs, such as delays or cancellation of offshore securities offerings, delays in or restrictions on the repatriation of the proceeds from any such offerings into the PRC, or restrictions on or prohibition of the payments or remittance of dividends by our subsidiaries in China.

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

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

Under PRC laws, rules and regulations, each of our subsidiaries and the consolidated affiliates incorporated in China is required to set aside at least 10% of its net income each year to fund certain statutory reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends. As a result of these laws, rules and regulations, our subsidiaries and the consolidated affiliates incorporated in China are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends, loans or advances. Certain of our subsidiaries and the consolidated affiliates did not have any retained earnings available for distribution in the form of dividends as of December 31, 2023. In addition, registered capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each operating subsidiary.

We are subject to restrictions on currency exchange.

All of the Group's revenue is denominated in Renminbi. The Renminbi is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our PRC subsidiaries. Currently, our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities. Since a significant amount of the Group's future revenue and cash flow will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize cash generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, including holders of the Class A ordinary shares and the ADSs, and may limit our ability to obtain foreign currency through debt or equity financing for our PRC subsidiaries and the Group VIEs.

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

PRC residents are subject to restrictions and filing requirements when investing in offshore companies. The SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles on July 4, 2014, or the SAFE Circular 37. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." Pursuant to SAFE Circular 37, "control" refers to the act through which a PRC resident obtains the right to carry out business operation of, to gain proceeds from or to make decisions on a special purpose vehicle by means of, among others, shareholding entrustment arrangement. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 and amended on December 30, 2019 by the SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015.

We may not be aware of the identities of all of our beneficial owners who are PRC residents. We do not have control over our beneficial owners and there can be no assurance that all of our PRC-resident beneficial owners will comply with SAFE Circular 37 and subsequent implementation rules, and there is no assurance that the registration under SAFE Circular 37 and any amendment will be completed in a timely manner, or will be completed at all. The failure of our beneficial owners who are PRC residents to register or amend their foreign exchange registrations in a timely manner pursuant to SAFE Circular 37 and subsequent implementation rules, or the failure of future beneficial owners of our Company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 37 and subsequent implementation rules, may subject such beneficial owners or our PRC subsidiaries to fines and legal sanctions. Failure to register or comply with relevant requirements may also limit our ability to contribute additional capital to our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to our Company. These risks may have a material adverse effect on the Group's business, financial condition and results of operations.

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

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies due to their position as director, senior management or employees of the PRC subsidiaries of the overseas companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies before they obtain the incentive shares or exercise the share options. Our directors, executive officers and other employees who are PRC residents and who have been granted options under our 2018 Plan may follow SAFE Circular 37 to apply for the foreign exchange registration before our Company becomes an overseas listed company. As we are an overseas listed company, we and our directors, executive officers and other employees who are PRC residents and who have been granted options are subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, according to which, employees, directors, supervisors and other management members participating in any stock incentive plan of an overseas publicly listed company, such as our 2018 Plan and 2021 Plan, who are PRC residents are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We have been making efforts to comply with these requirements. However, there can be no assurance that they can successfully register with SAFE in full compliance with the rules. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit the ability to make payment under our share incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our wholly-foreign owned enterprise in China and limit our wholly-foreign owned enterprise's ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional share incentive plans for our directors and employees under PRC law.

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

Under the PRC Enterprise Income Tax Law and its implementing rules, enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. "De facto management body" refers to a managing body that exercises substantial and overall management and control over the production and operations, personnel, accounting and assets of an enterprise. The SAT issued the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009, which was most recently amended on December 29, 2017. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by foreign enterprises or individuals, the determining criteria set forth in Circular 82 may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises. If we were to be considered a PRC resident enterprise, we would be subject to PRC enterprise income tax at the rate of 25% on our global income. In such case, the Group's profitability and cash flow may be materially reduced as a result of its global income being taxed under the Enterprise Income Tax Law. We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body."

Dividends paid to our foreign investors and gains on the sale of the ADSs or Class A ordinary shares by our foreign investors may be subject to PRC tax.

Under the Enterprise Income Tax Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends paid to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Any gain realized on the transfer of ADSs or Class A ordinary shares by such investors is also subject to PRC tax at a current rate of 10%, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our Class A ordinary shares or ADSs, and any gain realized from the transfer of our Class A ordinary shares or ADSs, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to individual investors who are non-PRC residents and any gain realized on the transfer of ADSs or Class A ordinary shares by such investors may be subject to PRC tax (which in the case of dividends may be withheld at source) at a rate of 20%. Any PRC tax liability may be reduced by an applicable tax treaty. However, if we or any of our subsidiaries established outside China are considered a PRC resident enterprise, it is unclear whether in practice holders of the ADSs or Class A ordinary shares would be able to obtain the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends paid to our non-PRC investors, or gains from the transfer of the ADSs or Class A ordinary shares by such investors, are deemed as income derived from sources within the PRC and thus are subject to PRC tax, the value of your investment in the ADSs or Class A ordinary shares may decline significantly.

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

On February 3, 2015, the SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Bulletin 7, which was most recently amended on December 29, 2017. Pursuant to Bulletin 7, an "indirect transfer" of assets, including non-publicly traded equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, "PRC taxable assets" include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include, without limitation: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange. On October 17, 2017, the SAT promulgated the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Circular 37, which became effective on December 1, 2017 and was most recently amended on June 15, 2018. SAT Circular 37, among other things, simplified procedures of withholding and payment of income tax levied on non-resident enterprises.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. Our Company may be subject to filing obligations or taxed if our Company is transferor in such transactions, and may be subject to withholding obligations if our Company is transferee in such transactions under Bulletin 7 and SAT Circular 37. For transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under Bulletin 7 and SAT Circular 37. As a result, we may be required to expend valuable resources to comply with Bulletin 7 and SAT Circular 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these publications, or to establish that our Company should not be taxed under these publications, which may have a material adverse effect on the Group's financial condition and results of operations.

PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of our initial public offering and the concurrent private placement to make loans or additional capital contributions to our PRC subsidiaries.

In utilizing the proceeds of our initial public offering and the concurrent private placement, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC laws, through loans or capital contributions. However, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE and capital contributions to our PRC subsidiaries are subject to the requirement of making necessary registration with competent governmental authorities in China.

SAFE promulgated the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, effective on June 1, 2015 and amended on December 30, 2019. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in the PRC in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from our initial public offering and the concurrent private placement, to our PRC subsidiaries, which may adversely affect the Group's liquidity and its ability to fund and expand its business in the PRC.

On October 23, 2019, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or SAFE Circular 28, which permits non-investment foreign-invested enterprises to use their capital funds to make equity investments in China, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. However, there are still substantial uncertainties in practice as to its interpretation and implementations in practice.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use foreign currency, including the proceeds we receive from our initial public offering and the concurrent private placement, and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect the Group's liquidity and the Group's ability to fund and expand its business.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially reduce the value of your investment.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government, and Renminbi internationalization. For example, On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. More recently, on November 30, 2015, the Executive Board of the International Monetary Fund, completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. In 2017, the value of the Renminbi appreciated further by approximately 6.3% against the U.S. dollar. The value of the Renminbi continued to fluctuate in recent years. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

All of the Group's revenue and substantially all of its costs are denominated in Renminbi. Any significant revaluation of Renminbi may materially and adversely affect the Group's results of operations and financial position reported in Renminbi when translated into U.S. dollars, and the value of, and any dividends payable on, the ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars we receive from our initial public offering and the concurrent private placement into Renminbi for the Group's operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount.

The audit report included in this annual report is prepared by an auditor which the U.S. Public Company Accounting Oversight Board was unable to inspect and investigate completely before 2022 and, as such, our investors have been deprived of the benefits of such inspections in the past, and may be deprived of the benefits of such inspections in the future.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the U.S. and a firm registered with the U.S. Public Company Accounting Oversight Board, or the PCAOB, is required by the laws of the U.S. to undergo regular inspections by the PCAOB to assess its compliance with the laws of the U.S. and professional standards. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. In 2021, PCAOB made determinations that the positions taken by PRC authorities prevented the PCAOB from inspecting and investigating firms headquartered in mainland China and Hong Kong completely. On August 26, 2022, the PCAOB signed a Statement of Protocol with the China Securities Regulatory Commission and the Ministry of Finance of the PRC, taking the first step toward opening access for the PCAOB to inspect and investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. According to its announcement, the PCAOB sent staff to conduct on-site inspections and investigations in Hong Kong from September to November 2022 and conducted inspection field work and investigative testimony in a manner consistent with the PCAOB's methodology and approach to inspections and investigations in the U.S. and globally. The PCAOB inspections have identified numerous deficiencies in the audit firms in China, which are consistent with the types and number of findings the PCAOB has encountered in other first-time inspections around the world, and the final inspection reports were completed and made public in 2023. If audit firms in China had been subject to such inspections in the past, such deficiencies may have been identified earlier and these audit firms, including our auditor, may have taken remedial measures to address any such deficiencies, and the historical inability of the PCAOB to inspect audit firms in China has deprived our investors of the benefits of such inspections. Because our auditor was not subject to such inspections before 2022, we cannot assure you that it will have sufficient time to fully address any deficiency that may be identified as part of the inspection process to improve future audit quality. The inability of the PCAOB to conduct complete inspections of auditors in China before 2022 may have made it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections, which could cause investors or potential investors in our ADSs to lose confidence in the quality of our consolidated financial statements.

In addition, while the PCAOB announced in December 2022 and November 2023 that it secured complete access to inspect and investigate registered public accounting firms headquartered in China and completed its annual inspection and investigation in 2022 and 2023, respectively, we cannot assure you that the PCAOB will continue to have such access in the future. If the PCAOB is not able to inspect and investigate completely auditors in China for any reason, such as any change in the position of the governmental authorities in China in the future, our investors may be deprived of the benefits of such inspections again.

If the PCAOB determines that it is unable to inspect or investigate completely our auditor at any point in the future, our ADSs may be prohibited from trading in the United States under the Holding Foreign Companies Accountable Act, as amended, or the HFCA Act, and any such trading prohibition on our ADSs or threat thereof may materially and adversely affect the price of our ADSs and value of your investment.

The HFCA Act was signed into law on December 18, 2020 and amended pursuant to the Consolidated Appropriations Act, 2023 on December 29, 2022. Under the HFCA Act and the rules issued by the SEC and the PCAOB thereunder, if we have retained a registered public accounting firm to issue an audit report where the registered public accounting firm has a branch or office that is located in a foreign jurisdiction and the PCAOB has determined that it is unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction, the SEC will identify us as a "covered issuer", or SEC-identified issuer, shortly after we file with the SEC a report required under the Securities Exchange Act of 1934, or the Exchange Act (such as our annual report on Form 20-F), that includes an audit report issued by such accounting firm; and if we were to be identified as an SEC-identified issuer for two consecutive years, the SEC would prohibit our securities (including our shares or ADSs) from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

In December 2021, the PCAOB made its determinations, or the 2021 determinations, pursuant to the HFCA Act that it was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China or Hong Kong, including our auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP. After we filed our annual report on Form 20-F for the fiscal year ended December 31, 2021 that included an audit report issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP on April 25, 2022, the SEC conclusively identified us as an SEC-identified issuer on May 26, 2022.

Following the Statement of Protocol signed between the PCAOB and the China Securities Regulatory Commission and the Ministry of Finance of the PRC in August 2022 and the on-site inspections and investigations conducted by the PCAOB staff in Hong Kong from September to November 2022, the PCAOB Board voted in December 2022 to vacate the previous 2021 determinations, and as a result, our auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP, was no longer a registered public accounting firm that the PCAOB was unable to inspect or investigate completely as of the date of our annual report for the fiscal year ended December 31, 2022, or the 2022 annual report, and we were not identified as an SEC-identified issuer after we filed the 2022 annual report in 2023. On November 30, 2023, the PCAOB announced that it had completed its inspections on registered public accounting firms headquartered in mainland China and Hong Kong for 2023 with the complete access required under the HFCA Act. As such, we do not expect to be identified as an SEC-identified issuer in 2024 either. However, the PCAOB may change its determinations under the HFCA Act at any point in the future. In particular, if the PCAOB finds its ability to completely inspect and investigate registered public accounting firms headquartered in mainland China or Hong Kong is obstructed by the PRC authorities in any way in the future, the PCAOB may act immediately to consider the need to issue new determinations consistent with the HFCA Act. We cannot assure you that the PCAOB will always have complete access to inspect and investigate our auditor, or that we will not be identified as an SEC-identified issuer again in the future.

If we are identified as an SEC-identified issuer again in the future, we cannot assure you that we will be able to change our auditor or take other remedial measures in a timely manner, and if we were to be identified as an SEC-identified issuer for two consecutive years, we would be delisted from the NYSE and our securities (including our shares and ADSs) will not be permitted for trading "over-the-counter" either. If our securities are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. Such a prohibition or any threat thereof would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition or any threat thereof would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects. Moreover, the implementation of the HFCA Act and other efforts to increase the U.S. regulatory access to audit information could cause investor uncertainty as to China-based issuers' ability to maintain their listings on the U.S. national securities exchanges and the market price of the securities of China-based issuers, including us, could be adversely affected.

Additional remedial measures could be imposed on certain PRC-based accounting firms, including our independent registered public accounting firm, in administrative proceedings instituted by the SEC, as a result of which our financial statements may be determined to not be in compliance with the requirements of the Exchange Act, if at all.

In December 2012, the SEC brought administrative proceedings against the PRC-based "big four" accounting firms, including our independent registered public accounting firm, alleging that they had violated U.S. securities laws by failing to provide audit work papers and other documents related to certain other PRC-based companies under investigation by the SEC. On January 22, 2014, an initial administrative law decision was issued, censuring and suspending these accounting firms from practicing before the SEC for a period of six months. The decision was neither final nor legally effective until reviewed and approved by the SEC, and on February 12, 2014, the PRC-based accounting firms appealed to the SEC against this decision. In February 2015, each of the four PRC-based accounting firms agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC. The settlement required the firms to follow detailed procedures to seek to provide the SEC with access to such firms' audit documents via the CSRC. If the firms did not follow these procedures or if there is a failure in the process between the SEC and the CSRC, the SEC could impose penalties such as suspensions, or it could restart the administrative proceedings. Under the terms of the settlement, the underlying proceeding against the four PRC-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019. While we cannot predict if the SEC will further challenge the four PRC-based accounting firms' compliance with U.S. law in connection with U.S. regulatory requests for audit work papers or if the results of such challenge would result in the SEC imposing penalties such as suspensions.

In the event that the PRC-based "big four" accounting firms become subject to additional legal challenges by the SEC or PCAOB, depending upon the final outcome, listed companies in the U.S. with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding China-based, U.S.-listed companies and the market price of the ADSs may be adversely affected.

If our independent registered public accounting firm were denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on the Group's consolidated financial statements, its consolidated financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to delisting of the ADSs from the NYSE or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the ADSs in the U.S.

The ability of U.S. authorities to bring actions for violations of U.S. securities law and regulations against us, our directors, executive officers or the expert named in this annual report may be limited. Therefore, you may not be afforded the same protection as provided to investors in U.S. domestic companies.

The SEC, the U.S. Department of Justice, or the DOJ, and other U.S. authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies such as us, and non-U.S. persons, such as our directors and executive officers in China. Due to jurisdictional limitations, matters of comity and various other factors, the SEC, the DOJ and other U.S. authorities may be limited in their ability to pursue bad actors, including in instances of fraud, in emerging markets such as China. We conduct the Group's operations mainly in China and our assets are mainly located in China. In addition, a majority of our directors and executive officers reside within China. There are significant legal and other obstacles for U.S. authorities to obtain information needed for investigations or litigation against us or our directors, executive officers or other gatekeepers in case we or any of these individuals engage in fraud or other wrongdoing. In addition, local authorities in China may not fully assist U.S. authorities and overseas investors in connection with legal proceedings. As a result, if we, our directors, executive officers or other gatekeepers commit any securities law violation, fraud or other financial misconduct, the U.S. authorities may not be able to conduct effective investigations or bring and enforce actions against us, our directors, executive officers or other gatekeepers. Therefore, you may not be able to enjoy the same protection provided by various U.S. authorities as it is provided to investors in U.S. domestic companies.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China, based on the United States or other foreign laws, against us, our directors, executive officers or the expert named in this annual report. Therefore, you may not be able to enjoy the protection of such laws in an effective manner.

The Group conducts its operations mainly in China, and its assets are mainly located in China. In addition, a majority of our directors and executive officers reside within China. As a result, it may not be possible to effect service of process within the United States or elsewhere outside China upon us, our directors and executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Even if you obtain a judgment against us, our directors, executive officers or the expert named in this annual report in a U.S. court or other court outside China, you may not be able to enforce such judgment against us or them in China. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or most other western countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult or impossible. In addition, you may not be able to bring original actions in China based on the U.S. or other foreign laws against us, our directors, executive officers or the expert named in this annual report. As a result, shareholder claims that are common in the U.S., including class actions based on securities law and fraud claims, are difficult or impossible to pursue as a matter of law and practicality in China. For example, in China, there are significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. Although the local authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such regulatory cooperation with the securities regulatory authorities in the Unities States have not been efficient in the absence of mutual and practical cooperation mechanism. According to Article 177 of the PRC Securities Law which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no organization or individual may provide the documents and materials relating to securities business activities to overseas parties. While detailed interpretation of or implementation rules under Article 177 of the PRC Securities Law is not yet available, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by investors in protecting your interests. If an investor is unable to bring a U.S. claim or collect on a U.S. judgment, the investor may have to rely on legal claims and remedies available in China or other overseas jurisdictions where a China-based issuer, such as our Company, may maintain assets. The claims and remedies available in these jurisdictions are often significantly different from those available in the United States and difficult to pursue. Therefore, you may not be able to effectively enjoy the protection offered by the U.S. laws and regulations that are intended to protect public investors.

Risks Related to Our ADSs

The trading price of our ADSs has been and is likely to continue to be volatile, which could result in substantial losses to holders of our ADSs.

The trading price of our ADSs has been and is likely to continue to be volatile and could fluctuate widely in response to a variety of factors, many of which are beyond our control. The stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. In particular, the stock prices of other companies with business operations located mainly in China that have listed their securities in the United States may affect the prices of and trading volumes for our ADSs. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese companies' securities after their offerings, including technology companies and transaction service platforms, may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. Furthermore, securities markets may from time to time experience significant price and volume fluctuations that are not related to the Group's operating performance, such as the large decline in share prices in the U.S., China and other jurisdictions in late 2008, early 2009, the second half of 2011, 2015 and the first quarter of 2020. In addition, a portion of our ADSs may be traded by short sellers, which may further increase the volatility of the trading price of our ADSs. All these fluctuations and incidents may have a material and adverse effect on the trading price of our ADSs.

In addition to the above factors, the price and trading volume of our ADSs may be highly volatile due to multiple factors, including the following:

- regulatory developments affecting us or our industry;
- announcements of studies and reports relating to the quality of the Group's service offerings or those of our competitors;
- changes in the economic performance or market valuations of other providers of similar services;
- actual or anticipated fluctuations in the Group's quarterly results of operations and changes or revisions of its expected results;
- changes in financial estimates by securities research analysts;
- announcements by us or our competitors of new service offerings, acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our ordinary shares or ADSs;
- sales or perceived potential sales of additional Class A ordinary shares or ADSs; and
- short selling reports published by short sellers and other short selling activities.

We may fail to meet our publicly announced guidance or other expectations about the Group's business, which could cause our stock price to decline.

We may from time to time provide guidance regarding the Group's expected financial and business performance. Correctly identifying key factors affecting business conditions and predicting future events is inherently an uncertain process, and our guidance may not ultimately be accurate in all respects. Our guidance is based on certain assumptions, such as those relating to anticipated transaction activities on the FTA platform, fee rates and operating costs and expenses. If our guidance varies from actual results, the market value of our ADSs could decline significantly.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about the Group's business, the market price for our ADSs and their trading volume could decline.

The trading market for our ADSs will depend in part on the research and reports that securities or industry analysts publish about the Group or its business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our ADSs or publishes inaccurate or unfavorable research about the Group's business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

Because we cannot guarantee any future payment of cash dividends, you may not receive any return on your investment unless you sell your ADSs for a price greater than that which you paid for them.

We cannot guarantee any future payment of cash dividends. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, the Group's future results of operations and cash flow, its capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, the Group's financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of such securities. There is no guarantee that our ADSs will appreciate in value in the future or even maintain the price at which you purchased such securities. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in such securities.

Substantial future sales or perceived potential sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline significantly. Shares held by our existing shareholders may be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the U.S. Securities Act of 1933, as amended, or the Securities Act. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

In addition, certain holders of our Class A ordinary shares have the right to cause us to register the sale of their shares under the Securities Act upon the occurrence of certain circumstances. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of ADSs representing these registered shares in the public market could cause the price of our ADSs to decline significantly.

We have been named as a defendant in three putative shareholder class action lawsuits that could have a material adverse impact on the Group's business, financial condition, results of operation, cash flows and reputation.

We have been named as a defendant in three putative shareholder class action lawsuits in connection with our initial public offering. In October 2021, two of the class action lawsuits were consolidated. On February 27, 2024, the parties executed a stipulation of settlement that resolves the lawsuits for $10.25 million, and the Supreme Court of the State of New York, or the Court, preliminarily approved the settlement on April 3, 2024. See "Item 4. Information of the Company — B. Business Overview —Legal Proceedings and Compliance." On April 8, 2024, FTA paid the settlement amount in full, to be held in escrow pending final settlement approval in accordance with the stipulation of settlement. A final settlement approval hearing has been set for September 5, 2024. In the event that the settlement is not given final approval by the Court or is otherwise terminated, we are currently unable to estimate the possible loss or possible range of loss, if any, associated with the resolution of these lawsuits. There can be no assurance that we will prevail in defense of these lawsuits. Any adverse outcome of these cases could have a material adverse effect on the Group's business, financial condition, results of operation, cash flows and reputation. The litigation process may utilize a significant portion of our resources and divert management's attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on the Group's business or financial results.

Holders of our ADSs may have fewer rights than holders of our Class A ordinary shares and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Under our memorandum and articles of association, the minimum notice period required to convene a general meeting will be ten days.

When a general meeting is convened, the holders of ADSs may not receive sufficient notice of a shareholders' meeting to permit the withdrawal of the underlying Class A ordinary shares represented by their ADSs to allow them to cast their votes with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting materials to holders of ADSs or carry out the voting instructions of the holders of ADSs in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of ADSs in a timely manner, but there can be no assurance that holders of ADSs will receive the voting materials in time to ensure that they can instruct the depositary to vote their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of ADSs may not be able to exercise their right to vote and may lack recourse if the underlying Class A ordinary shares represented by their ADSs are not voted as they requested. In addition, holders of ADSs will not be able to call a shareholders' meeting.

The rights of our ADS holders to pursue claims against the depositary are limited by the terms of the deposit agreement, and the deposit agreement may be amended or terminated without their consent.

Under the deposit agreement, any action or proceeding against or involving the depositary, arising out of or based upon the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in a state or federal court in New York, New York, and holders of our ADSs will have irrevocably waived any objection which they may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. The depositary may, in its sole discretion, require that any dispute or difference arising from the relationship created by the deposit agreement be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement, although the arbitration provisions do not preclude you from pursuing claims under the Securities Act or the Exchange Act in state or federal courts. Also, we and the depositary may amend or terminate the deposit agreement without the consent of holders of ADSs. If holders of ADSs continue to hold their ADSs after an amendment to the deposit agreement, they will be deemed to have agreed to be bound by the deposit agreement as amended.

The right of our ADS holders to participate in any future rights offerings may be limited, which may cause dilution to their holdings of our ADSs.

We may, from time to time, distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to holders of ADSs in the U.S. unless we register both the distribution and sale of the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to holders of ADSs unless both the distribution and sale of the rights and the underlying securities to be distributed to holders of ADSs are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, holders of ADSs may be unable to participate in our rights offerings in the future and may experience dilution in their holdings.

Holders of our ADSs may not receive cash dividends or other distributions if the depositary determines it is illegal or impractical to make them available to them.

The depositary will pay cash distribution on the ADSs only to the extent that we decide to distribute dividends on our Class A ordinary shares or other deposited securities, and we cannot guarantee any future payment of cash dividends. To the extent that there is a distribution, the depositary of the ADSs has agreed to pay to holders of our ADSs the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities after deducting its fees and expenses. Holders of ADSs will receive these distributions in proportion to the number of Class A ordinary shares their ADSs represent. However, the depositary may, at its discretion, decide that it is illegal or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to holders of ADSs.

We have incurred and expect to continue to incur significant costs as a public company, which could lower the Group's profits or make it more difficult to run its business.

As a public company, we have incurred and expect to continue to incur significant legal, accounting and other expenses that we did not incur as a private company to ensure that we comply with the various requirements on corporate governance practices imposed by the Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the NYSE.

For example, we have increased the number of independent directors and adopted policies regarding internal controls and disclosure controls and procedures. We have also incurred additional costs associated with our public company reporting requirements. In March 2024, the SEC adopted final rules on climate-related disclosure, which require issuers to make a significant amount of climate-related disclosure, including, among others, material Scope 1 and Scope 2 greenhouse gas, or GHG, emissions, climate-related financial metrics, climate-related strategy, governance, targets and goals. The final rules also include phased-in attestation requirements for GHG disclosure. As a result, we may incur significant costs and devote substantial time and efforts to comply with the new rules. We expect that these rules and regulations will continue to cause us to incur elevated legal and financial compliance costs, devote substantial management effort to ensure compliance and make some corporate activities more time-consuming and costly. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

Holders of our ADSs may be subject to limitations on transfer of their ADSs.

Our ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Our memorandum and articles of association provide that the courts of the Cayman Islands and the U.S. federal courts will be the exclusive forums for substantially all disputes between us and our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for complaints against us or our directors, officers or employees.

Our memorandum and articles of association provide that, unless otherwise agreed by us, (i) the federal courts of the United States shall have exclusive jurisdiction to hear, settle and/or determine any dispute, controversy or claim arising under the provisions of the Securities Act or the Exchange Act, which are referred to as the "US Actions;" and (ii) save for such US Actions, the courts of the Cayman Islands shall have exclusive jurisdiction to hear, settle and/or determine any dispute, controversy or claim whether arising out of or in connection with our articles of association or otherwise, including without limitation:

- any derivative action or proceeding brought on behalf of our Company,

- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to our Company or our shareholders,
- any action asserting a claim under any provision of the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised), as amended, of the Cayman Islands (the "Cayman Companies Act"), or our articles of association, including but not limited to any purchase or acquisition of shares, security or guarantee provided in consideration thereof, or
- any action asserting a claim against our Company which if brought in the United States would be a claim arising under the internal affairs doctrine (as such concept is recognized under the laws of the United States).

These exclusive-forum provisions may increase a shareholder's cost and limit the shareholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. Any person or entity purchasing or otherwise acquiring any of our shares or other security, such as the ADSs, whether by transfer, sale, operation of law or otherwise, shall be deemed to have notice of and have irrevocably agreed and consented to these provisions. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. It is possible that a court could find this type of provisions to be inapplicable or unenforceable, and if a court were to find this provision in our memorandum and articles of association to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could have adverse effect on the Group's business and financial performance. In particular, under Section 22 of the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, subject to the depositary's right to require a claim to be submitted to arbitration, the federal or state courts in the City of New York have exclusive jurisdiction to hear and determine claims arising under the deposit agreement and in that regard, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depositary oppose a jury trial demand based on the above-mentioned jury trial waiver, the court will determine whether the waiver is enforceable in the facts and circumstances of that case in accordance with applicable state and federal law. While to our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement. In determining whether to enforce a jury trial waiver provision, courts will consider a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depositary. If a lawsuit is brought against us and/or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action. Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of the deposit agreement with a jury trial.

The depositary for the ADSs will give us a discretionary proxy to vote our Class A ordinary shares underlying our ADSs if holders of our ADSs do not vote at shareholders' meetings, except in limited circumstances, which could adversely affect the interests the holders of our ADSs.

Under the deposit agreement for the ADSs, if holders of our ADSs do not vote, the depositary will give us a discretionary proxy to vote our Class A ordinary shares underlying the ADSs at shareholders' meetings unless:

- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would materially and adversely affect the rights of shareholders; or
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that if any holders of our ADSs do not vote at shareholders' meetings, they cannot prevent our Class A ordinary shares underlying such ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our Company. Holders of our ordinary shares are not subject to this discretionary proxy.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Cayman Companies Act and the common law of the Cayman Islands.

The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law may be narrower in scope or less developed than they would be under statutes or judicial precedent in some jurisdictions in the U.S. In particular, the Cayman Islands have a less developed body of securities laws than the U.S. For example, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors have discretion under the memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the U.S.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the U.S. that are applicable to U.S. domestic issuers, including: (i) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q, quarterly certifications by the principal executive and financial officers or current reports on Form 8-K; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NYSE. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. For example, U.S. domestic issuers are required to file annual reports within 60 to 90 days from the end of each fiscal year. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We are a "controlled company" as defined under the NYSE Listed Company Manual. As a result, we qualify for, and may rely on, exemptions from certain corporate governance requirements that would otherwise provide protection to shareholders of other companies.

We are a "controlled company" as defined under the NYSE Listed Company Manual because Mr. Peter Hui Zhang, our founder, chairman and chief executive officer, holds more than 50% of the aggregate voting power of our Company. For so long as we remain a controlled company, we may rely on exemptions from certain corporate governance rules, including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) the requirement that the compensation of our officers be determined or recommended to our board of directors by a compensation committee that is comprised solely of independent directors, and (iii) the requirement that director nominees be selected or recommended to the board of directors by a majority of independent directors or a nominating committee comprised solely of independent directors. Currently, we do not plan to utilize the exemptions available for controlled companies, but will rely on the exemption available for foreign private issuers to follow our home country governance practices instead. See "—We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies." If we cease to be a foreign private issuer or if we cannot rely on the home country governance practice exemption for any reason, we may decide to invoke the exemptions available for a controlled company as long as we remain a controlled company. As a result, holders of our Class A ordinary shares and ADSs will not have the same protection afforded to shareholders of companies that are subject to all the NYSE corporate governance requirements.

If we are a passive foreign investment company for United States federal income tax purposes for any taxable year, United States holders of our ADSs or Class A ordinary shares could be subject to adverse United States federal income tax consequences.

A non-United States corporation will be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year if either (i) at least 75% of its gross income for such year is passive income or (ii) at least 50% of the value of its assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. Based on the past and projected composition of the Group's income and assets, and the valuation of its assets, including goodwill (which we have determined based on the trading price of our ADSs), we believe there is a significant risk that we were a PFIC in 2023 and will be a PFIC for the current taxable year, and that we may be a PFIC in future taxable years. The determination of whether we are a PFIC is made annually. Accordingly, it is possible that our PFIC status may change due to changes in the Group's asset or income composition. For these purposes, fluctuations in the market price of our ADSs (which may be volatile) may affect the value of the Group's goodwill, and thus the composition of its assets. Therefore, any such fluctuations may affect our PFIC status.

If we are a PFIC for any taxable year during which a United States person holds ADSs or Class A ordinary shares, certain adverse United States federal income tax consequences could apply to such United States person. For example, if we are a PFIC, our United States investors may become subject to increased tax liabilities under United States federal income tax laws and regulations and will become subject to burdensome reporting requirements. See "Item 10. Additional Information — E. Taxation — Certain United States Federal Income Tax Considerations—Passive Foreign Investment Company."

As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NYSE corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE corporate governance listing standards.

We are an exempted company incorporated in the Cayman Islands, and our ADSs are listed on the NYSE. The NYSE market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from the NYSE corporate governance listing standards.

Among other things, we are not required under the NYSE corporate governance listing standards to: (i) have a majority of the board be independent; (ii) have a compensation committee or a nominating and corporate governance committee consisting entirely of independent directors; (iii) have a minimum of three members on the audit committee; (iv) obtain shareholders' approval for issuance of securities in certain situations; (v) have regularly scheduled executive sessions with only independent directors each year; or (vi) hold annual shareholders meetings.

We intend to rely on all of the exemptions described above. As a result, you may not be provided with the benefits of certain corporate governance requirements of the NYSE.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The FTA platform is a leading digital freight platform in China, connecting shippers with truckers to facilitate shipments across distance ranges, cargo weights and types.

Our Company was incorporated as an exempted company by way of consolidation of Full Truck Logistics Information Co. Ltd. and Truck Alliance Inc. in December 2017 pursuant to the Cayman Companies Act under the name "Full Truck Alliance Co. Ltd." The transaction resulted in the business merger between *Yunmanman* and *Huochebang*, two then leading digital freight platforms in China founded in 2013 and 2011, respectively. Prior to December 2017, the *Yunmanman* platform was operated by the subsidiaries and variable interest entities of Full Truck Logistics Information Co. Ltd, an exempted company incorporated under the laws of the Cayman Islands. The operations of *Huochebang* commenced in 2011. Prior to December 2017, the *Huochebang* platform was operated by the subsidiaries and variable interest entities of Truck Alliance Inc., an exempted company incorporated under the laws of the Cayman Islands. The merger between the two platforms laid down a foundation for a nationwide digital road transportation network with significant economies of scale and paved the way for the Group's further growth and success. Since then, the Group has continuously enhanced the functions and features of its digital freight platform and built a vibrant ecosystem of millions of shippers and truckers. In June 2021, we listed our ADSs on the NYSE under the symbol "YMM."

Due to PRC laws and regulations that impose certain restrictions or prohibitions on foreign equity ownership of entities providing value-added telecommunications services and certain financial services, we conduct a substantial part of our operations in China through contractual arrangements with the Group VIEs. Prior to March 2021, our Group VIEs were Shanghai Xiwei, Beijing Manxin, and Guiyang Huochebang. These Group VIEs and their subsidiaries held certain licenses required to operate our business in China. Jiangsu Yunmanman, our subsidiary, exercised control over Shanghai Xiwei and Beijing Manxin through a series of contractual arrangements with Shanghai Xiwei, Beijing Manxin and their respective shareholders. FTA Information, our subsidiary, exercised control over Guiyang Huochebang through a series of contractual arrangements with Guiyang Huochebang and its shareholders.

In March 2021, as directed by FTA Information, Guizhou FTA, a newly established entity, acquired 100% of equity interest in Guiyang Huochebang for a nominal price from the shareholders of Guiyang Huochebang, and FTA Information gained control over Guizhou FTA through a series of contractual arrangements with Guizhou FTA and its shareholders. As a result, Guizhou FTA became a Group VIE, and Guiyang Huochebang became a subsidiary of Guizhou FTA.

In the fourth quarter of 2021, in order to enhance corporate governance, we underwent the Reorganization. The Reorganization mainly involved (i) changing the Group VIEs and (ii) changing certain subsidiaries of the Group VIEs to wholly-owned or partly-owned subsidiaries of our Company, to the extent permitted under the relevant PRC laws and regulations. Manyun Software and Shan'en Technology, which were wholly-owned subsidiaries of Shanghai Xiwei prior to the Reorganization, were transferred to nominee shareholders in the fourth quarter of 2021. Jiangsu Yunmanman gained control over Manyun Software through a series of contractual arrangements with Manyun Software and its shareholders, and FTA Information gained control over Shan'en Technology through a series of contractual arrangements with Shan'en Technology and its shareholders. Manyun Software acquired Beijing Manxin and Shanghai Xiwei from their respective shareholders for nominal price and they became indirectly wholly-owned subsidiaries of Manyun Software in November 2021. In addition, we acquired Beijing Manxin and Shanghai Xiwei from Manyun Software and they became indirectly wholly-owned subsidiaries of Jiangsu Yunmanman on January 1, 2022. Meanwhile, we acquired Guizhou FTA from its shareholders and it became a wholly-owned subsidiary of FTA Information on January 1, 2022.

In May 2022, Yixing Manxian gained control over Manyun Cold Chain, which was a majority-owned subsidiary of Manyun Software, through a series of contractual arrangements with Manyun Cold Chain and its shareholders. Following this change, the Group VIEs are currently Manyun Software, Shan'en Technology and Manyun Cold Chain.

After the Reorganization, Manyun Software and its subsidiaries are primarily involved in operating the *Yunmanman* apps and *Shengsheng* apps and, together with Jiangsu Yunmanman, providing freight matching services, Shan'en Technology and its subsidiaries are primarily involved in operating the *Huochebang* apps and providing freight matching services and insurance brokerage services, and Manyun Cold Chain primarily provides freight matching services for the cold chain logistics sector and operates *Yunmanman Cold Chain* apps. The value-added services other than the insurance brokerage services are primarily conducted by Jiangsu Yunmanman, FTA Information and their respective subsidiaries.

Principal Offices

Our principal executive offices are located at 6 Keji Road, Huaxi District, Guiyang, Guizhou 550025, People's Republic of China and Wanbo Science and Technology Park, 20 Fengxin Road, Yuhuatai District, Nanjing, Jiangsu 210012, People's Republic of China. Our telephone numbers at these addresses are +86-851-8384-2056 and +86-25-6692-0156, respectively. Our registered office in the Cayman Islands is located at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Investors should submit any inquiries to the address and telephone number of our principal executive offices set forth above.

Our main website is https://www.fulltruckalliance.com/, and the information contained on this website is not a part of this annual report.

B. Business Overview

Overview

The FTA platform is a leading digital freight platform in China, connecting shippers with truckers to facilitate shipments across distance ranges, cargo weights and types. We have transformed China's road transportation industry by pioneering a digital, standardized and smart logistics infrastructure across the value chain.

We have built a vibrant ecosystem of millions of shippers and truckers. In the fourth quarter of 2023, an average number of approximately 2.24 million shippers posted shipping orders on the FTA platform each month, and 3.9 million truckers fulfilled shipping orders on the FTA platform in 2023. In 2023, the Group facilitated 158.8 million fulfilled orders.

We are committed to being an exemplary corporate citizen with positive impacts on the environment and society. The FTA platform contributes to a cleaner environment by eliminating empty miles and wasted fuel and improving efficiency of loads. Furthermore, the FTA platform promotes truckers' welfare by increasing their earnings potential through efficient freight matching, establishing platform rules for fair dealing and undertaking social initiatives tailored to truckers.

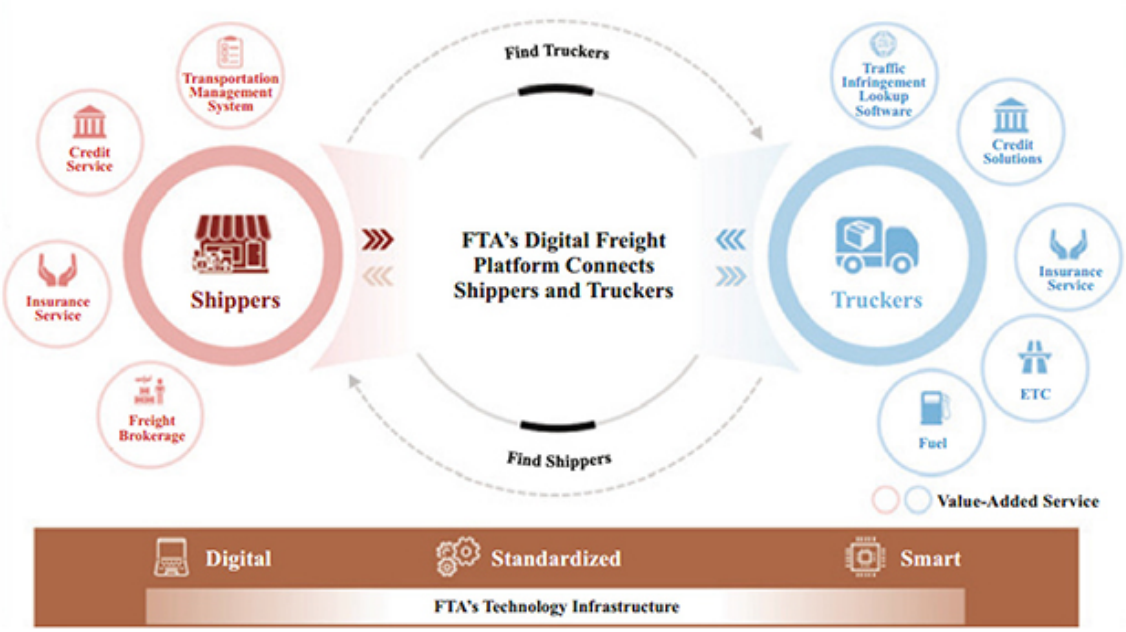
The FTA Platform

We believe the key to addressing the industry challenges is a digital, standardized and smart platform that connects shippers and truckers seamlessly. Leveraging the proliferation of smartphones and the mobile internet, the Group established nationwide infrastructure and industry standards that promote transparency, trust and efficiency across the logistics industry. In so doing, the Group is contributing to China's economic growth, improving lives of millions of shippers and truckers, and reducing carbon footprint for our planet.

Yunmanman and *Huochebang* were founded in 2013 and 2011, respectively, and both companies rapidly grew to become leading digital freight platforms in China. The two companies merged to create FTA in 2017, establishing a nationwide road logistics network with significant economies of scale.

We are constantly improving the Group's offerings to better meet the diverse, complex and often non-standard needs of industry participants. We have evolved from a directory of freight listings to an ecosystem that enables logistics transactions from end to end with data-driven technology and a comprehensive range of value-added services.

The diagram below illustrates the major components of the FTA platform.



Freight Matching Services

- *Freight Listing Service*. In 2011 and 2013, *Huochebang* and *Yunmanman* each began providing freight listing service through QQ and WeChat groups, taking the first step towards the digital transformation of China's road transportation industry. At the end of 2013 and early 2014, *Yunmanman* and *Huochebang* each launched their mobile apps, where shippers could post shipping orders and truckers could contact them to find their next shipments in a standardized manner. After the two companies merged at the end of 2017, the Group began the monetization of freight listing service in 2018 by launching its membership service for frequent shippers, allowing paying shippers to post more shipping orders than non-paying shippers.

- *Freight Brokerage Service.* In January 2018, the Group launched its freight brokerage service, going a step further from freight listing service to provide end-to-end freight matching service with a higher level of service quality assurance to shippers. As freight brokers, the Group's consolidated affiliates enter into contracts with shippers to sell shipping service and platform service and also enter into contracts with truckers to purchase shipping service. The difference between the amount the consolidated affiliates collect from shippers and the amount they pay to truckers represents the FTA platform service fee. The consolidated affiliates assume the legal obligation to pay value-added tax, or VAT, which is assessed on the entire selling price of the shipping service and platform service. The consolidated affiliates receive grants from local government authorities as an incentive for developing the local economy and business. The consolidated affiliates issue VAT invoices to shippers that they can in turn use for tax deductions, solving a significant pain point for many shippers when contracting with truckers. Shippers can track the transaction and the status of their order at each step in real-time and make payment for freight fees online. The consolidated affiliates also assume liability for cargo damages up to a specific amount per shipment, and obtain cargo insurance under certain circumstances to mitigate their risk.

- *Online Transaction Service*. Building on the technology and operational knowhow developed from the Group's freight listing and brokerage services, the Group launched online transaction service to further digitalize shipping transactions and enable shippers and truckers to transact through the FTA platform. Truckers are required to make payments for freight deposits to the FTA platform to secure a shipping order, which contributes to better service quality and higher fulfillment rates. In the second half of 2020, the Group began monetization of its online transaction service by collecting commissions from truckers on selected types of shipping orders originating from an initial batch of three cities, namely Hangzhou, Huzhou and Shaoxing. The FTA platform's daily average order volume and trucker retention remained stable in these cities since then, demonstrating platform users' acceptance of such commissions. We have subsequently rolled out commissions in more cities and ramped up penetration. In the three months ended December 31, 2023, the Group collected commissions in a total of 204 cities with a total transaction commission revenue of RMB644.8 million.

Value-added Services

The Group provides a range of value-added services, which cater to various essential needs of shippers and truckers and increase their stickiness and engagement on the FTA platform. Shippers can access the transportation management system, credit solutions and insurance services on the FTA platform. Truckers can access software for managing traffic ticket records, credit solutions, insurance services, electronic toll collection, or ETC, services, energy services and other services on the FTA platform.

Benefits to Shippers and Truckers

Key benefits the Group provides to shippers and truckers include:

- Efficient Freight Matching. Shippers can post shipping orders in a standardized manner on their mobile phones anytime and anywhere, without having to go through intermediaries or travel to logistics parks. Shippers can get quotes from reliable truckers often within minutes rather than days and make informed decisions about their suitability based on truckers' profiles and track records. Truckers can find shipments in minutes on mobile devices, without having to travel to and wait for days at logistics parks. They also save on the mileage and time of traveling long distance to and from logistics parks between shipments.

- Better Profitability. The FTA platform helps promote the financial wellbeing of millions of shippers and truckers. Shippers enjoy lower shipping costs and more transparent pricing as they can interface directly with truckers, cutting out layers of middlemen and the need to rent space at logistics parks. Truckers can achieve higher income and utilization rates as less time and mileage is spent finding shipments. They can optimize their schedule and routes, leading to more visible incomes. With the transaction standards established by us, they also have higher certainty of freight fee collection and shorter receivable days.

- End-to-End Solutions and Smarter Operations. The Group provides end-to-end solutions with transaction capabilities to shippers and truckers, which enable them to operate in a smarter and more efficient manner. Shippers are supported by software that improves their operations such as transportation management systems as well as artificial intelligence, or AI, models that recommend suitable pricing for shipments. Truckers are supported by software and AI models that recommend suitable shipments and simplify their operations.

- Greater Assurance of Service Quality. The Group facilitates every part of the logistics transaction from end to end. Interactions and transactions are recorded on the FTA platform, improving accountability and providing a source of support for dispute resolution. The FTA platform can act as an escrow agent through which freight deposits are made to and held by the FTA platform until shippers confirm that the relevant transactions are completed, allowing shippers and truckers to transact with greater assurance. The Group provides dedicated customer service and protocols for dispute resolution in a timely manner.

- Access to Value-added Services. The Group provides a comprehensive range of value-added services to shippers and truckers, catering to their diverse and complex needs and addressing various pain points. It only collaborates with business partners that have a reliable track record to ensure the quality of value-added services offered to users.

Our Scale and Financial Performance

We have grown rapidly and reached significant scale in recent years. In 2022 and 2023, the Group facilitated 119.1 million and 158.8 million fulfilled orders, respectively, representing a 33.4% year-over-year growth.

We are at an early stage of monetization. The Group generates revenue primarily from membership fees, with the majority coming from shippers, freight brokerage fees from shippers, transaction commission from truckers, as well as interests and fees from value-added services to shippers, truckers and other ecosystem participants. The Group started monetization of online transaction service in the second half of 2020. The Group's total net revenues were RMB4,657.0 million, RMB6,733.6 million and RMB8,436.2 million (US$1,188.2 million) in the years ended December 31, 2021, 2022 and 2023, respectively. The Group recorded net loss of RMB3,654.5 million in 2021 and net income of RMB411.9 million and RMB2,227.1 million (US$313.7 million) in 2022 and 2023, respectively. The Group recorded non-GAAP adjusted net income of RMB450.5 million, RMB1,395.4 million and RMB2,797.0 million (US$394.0 million) in 2021, 2022 and 2023, respectively. We define non-GAAP adjusted net income as net (loss)/income excluding (i) share-based compensation expense, (ii) compensation expense resulting from repurchase of ordinary shares in excess of fair value, (iii) amortization of intangible assets resulting from business acquisitions, (iv) compensation cost incurred in relation to acquisitions, (v) impairment of long-term investment, (vi) settlement in principle of U.S. securities class action and (vii) tax effects of non-GAAP adjustments. Please see "Item 5. Operating and Financial Review and Prospects—A. Operating Results— Non-GAAP Financial Measures" for details.

The Group's Solutions

The Group provides freight matching services by facilitating transactions between shippers and truckers and connects them with value-added service providers, such as financial institutions, highway authorities, gas stations and insurance companies. The Group's freight matching services and value-added services are accessible through *Yunmanman* shipper and trucker mobile apps, *Huochebang* shipper and trucker mobile apps, *Shengsheng* mobile apps and *Yunmanman Cold Chain* shipper and trucker mobile apps.

Freight Matching Services

The Group provides a range of freight matching services that cater to the specific needs of shippers and truckers. The Group started its business by operating a freight listing platform, where shippers post shipping orders and truckers contact shippers to secure their next shipping orders. In 2023, the Group facilitated 158.8 million fulfilled orders. The Group primarily serves the long-haul shipping needs within the FTL segment, and also provide intra-city and LTL logistics services. The *Yunmanman* and *Huochebang* brands primarily offer long-haul freight matching services, and the *Shengsheng* brand primarily offers intra-city freight matching services. Prior to April 2023, the Group offered intra-city freight matching services primarily through the *Shengsheng Huitouche* app. Since April 2023, the Group has offered intra-city freight matching services primarily through its new *Shengsheng* apps.

Freight Matching Process

We set forth below the key steps of the freight matching process, including registration, posting shipping orders, finding and accepting shipping orders, as well as fulfillment and settlement, on the *Yunmanman* mobile apps. Similar functions are available on the *Huochebang* mobile apps, *Shengsheng* mobile apps and *Yunmanman Cold Chain* shipper and trucker mobile apps.

Registration

After shippers and truckers download the mobile apps and complete registrations, they become the Group's registered shippers or registered truckers. To promote honesty and accountability on the FTA platform, we require proof of personal identity from shippers and truckers during registration. We also require additional information, such as business license from shippers and driver's license from truckers, for them to access a wider range of functions, such as freight brokerage service, on the FTA platform.

The freight matching process starts when a shipper posts a shipping order. As part of our efforts to digitalize logistics transactions, we require each shipper to fill out a standard set of cargo information, such as cargo origin, destination, type and size, as well as shipping requirements, such as truck type and loading and unloading time, on the Group's mobile apps. The use of standardized and detailed order information increases transaction transparency and enables shippers and truckers to reduce the amount of time spent on negotiations.

Finding and Accepting Shipping Orders

Truckers find suitable shipping orders based on searches or recommendations. Truckers can search for shipping orders with specified filters, such as route and truck type. The Group's matching algorithms rank search results based on relevance to truckers. The FTA platform also sends truckers push notifications to recommend suitable shipping orders. The Group's matching algorithms analyze factors such as truckers' truck type, transaction records, current location and recent searches to determine their preferences as to cargo types and routes. Truckers receive recommended shipping orders when the Group's system identifies suitable cargos located on or near their preferred routes. If truckers are interested in such shipping orders, they may contact shippers through the Group's mobile apps to finalize the transaction terms.

The Group has rolled out several features to further streamline the transaction process. For example, when posting shipping orders, shippers may elect to use our "tap and go" feature, which allows shippers to post shipping orders with a fixed price. The "tap and go" feature replaces price negotiation between shippers and truckers and shortens the matching time from order posting to order acceptance. Shippers may determine prices based on the recommended prices generated by the Group's pricing algorithms. The Group's system assigns shipping orders to truckers on a first-come-first-served basis.

Fulfillment and Settlement

For each shipping order, after the parties reach an agreement through direct communication or our "tap and go" feature, the trucker pays a deposit to the FTA platform to secure the shipping order. Such deposits are kept in dedicated bank accounts and cannot be used by us. Navigation function is available on the Group's mobile apps, enabling truckers to optimize their routes based on relevant variables, such as height and width clearance, tolls, time and distance. Through GPS tracking, shippers are able to check the status of shipments in real time. After shippers and truckers both confirm fulfillment on the Group's mobile apps, depending on the terms of the relevant shipping agreement, deposits are either released back to truckers or transferred to shippers. Shippers may pay shipping fees to truckers through the Group's mobile apps. Shippers also have the option to settle shipping fees through other channels.

Freight Listing Service

The Group offers freight listing service through the consolidated affiliates. The Group has a freemium model where shippers can post a certain number of shipping orders on the FTA platform free of charge. Shippers are required to pay membership fees in order to post additional shipping orders. The Group currently offers mainly two tiers of membership. The first tier requires an annual fee of RMB688 and allows a shipper to post up to 100 shipping orders each year. Designed for businesses with highly frequent shipping needs, the second tier requires an annual fee of RMB1,688 and allows a shipper to post up to 1,688 shipping orders each year. From time to time, the Group allows paying members to post additional shipping orders for free as part of its promotional efforts. As of December 31, 2023, the FTA platform had 790 thousand shipper users with active paying memberships. In addition, in certain innovative businesses, the Group charges truckers membership fees, which entitle them to fullfill certain number of orders on the FTA platform.

Freight Brokerage Service

Many shippers prefer to contract with the Group, instead of truckers, to gain better protection from cargo damage, truckers' demand for fee increase, delays and cancelations, as well as to improve their regulatory compliance. The Group offers freight brokerage service through the consolidated affiliates to better serve such shippers. The freight brokerage service is available on the Group's mobile apps.

Shippers who use the freight brokerage service can book shipments through freight matching process or designate truckers of their choice. As freight brokers, the consolidated affiliates enter into shipping contracts with shippers and entrust truckers matched by the FTA platform or designated by shippers, as the case may be, to fulfill the shipping orders. In order to use the freight brokerage service, shippers are required to make prepayments to their accounts on the FTA platform. After the fulfillment of shipping orders, the FTA platform transfers shippers' shipping fees to truckers and deduct the platform's service fees from shippers' accounts. The platform's service fees are based on a percentage of shipping fees.

The consolidated affiliates assume liability for cargo damages up to RMB20,000 per shipment, and obtain cargo insurance under certain circumstances to mitigate our risk. The consolidated affiliates also offer shippers protection against truckers' demand for fee increase and delays. Shippers who use the freight brokerage service are eligible to receive VAT invoices from us. Shippers can use the Group's mobile apps to track shipping orders and make payments for shipments using the freight brokerage service.

Online Transaction Service

The Group's online transaction service further digitalizes the shipping transaction process and enables shippers and truckers to transact more efficiently through the FTA platform. The Group offers online transaction service through the consolidated affiliates and one PRC subsidiary. At the inception of each transaction, the Group's system generates an electronic agreement that specifies the rights and obligations of the shipper and the trucker, including shipping fee as agreed between the shipper and the trucker. The Group has established transaction rules and standards to promote honest dealings on the FTA platform. Our extensive industry knowledge enables us to align such rules and standards with the expectations of honest market players in order to facilitate transparent and efficient transactions. For example, truckers are required to pay deposits to the FTA platform to secure shipping orders. Deposits serve as assurance for the timeliness and quality of truckers' services. On the other hand, truckers can avail themselves of order cancelation protection and shipping fee protection when they use the online transaction service. If shippers cancel shipping orders when truckers are already on their ways to pick up cargos, truckers can collect cancelation fees from the FTA platform to cover the cost of travel. Most of the cancelation fees paid by the FTA platform are reimbursed by canceling shippers in accordance with the Group's transaction rules. Furthermore, shippers may fail to pay shipping fees on a timely basis, and the Group helps truckers collect overdue fees by contacting shippers.

In light of the significant value created by the online transaction service, the Group started to monetize the service in the second half of 2020. In the three months ended December 31, 2023, for selected types of shipping orders originating from 204 cities in China, the Group collected commissions from truckers for shipping transactions matched through the online transaction service. The commissions are typically based on the amount of shipping fees provided by shippers. The Group may explore other revenue models to monetize its online transaction service in the future.

Value-Added Services

We provide a range of value-added services primarily through our PRC subsidiaries and to a lesser extent, the consolidated affiliates. These services cater to various essential needs of shippers and truckers and increase their stickiness and engagement on the FTA platform, while enabling other businesses, such as financial institutions, insurance companies, gas station operators and highway authorities, to participate in our vibrant ecosystem. For shippers, we provide a transportation management system that makes it easy and efficient to track and manage their shipments as well as access to credit and insurance solutions to manage their risks and cash flows. We help truckers manage their operating costs and workflows by providing ETC and energy services as well as software solutions for managing traffic ticket records. We also provide access to credit and insurance solutions so the truckers can manage their risks and cash flows. As of December 31, 2023, over 4.6 million users used at least one of the Group's value-added services.

Credit Solutions

We provide truckers with cash credit solutions and shippers with working capital loans, which are primarily funded by us through our small loan company, which is one of our PRC subsidiaries. Certain cash loans for truckers are funded by an institutional funding partner, and we guarantee such loans through arrangements with the institutional funding partner. The term of such loans is typically less than one year. Historically, we also funded loans through trusts established by us. Such arrangement was terminated in March 2022.

We assign customized credit limit based on data-driven assessment of borrowers' creditworthiness. As of December 31, 2023, credit limit for trucker users and shipper users on the FTA platform typically did not exceed RMB50,000 and RMB100,000, respectively. In response to regulatory developments in the credit industry, we plan to take a conservative approach with respect to these business lines.

We implement a rigorous risk management system to address our credit risk exposure. As of December 31, 2023, the total outstanding balance of the on-balance sheet loans, consisting of the total principal amounts and all accrued and unpaid interests (net of provisions) of the loans funded through our small loan company, was RMB3,521.1 million (US$495.9 million), and the total non-performing loan ratio for these loans was 2.0%. Our non-performing loan ratio is calculated by dividing the outstanding principal and all accrued and unpaid interests of the on-balance sheet loans that were over 90 calendar days past due (excluding loans that are over 180 days past due and are therefore charged off) by the total outstanding principal and all accrued and unpaid interests of the on-balance sheet loans (excluding loans that are over 180 days past due and are therefore charged off) as of a specified date. As of December 31, 2023, the amount of guarantee liabilities in relation to our loan guarantee arrangements was immaterial.

Insurance Brokerage

The Group partners with insurance companies through a consolidated affiliate to offer both shippers and truckers a variety of insurance policies related to logistics transactions. For example, truckers can purchase carrier's liability insurance, shipping fee insurance and accident insurance, and shippers can purchase cargo insurance, in each case through the Group's mobile apps. The insurance policies are underwritten by the Group's partner insurance companies, and the Group receives commissions from the Group's partner insurance companies for sales brokered through the FTA platform.

Software Solutions

We have developed a transportation management system for shippers. Shippers use the software system to, among other things, track the status of each shipping order and monitor shipping costs. The system is offered free of charge to shippers who use the freight brokerage service. In addition, the Group provides software for managing traffic ticket records for truckers through its mobile apps.

ETC Services

We provide various services related to ETC through one of our PRC subsidiaries. The industry has shifted from ETC debit card to ETC credit card in response to regulatory change. Truckers can apply for ETC cards, review historical ETC payments and top up their accounts through the Group's mobile apps. We promote ETC cards for highway authorities through the Group's mobile apps. Depending on our arrangement with highway authorities, we receive service fees from highway authorities or truckers for account openings. We also collect service fees from truckers for account top-up based on transaction value.

Energy Services

We provide energy services through our PRC subsidiaries. We generate sales leads for gas stations that participate in our energy services program. In particular, we recommend these gas stations to truckers on the FTA platform based on truckers' locations. Truckers can enjoy discounts for diesel and natural gas through the Group's mobile apps when refueling at these gas stations. We process truckers' payments on the Group's mobile apps at gas stations and receive service fees from gas station operators as a percentage of the fuel cost paid by the truckers. In addition, we facilitate sales of fuel to trucker or shipper customers and receive service fees from gas station operators as a percentage of the purchase price paid by truckers or shipper customers.

Our Nationwide Network

We have a nationwide network of shippers and truckers and facilitate shipments across China. We have built a vibrant ecosystem of millions of shippers and truckers. In the three months ended December 31, 2023, the Group's average shipper MAUs reached approximately 2.24 million. In 2023, 3.9 million truckers fulfilled shipping orders on the FTA platform. In 2023, the Group facilitated 158.8 million fulfilled orders. The FTA platform supports a dense network of nationwide routes connecting every prefecture-level city in China with hundreds of other cities. This highly complex and dynamic orchestration of millions of shipments across routes by millions of shippers and truckers is difficult to replicate and forms a high entry barrier to potential competitors.

The Group endeavors to provide one-stop solutions that address demands for road transportation services, and we plan to further expand and refine the Group's service offerings, thereby connecting with more ecosystem participants and enhancing the network effects of the FTA platform.

Shippers

The Group has an extensive shipper base across China. The Group's shipper base comprises third-party logistics companies, direct shippers, and truck brokers, covering a wide variety of industries with diverse shipping needs and cargo types. The principal categories of cargos the Group matches on the FTA platform include fresh produce, grain and grain products, other agriculture produce, metals, minerals, construction materials, industrial chemicals and plastics, as well as machinery equipment. Cargos within the same principal category often vary significantly from each other and may require different types of trucks for shipments. The Group provides logistic solutions to companies of all sizes, from small business owners to express delivery companies and manufacturers. The FTA platform offers shippers compelling value propositions, including access to reliable truckers and cost savings.

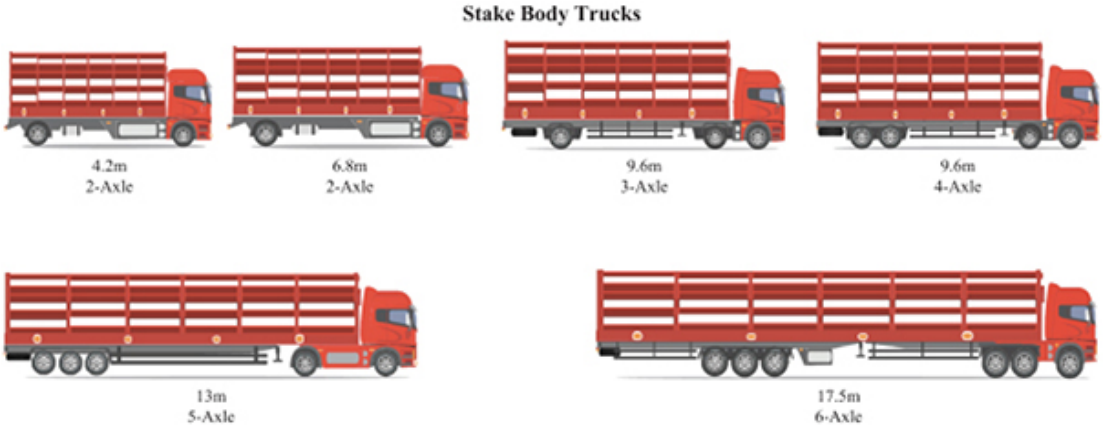
Truckers

The Group has a large network of reliable truckers. Truckers are not the Group's employees, and most of the truckers on the FTA platform are individual owner-operators, who operate a vehicle pool that can satisfy diverse shipping needs, ranging from 1.8-meter-long minivans to 17.5-meter-long heavy-duty trucks. The principal types of trucks on the FTA platform include:

- ***Dry Van Trucks*** (箱式卡车). Equipped with a steel compartment, a dry van truck offers aerodynamic and weather protection and is typically used to carry high value consumer products.

- ***Flatbed Trucks*** (平板卡车). A flatbed truck (including drop-deck truck) has a heavily reinforced steel platform with no roof or walls to the side. Flatbed trucks are typically used to move heavy cargo, such as steel plates and steel coils.
- ***Stake Body Trucks*** (高栏卡车). A stake body truck is a flatbed truck with stake sides. Stake body trucks are typically used to transport light cargo, such as cargo packed in cardboard boxes and consumer products.

Diagrams illustrating these three major types of trucks by length are set forth below.



The table below summarizes ranges of truck length available in each major truck type described above and the typical corresponding route and maximum cargo weight. In general, trucks with a cargo weight between four to eight tons are classified as medium-duty trucks, while those with a cargo weight of eight tons or above are classified as heavy-duty trucks.

Truck Length	Typical Route	Maximum Cargo Weight
4.2 meters	short-to-medium-haul	2.5 tons
6.8 to 9.6 meters	medium-to-long-haul	8 to 19 tons
13 to 17.5 meters	long-haul	25 to 33 tons

In addition, specialized vehicles are available on the FTA platform to satisfy shippers' various shipping needs, such as temperature-controlled trucks (including refrigerator trucks) to transport perishable goods, dump trucks to move construction materials, low-bed trucks to haul heavy equipment, wing trucks for better weather resistance and easy loading and minivans for intra-city shipping orders. The FTA platform offers truckers compelling value propositions, including access to reliable shippers, cost savings and enhanced income.

Other Ecosystem Participants

The Group's ecosystem also creates significant value for other ecosystem participants, such as financial institutions, insurance companies, gas station operators, highway authorities, automakers and dealers, by helping them better serve industry participants in the road transportation market.

The Group's Technology

Technology is critical to the Group's success and powers the dynamic and large-volume interactions on the FTA platform. The Group has transformed the transaction processes in China's road transportation market by leveraging its vast database and core technologies. The Group's research and development team and cloud-based technological infrastructure enable it to continuously introduce new innovations and offer high quality user experience. The Group will continue to develop and deploy software, operating systems, and infrastructure that cater to a holistic set of shipper and trucker needs, creating value for them and enhancing their stickiness to the FTA platform. This includes infrastructure and technology that cater to the end-to-end intra-city and LTL logistics value chains.

The Group serves a market that used to operate based on a massive amount of non-digitalized and non-standardized information, spanning a wide range of categories with varying degrees of accuracy and completeness. The Group digitalizes and standardizes such information to efficiently match shippers with truckers. Over the course of operating its business, the Group has developed a vast and comprehensive database relating to shippers, truckers, cargos, trucks, and highways, which contains basic information provided by users as well as a massive amount of user behavioral data, transaction data and industry data. Such data offer the Group valuable insights, create a high entry barrier for potential competitors and give it a significant competitive advantage. In particular, the Group constantly refines its algorithms with the data collected from the FTA platform, enabling better user experience and driving user engagement. This builds up the virtuous cycle, which is self-reinforcing and underpins the sustainability of the Group's business model.

The Group is committed to protecting platform users' data privacy and security. The Group's data is used to develop and enhance its data and analytical capabilities to optimize its solutions and maximize its operational efficiency.

The Group's Core Technologies

The Group's core technologies are primarily applied to its freight matching services and form an important aspect of its competitive moat. The Group has transformed the transaction processes in China's road transportation market by leveraging its core technologies, which are set forth below.

Data Labeling

The Group's data labeling technology systematically categorizes and structuralizes data relating to truckers, trucks, freights, routes and shippers, and the Group is a pioneer in taking this approach in the industry. The Group's technology identifies data features of the underlying data such that the data labels are informative. To optimize the accuracy of data labels, the Group uses a human-in-the-loop machine learning (HITL ML) approach, whereby the machine learning model uses human-provided labels to learn the underlying patterns, and human involvement is maintained to validate a machine learning model's predictions as right or wrong at the time of training. The trained and validated model is then used to make predictions of labels on new data. Data labeling improves the Group's big data analytics capability and is essential for the training of AI models.

Big Data Analytics

The Group's big data analytics technology is capable of analyzing complex, massive datasets from numerous road transportation scenarios occurring on the FTA platform on a real time basis. Freight matching at such large scale requires the ability to process a large volume of data with numerous analytical dimensions. In addition, in contrast to regional car-hailing or intra-city freight platforms, the Group's digital freight platform has a highly dense network of nationwide routes with different transportation conditions. Management and scheduling of transportation at a national scale involves analyzing a massive amount of non-standardized and multi-dimensional data points with varying degrees of accuracy and completeness. The Group's data analytical system can efficiently handle such complex computing tasks.

AI Algorithms

The Group uses AI algorithms to intelligently and accurately match truckers with shippers, as well as to accurately price shipments. The Group's AI technology enables it to deliver superior experience and innovative features to platform users.

- Matching Algorithms. The Group's matching algorithms are mainly used in two scenarios: search and recommendation of shipments. With respect to searches, relevant shipments are pulled based on a trucker's searching criteria, such as routes and truck type. The matching algorithm predicts the trucker's probability of accepting an order based on the correlation between the freight labels and the trucker labels. The search results are then ranked taking into account such probability. With respect to recommendations, the algorithm analyzes transaction records, current location and recent searches to determine truckers' preferences such as freight types and routes. Truckers receive recommended shipping orders when the system identifies suitable freights located on or near truckers' preferred routes.

- Pricing Algorithms. The Group's machine learning-based pricing algorithms estimate freight prices, which are used by shippers as references in price negotiations. The pricing methodology depends on the availability of comparable historical transaction data. If a shipping order fits into a standardized category, the recommended price of such shipping order will be based on the average price of recent transactions within such category. If a shipping order does not fit into any standardized category, the system estimates the price using a machine learning model (clustering + lightGBM) that has been trained with a massive amount of historical transaction data. The Group's clustering algorithms help create groups of observations that are similar to each other in terms of how the value of their features affects their prediction. LightGBM is a fast, distributed, high-performance gradient boosting framework based on decision tree algorithms, which is used for ranking, classification and many other machine learning tasks. LightGBM has the advantages of faster training speed, high-efficiency parallel training, better model accuracy and fast processing of massive data. By clustering data affecting pricing and applying such data to LightGBM model, the Group obtains more accurate results in price estimation.

Knowledge Graph

Leveraging the strength of its big data analytics and AI technologies, the Group pioneered the construction of a knowledge graph. The Group's knowledge graph is a knowledge base that uses a graph-structured data model to store and organize a massive volume of real world data. The knowledge graph is constructed by extracting semi-structured and unstructured data on the Group's systems and using intelligent model to classify such data into different entities and relationships based on real world applications in the road transportation industry. This is achieved through evaluating and analyzing a massive amount of data. Such knowledge graph transforms multi-element and multi-modal data into a holistic semantic network containing hundreds of millions of nodes and hundreds of thousands of relationships, making data easily accessible for applications in the Group's different services, particularly freight matching. Freight matching involves identifying layers of associations between different subjects, which leads to nuanced understanding of a concept, such as textual inputs a trucker uses to search for shipments on the FTA platform. The Group's knowledge graph shows the complex connections between different subjects in China's road transportation industry, such as shippers/truckers, trucks, cargos, routes and gas stations. By doing so, the knowledge graph stores the platform's business logics, which explain matchings made on the platform, and enables the Group's AI algorithms to use the logics or connections to deliver better search results and recommendation of shipments, resulting in better matching results. For example, by showing a connection between a trucker and his frequent routes using the Group's knowledge graph, the Group's AI algorithm can better predict the trucker's intent to find shipments based on his current location and recommend suitable orders. In addition, when a trucker searches for a particular type of cargo, the connections (such as the relationships between the trucker and his past shipments or routes) shown by the knowledge graph enable the Group's AI algorithms to provide better matching results.

IoT

The Group's innovative applications of IoT technology deliver better user experience to shippers and truckers. For example, the Group's use of IoT technology in cold chain transportation enables shippers to continuously monitor temperature-sensitive cargo effectively and economically. The Group's solution utilizes (i) thermo sensors installed on temperature-controlled trucks, (ii) gateways that receive the sensor data and pass the data to its system, and (iii) an easy-to-use, proprietary mobile application for shippers to monitor temperature remotely and in real time.

The Group's Technological Infrastructure

The Group's technological infrastructure is currently deployed, and its data is currently maintained, on customized cloud computing services. The Group currently relies on its two data centers, as well as third-party cloud services for its computing, storage, bandwidth, backup and other services. The robust technology infrastructure supports instant scaling with great flexibility to support traffic spikes. The Group has the capability to operate and serve during outbreaks related to servers, cables and power in data center scale. Even in the extreme hypothetical situation where both of the Group's data centers are out of service, it would be able to restore to full service with its multi-layer backup system in a relatively short time. As of the date of this annual report, the Group has not experienced any service outbreak that materially affected its business operation.

Operational Excellence

We pride ourselves on having transformed and digitalized one of the most traditional industries in China. In addition to the Group's technology capability, our success can be attributed to a high level of execution precision and operational excellence which transcend all aspects of the Group's operations and have enabled the FTA platform to emerge as the leading player among digital freight platforms. In particular, the Group's feet-on-the-street operations team, whom we call the ground force, has been instrumental in the Group's initial user acquisition efforts. During the Group's early days, the ground force went deep into towns and counties, hitting up logistics parks one by one, rain or shine, to promote the FTA platform and services to truckers and shippers. They operate with high level of discipline and precision and are bound by a strong sense of camaraderie. The ground force were the major force behind the Group's development milestones, laying the foundation to bolster the Group's future growth. Today, the ground force continues to be in the frontline for the implementation of the Group's new initiatives and provides an instantaneous feedback loop for the Group's efforts.

Environmental Sustainability and Social Responsibility

The Group believes its long-term success rests on its ability to make positive impacts on its environment and society. The Group is committed to being an exemplary corporate citizen working towards the goal of sustainable logistics services by increasing efficiency in the shipping network in China and globally. The Group focuses on the following core values:

- ***Environmentally Friendly***. The nature of the Group's services is inherently environmentally friendly.
- ***Socially Responsible***. The Group is committed to offering services and solutions that meet the high quality standards of shippers and improve truckers' ability to manage their driving uptime and safety.
- ***Quality Governance***. The Group's senior management team is held in high regard for its strong focus on business ethics. To maintain high standards of corporate governance, the Group currently has two independent directors.

The Group believes its core values are aligned with the United Nations Sustainable Development Goals, particularly those related to industry, innovation and infrastructure, climate action, decent work and economic growth, and sustainable cities and communities.

The Group's ESG Achievements

The Group is a pioneer in designing and developing a digital, standardized and smart logistics infrastructure, which plays an important role in encouraging sustainable development and empowering communities. Every empty truck running on the road wastes fuel, and the FTA platform contributes to a cleaner environment by reducing such wasteful situations. Additionally, the FTA platform benefits the environment by reducing the number of shipments through higher efficiency of loads. According to a research report by the Transport Planning and Research Institute of the PRC Ministry of Transport in 2021, which is commissioned by us, it is estimated that the FTA platform helps reduce carbon emissions by approximately 14.2 million metric tons annually. The Group is also investing in a company that develops autonomous truck driving technology, which it believes will significantly improve fuel efficiency, enhance safety and reduce carbon emissions. In addition, the Group plans to collaborate with ecosystem participants to promote the use of clean energy-powered trucks, explore the development of systems for managing carbon emissions and support the advertisement of green initiatives to further reduce environmental impact of the road transportation industry. Furthermore, the Group and its employees are undertaking measures for conserving resources and reducing carbon emissions. Such measures include recycling ETC cards from the Group's employees and agents, providing transit buses for the Group's employees, as well as growing green plants on the Group's facilities.

Some of the truckers on the FTA platform are individual owner-operators from low-income communities. The FTA platform significantly increases their earnings potential by reducing their idle time and wasted mileage. In addition, before the launch of the FTA platform, the road transportation market in China was fraught with poor behaviors from both shippers and truckers who took advantage of the information asymmetry in the vast and fragmented market. The FTA platform establishes rules to protect the interests of honest market players and promote a healthy road transportation market. Furthermore, the Group is undertaking social-minded initiatives to promote truckers' interests and professional dignity, such as hosting annual Truckers' Festivals since 2017, which entail granting trucker awards and conducting trucker well-being surveys, among other efforts. In addition, the Group has launched the "Truckers' Home" feature on its *Yunmanman* and *Huochebang* apps, which enables truckers to conveniently find rest stops for breaks, food and showers on these apps, meeting their needs during long hauls. The Group also made financial donations to schools located in low-income communities.

The Group took a proactive role to combat the COVID-19 pandemic in China. During a 60-day period from January 25 to March 24, 2020, the FTA platform facilitated nearly three million tons of cargo shipments, including daily necessities and medical supplies, to or from Hubei Province, where residents suffered considerable hardship due to mandatory lock-downs. In addition, the Group made several financial relief offers to platform users in 2020. The Group offered eligible users from Hubei Province up to 20% discount off their interest payments and reduced or waived penalty fees on overdue loans. The Group also allowed platform users with good credit history to apply for loan extensions. Furthermore, the Group offered accident insurance coverage and stipends to support truckers during certain periods of the COVID-19 pandemic.

The Group sponsored a trucker assistance foundation with the mission of helping truckers in need, particularly truckers who suffered incapacitating injury or illness and their families. The foundation also provides various forms of financial support to truckers, such as disaster relief funds and subsidies for truckers' accident insurance. The Group is exploring other initiatives to better serve truckers, such as a collaboration with its ecosystem participants to set up truck stops that offer food and resting areas to truckers.

Personal Data and Privacy

The Group is committed to complying with data privacy laws and protecting the security of user data. The Group mainly collects and stores data relating to background information of shippers and truckers, such as name, mobile phone number and identity card number. The Group also collects transactional data for freight matching, including attributes and locations of cargos and models and sizes of trucks. Such information is collected with prior consent from platform users in accordance with applicable laws and regulations. The Group's data usage and privacy policy, which is provided to every user of the Group's mobile apps, describes its data practices. Specifically, the Group undertakes to manage and use the data collected from users in accordance with applicable laws and make reasonable efforts to prevent the unauthorized use, loss, or leak of user data and will not disclose sensitive user data to any third party without users' approval except under legal requirement.

The Group's data protection and privacy policies are focused on ensuring that: (i) the Group's collection of personal data is for the stated purposes as authorized by users and conducted in accordance with applicable laws and regulations and (ii) personal data the Group collects is reasonable for the purposes for which they are collected. The Group's policies are administered by its security department and legal department. The Group's security department and legal department are responsible for reviewing and approving the testing or launching any service or product that collects personal data, and monitoring data collection practices on an ongoing basis.

The Group stores all data in the PRC primarily in two cloud databases based on MySQL open-source technology. User data are stored in encrypted format. The Group's main cloud database allows its data and application to be hosted in multiple locations to improve performance and uptime. The Group backs up its user data and operating data on a regular basis in a back-up database maintained by a separate cloud provider to minimize the risk of user data loss or leakage.

The Group controls and monitors employees' access to its IT systems, and limits any access to data based on necessity and maintain records of data access. The Group grants different levels of data access right to employees based on their responsibilities and subject to expiry date, and reviews necessity before extending access right. The Group's policies require products and services that involve access to or processing of sensitive data to be subject to separate assessment and approval procedures, and the Group monitors employee's access to such data.

The Group encrypts its data transmission, especially user data transmission, using sophisticated security protocols and algorithms to ensure confidentiality. The Group adopts Application Programming Interface (API) security measures, which segregate its internal databases and operating systems from its external-facing services and intercept unauthorized access. The Group does not share with, transfer or disclose personal data to any third-parties except for certain limited circumstances, including when it is expressly authorized by platform users and necessary to fulfill its services to platform users, or in compliance with applicable laws and regulations. The Group de-sensitizes user data by removing personally identifiable information when sharing data with its business partners. In circumstances where the Group allows third-party product or service that collects personal data available on the FTA platform pursuant to its cooperation arrangements with its business partners, the Group's policies require for adequate protection of platform users' data. The Group maintains a strict vetting process before allowing such cooperation to assess the integrity of its business partners, and monitors and periodically reviews data collection practices of its business partners. The Group requires its business partners to strictly follow the terms of authorization and the scope of usage set forth in the relevant agreements with platform users when processing and analyzing their data. The Group will terminate cooperation arrangement with third parties immediately if it discovers any unauthorized usage or leakage of the shared personal data.

In addition, the Group uses third-party cybersecurity companies to conduct regular penetration tests to identify weaknesses in its system and evaluate its security. Whenever an issue is discovered, the Group seeks to take prompt actions to upgrade its system and mitigate any potential problems that may undermine the security of its system. The Group conducts periodic internal security review and uses a variety of technologies to protect its data. The Group maintains cybersecurity contingency plans and regularly conducts drills to test its incident detection and response strategies. The Group believes its policies and practice with respect to data privacy and security are in compliance with applicable laws and consistent with prevalent industry practice in all material respects.

Customer Services

The Group has established a customer services committee headed by its chief customer officer to oversee customer services and the implementation of rules and policies designed to protect the interests of the FTA platform users.

As of December 31, 2023, the Group's customer service team consisted of 933 members. The Group's users can submit inquiries and complaints through the Group's mobile apps on a 24/7 basis or calling its customer service hotline. The Group is committed to addressing user inquiries and complaints in a prompt and fair manner. The Group offers AI-powered automated customer service, which can solve its customers' problems more efficiently. The Group also uses its data insights to analyze customer service needs and proactively address issues. This is complemented by the ground force who helps the Group better understand user behavior and needs through personal connections and face-to-face meetings, which supplements the data insights the Group accumulates through its online platform and enables the Group to better serve its ecosystem participants.

The Group implements rules to address common bad behaviors of ecosystem participants, such as order cancelation, misrepresentation of cargo information or nonpayment of shipping fees by shippers and poor service by truckers. The Group designed these rules based on its extensive industry knowledge and data insights. For example, the Group sets penalty standards for order cancelation by shippers or truckers and requires deposits from truckers to secure shipping orders. Parties that violate the Group's rules may be banned from the FTA platform in the future. The Group also offers a robust ratings system that allows truckers to review shippers. Highly-rated shippers enjoy privileges such as the right to post limited free shipping orders and priority in posting shipping orders.

The Group is committed to protecting the interests of all of the FTA platform users. The Group has recruited customer experience officers from its frequent users and have periodic meetings with them to collect their feedback, which the Group will use to adjust and/or improve its products, services, as well as features and functions on the FTA platform.

Sales and Marketing

While the Group's current scale and compelling value propositions attract shippers and truckers organically to the FTA platform through word-of-mouth referrals, the Group also engages in online marketing through various channels, such as app store advertising, popular search engines and social media platforms. The Group supplements its online marketing efforts with the ground force's personal connections. The Group also leverages its data insights to optimize the efficiency of its marketing activities. In addition, the Group engages truckers to promote its brands through placing the Group's logo stickers on their trucks. As a result, the Group is able to acquire users in a cost-effective manner.

Competition

The Group designs and develops a digital, standardized and smart logistics infrastructure that serves both shippers and truckers and connects other ecosystem participants. The Group believes no other industry participant with a meaningful scale in China has applied a similar marketplace model. However, the Group faces competition from regional players in local markets and players that focus on certain segments of the road transportation market. The Group also competes with other companies for value-added services that cater to various essential needs of shippers and truckers. Players that focus on certain segments of the road transportation market may enter into new segments in which the Group operates and competes with it. Furthermore, large technology companies that have strong brand recognition, substantial financial resources and sophisticated technology capabilities may develop their own digital freight platforms in the future. The Group believes that its competitive advantage over existing and potential competitors lies in its large platform with powerful network effects, industry-wide logistics infrastructure that is digital, standardized and smart, comprehensive logistics and value-added services that drive increasing user engagement, proprietary and innovative technologies, and experienced management with technology and logistics expertise.

Employees

As of December 31, 2021, 2022 and 2023, the Group had a total of 7,103, 6,795 and 7,585 employees, respectively. The following table sets forth a breakdown of the Group's full-time employees categorized by function as of December 31, 2023.

Function	Number of employees	% of total employees
Customer services and operations	1,255	16.5
Research and development	1,516	20.0
General and administration	628	8.3
Sales and marketing	4,186	55.2
Total	**7,585**	**100.0**

As of December 31, 2023, all of the Group's employees were based in China. We believe the Group offers its employees competitive compensation packages and a dynamic work environment that encourages initiative and is based on merit. As a result, the Group has been able to attract and retain talented personnel and maintain a stable core management team.

As required by PRC regulations, the Group participates in various government statutory employee benefit plans, including social insurance, namely pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing funds. The Group is required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of the Group's employees, up to a maximum amount specified by the local government regulations from time to time. The Group enters into standard labor, confidentiality and non-compete agreements with its employees. The non-compete restricted period typically expires two years after the termination of employment, and the Group agrees to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

Our employees in China have established a labor union in accordance with PRC laws. We believe that the Group maintains a good working relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations.

Facilities

The Group maintains a number of leased properties. The Group leases approximately 40,928 square meters of office space in Nanjing, Jiangsu Province, primarily for corporate administration and research and development. In addition, the Group leases office spaces in Beijing, Shanghai, Chengdu and other cities to house its personnel engaged in platform operations, regional corporate administration and technology support.

The Group has land use right for a parcel of land of approximately 21,817 square meters in Nanjing, Jiangsu Province, where the Group is currently constructing an office building for its headquarter in Nanjing. The estimated amount of expenditure in constructing the office building is RMB0.8 billion (US$0.1 billion). As of December 31, 2023, the Group paid RMB75.6 million (US$10.7 million) in cumulative for the construction, net of value added tax. The construction is funded by cash owned by the Group. The construction started in the second half of 2023 and is expected to complete in the second half of 2027. After completion, the building is expected to provide approximately 120,000 square meters of office space. The Group also owns an office building with office space of approximately 10,717 square meters in Guiyang, Guizhou Province.

We intend to add new facilities or expand the Group's existing facilities as the Group scales up its business operation. We believe that suitable additional or alternative space will be available in the future on commercially reasonable terms to accommodate our foreseeable future expansion.

Intellectual Property

The Group has developed a number of proprietary systems and technologies, and our success depends on the Group's ability to protect its core technologies and intellectual property. The Group utilizes a combination of patents, trademarks, copyrights, trade secrets and confidentiality policies to protect its proprietary rights. As of December 31, 2023, the Group had 234 patents, 119 pending patent applications, 1,035 registered trademarks and 271 pending trademark applications in China. As of December 31, 2023, the Group also had 341 registered software copyrights in China and 131 registered domain names. As of December 31, 2023, the Group had 20 registered trademarks in other countries, including India, Russia and Vietnam.

Insurance

The Group maintains property insurance and drivers' liability insurance. Pursuant to PRC regulations, the Group provides social insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for its employees based in China. The Group does not maintain business interruption insurance or key-man insurance. For further details, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—The Group's insurance coverage strategy may not be adequate to protect it from all business risks or, if insurance carriers change the terms of such insurance in a manner not favorable to us, if we are required to purchase additional insurance for other aspects of the Group's business, or if we fail to comply with regulations governing insurance coverage, the Group's business could be harmed." We believe that the Group's insurance coverage is in line with the industry and adequate to cover its key assets, facilities and liabilities.

Legal Proceedings and Compliance

During 2023 and up to the date of this annual report, we had not been involved in any litigation, arbitration or administrative proceeding against us that could have a material and adverse effect on the Group's business, financial condition or results of operations, except as disclosed below. We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

Shareholder Class Action Lawsuits

In re Full Truck Alliance Co. Ltd. Securities Litigation, **No. 654232/2021 (Sup. Ct. N.Y.)**

On July 7, 2021, FTA and certain of its current and former directors and officers and others were named as defendants in a putative shareholder class action lawsuit filed in the Supreme Court of the State of New York. An additional action was subsequently filed in the Supreme Court of the State of New York. On October 20, 2021, the two actions were consolidated and re-captioned as "*In re Full Truck Alliance Co. Ltd. Securities Litigation*." A Consolidated Amended Complaint was submitted on November 29, 2021, and FTA filed its motion to dismiss on January 31, 2022. Plaintiffs filed their opposition to FTA's motion to dismiss on March 31, 2022. FTA filed its reply in support of its motion to dismiss on April 29, 2022. A hearing was held on January 19, 2023.

The action is brought on behalf of a putative class of persons who purchased or acquired the Company's securities pursuant or traceable to the Company's June 22, 2021 initial public offering ("IPO"). The Consolidated Amended Complaint alleges violations of Sections 11 and 15 of the Securities Act of 1933 based on allegedly false and misleading statements or omissions in the Company's Registration Statement issued in connection with the IPO.

Pratyush Kohli v. Full Truck Alliance Co. Ltd., et al., **Case No. 1:21-cv-03903 (E.D.N.Y.)**

On July 12, 2021, FTA, certain of its current and former directors and officers and others were named as defendants in a putative shareholder class action lawsuit filed in the Eastern District of New York. On September 13, 2022, an amended class action complaint was filed. On November 1, 2022, a second amended class action complaint ("SAC") was filed, which FTA and certain other defendants moved to dismiss on February 2, 2023. Plaintiffs submitted their opposition to FTA's motion to dismiss on April 3, 2023. FTA and certain other defendants submitted their reply in support of the motion to dismiss on May 18, 2023.

The action is brought on behalf of a putative class of persons who purchased or acquired the Company's securities from June 22, 2021 to July 2, 2021. The SAC alleges violations of Sections 11 and 15 of the Securities Act of 1933 based on allegedly false and misleading statements or omissions in the Company's Registration Statement issued in connection with the IPO. The SAC also alleges violations of Section 10(b) and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Securities Exchange Act of 1934.

Settlement

On September 17, 2023, FTA entered into a binding term sheet that agrees in principle to settle both of the class action lawsuits described above. On or around February 27, 2024, FTA and other parties to the lawsuits executed a stipulation of settlement that resolves the lawsuits for $10.25 million. The settlement amount is an all-in amount that covers all attorneys' fees, administrative costs, expenses, class member benefits, class representative awards, and costs of any kind associated with the resolution of the lawsuits. On March 8, 2024, the parties submitted the stipulation to the Supreme Court of the State of New York, or the Court, and the Court preliminarily approved the settlement on April 3, 2024. On April 8, 2024, FTA paid the settlement amount in full, to be held in escrow pending final settlement approval in accordance with the stipulation of settlement. A final settlement approval hearing has been set for September 5, 2024. By agreeing to settle the lawsuits, FTA does not admit any allegations in the lawsuits or violation of any law or regulations. The settlement is still subject to final approval by the Court and various customary conditions. There can be no assurance that a settlement will be finalized and approved on the terms to which the parties currently agreed or at all.

Licenses, Permits and Approvals

In connection with our previous issuance of securities to foreign investors, under current PRC laws, regulations and regulatory rules as of the date of this annual report, we, our PRC subsidiaries and our Group VIEs, (i) are not required to obtain permissions from the CSRC, (ii) are not required to go through cybersecurity review by the Cyberspace Administration of China, or the CAC, and (iii) have not received or were denied such requisite permissions by any PRC authority. However, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, and we cannot assure you that the relevant PRC government authorities will reach the same conclusion. The CRO announced the initiation of a cybersecurity review of the *Yunmanman* and *Huochebang* apps on July 5, 2021. During the cybersecurity review, the *Yunmanman* and *Huochebang* apps were required to suspend new user registration. Based on notification by the CRO, we have resumed new user registration on the *Yunmanman* and *Huochebang* apps since June 29, 2022. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry— The Group's business is subject to complex and evolving PRC laws and regulations relating to cybersecurity and data security; and Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure— Uncertainties exist with respect to the interpretation and implementation of the newly enacted PRC Foreign Investment Law and its implementing rules and how they may impact the Group's business, financial condition and results of operations."

The Group had obtained all requisite licenses, approvals and permits from relevant authorities that are material to its operations in China as of the date of this annual report. The following table sets out a list of material licenses and permits currently held by the Group.

License/Permit	Holder	Grant/Renew Date	Expiration Date
Value-Added Telecommunication Business Operation License	Manyun Software	January 23, 2024	January 5, 2027
Permit for Road Transport Business	Manyun Software	December 31, 2023	December 31, 2025
Value-Added Telecommunication Business Operation License	Manyun Cold Chain	March 30, 2023	September 13, 2026
Permit for Road Transport Business	Manyun Cold Chain	July 19, 2023	July 18, 2027
Approval of the Establishment of Huochebang Microfinance	Huochebang Microfinance	July 13, 2016	N/A
Approval of the Operation of Huochebang Microfinance	Huochebang Microfinance	December 15, 2016	N/A
Permit for Insurance Brokerage Business	Shan'en Insurance	February 20, 2024	March 4, 2027
Permit for Road Transport Business	Shan'en Technology	December 16, 2021	December 15, 2024

Value-Added Telecommunication Business Operation License	Shan'en Technology	August 28, 2023	December 19, 2026
Value-Added Telecommunication Business Operation License	Hainan Manyun Software Technology Co., Ltd, or Hainan Manyun	May 22, 2020	May 22, 2025
Permit for Road Transport Business	Hainan Manyun	June 3, 2020	June 2, 2024
Value-Added Telecommunication Business Operation License	Jiangsu Yunmanman Tongcheng Information Technology Co., Ltd., or Jiangsu Tongcheng	January 23, 2024	November 3, 2027
Permit for Road Transport Business	Jiangsu Tongcheng	September 15, 2023	September 14, 2027

Regulatory Matters

The following is a summary of the most significant rules and regulations that affect our business activities in China or the rights of our shareholders to receive dividends and other distributions from us.

Regulations Related to Foreign Investment

The establishment, operation and management of companies in PRC are governed by the Company Law of PRC, or the Company Law, which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994 and was most recently revised on December 29, 2023. The Company Law is applicable to both PRC domestic companies and foreign-invested companies, while the investment activities of a foreign investor shall be governed by the Foreign Investment Law of PRC and its implementation rules.

On March 15, 2019, the National People's Congress, or the NPC, approved the Foreign Investment Law of PRC or the Foreign Investment Law, which came into effect on January 1, 2020 and replaced the Sino-Foreign Equity Joint Venture Enterprise Law of PRC, the Sino-Foreign Cooperative Joint Venture Enterprise Law of PRC and the Wholly Foreign-owned Enterprise Law of PRC, and become the legal foundation for foreign investment in the PRC. Pursuant to the Foreign Investment Law, "foreign investments" refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC which include any of the following circumstances: (i) a foreign investor, solely or jointly with other investors, establishing a foreign-invested enterprise within PRC; (ii) a foreign investor acquiring shares, equity interests, property portions, or other similar rights and interests of an enterprise within PRC; (iii) a foreign investor, solely or jointly with other investors, investing in any new project within PRC; and (iv) investment of other methods as specified in laws, administrative regulations or as stipulated by the State Council by any foreign investor.

To ensure the effective implementation of the Foreign Investment Law, the Regulations on Implementing the Foreign Investment Law of PRC, or the Implementation Regulations, was promulgated by State Council on December 26, 2019 and came into effect on January 1, 2020, which further provides that, among others, (i) if a foreign-invested enterprise established prior to the effective date of the Foreign Investment Law fails to adjust its legal form or governance structure to comply with the provisions of the Companies Law or the Partnership Enterprises Law of the PRC, as applicable, and complete amendment registration before January 1, 2025, the enterprise registration authority will not process other registration matters of the foreign-invested enterprise and may publicize such non-compliance thereafter; (ii) the provisions regarding transfer of equity interest and distribution of profits and remaining assets as stipulated in the contracts among the joint venture parties of a foreign-invested enterprise established before the effective date of the Foreign Investment Law may, after adjustment of the legal form and governing structure of such foreign-invested enterprise, remain binding upon the parties during the joint venture term of the enterprise. In order to coincide with the implementation of the Foreign Investment Law and the Implementation Regulations, the MOFCOM, and the SAMR promulgated the Measures for Reporting of Information on Foreign Investment on December 30, 2019, effective from January 1, 2020, which provides that foreign investors or foreign-invested enterprises, shall submit investment information by submitting initial reports, change reports, deregistration reports, and annual reports through an enterprise registration system and a national enterprise credit information publicity system.

According to the Foreign Investment Law, the State Council shall promulgate or approve a list of special administrative measures for access of foreign investments, or the Negative List. The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List, and pursuant to which the foreign investors shall not invest in the "prohibited" industries and shall meet certain requirements as stipulated under the Negative List for making investment in "restricted" industries and the NDRC and the Ministry of Commerce issued the Special Entry Management Measures (Negative List) for the Access of Foreign Investment (2021 version), or the 2021 Negative List, which took effect on January 1, 2022. The 2021 Negative List sets out the industries in which foreign investments are prohibited or restricted. Pursuant to the Foreign Investment Law, the Implementation Regulations and the 2021 Negative List, foreign investors shall not make investments in prohibited industries as specified in the negative list, while foreign investments must satisfy certain conditions stipulated in the negative list for investment in restricted industries. Industries not listed in the 2021 Negative List shall be regulated according to the principle of equal treatment of domestic and foreign investments.

Regulations Related to Value-added Telecommunications Services

Regulations on Value-added Telecommunications Services

The Telecommunications Regulations of PRC, or the Telecommunications Regulations, as promulgated by the State Council on September 25, 2000 and most recently amended on February 6, 2016, requires telecommunications service providers to obtain operating licenses prior to the commencement of their operations. The Telecommunications Regulations distinguish "basic telecommunications services" from "value-added telecommunications services", and define the "value-added telecommunications services" as "telecommunications and information services provided through public networks". The State Council The Administrative Measures on Internet Information Services, or the ICP Measures, promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, classifies internet information services into "commercial internet information services" which refers to the provision with charge of payment of information or website production or other service activities to online users through the internet, and "non-commercial internet information services" which refers to the provision with free of charge of information that lying in the public domain and can be assessed by online users through the internet. The ICP Measures provides that a commercial internet information services provider must procure a value-added telecommunications business operating license from the appropriate telecommunications authorities.

On December 28, 2015, the Ministry of Information Industry of PRC, or the MII, which is the predecessor of the Ministry of Industry and Information Technology, or the MIIT) promulgated the Classification Catalogue of Telecommunications Services (2015 version), or the Classification Catalogue, which was last amended on June 6, 2019. Pursuant to the Classification Catalogue, the information services provided by the company through fixed networks, mobile networks and the Internet are all value-added telecommunications services.

Moreover, the Administrative Measures on Telecommunications Business Operating Licenses (2017 version), or the Licenses Measures, promulgated by the MIIT in July 2017 and came into effect in September 2017, set forth more provisions to specify the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under the Licenses Measures, a commercial operator of value-added telecommunications services must first obtain a value-added telecommunications services license and operate its telecommunications business in accordance with the type of telecommunications business that lies within the scope of business coverage as stated in its business permit, and pursuant to the provisions of the business permit. Otherwise, such operator might be subject to sanctions. The consolidated affiliates and their subsidiaries hold licenses for value-added telecommunications services covering online data processing and transaction processing business and internet information services.

Regulations on Foreign Investment Restriction on Value-Added Telecommunications Services

According to the 2021 Negative List, the equity ratio of foreign investment in the value-added telecommunications enterprises shall not exceed 50% except for the investment in e-commerce operation business, domestic multi-party communication business, information storage and re-transmission business or call center business. Specially, pursuant to the Regulations for the Foreign-Invested Telecommunications Enterprises, which was promulgated by the State Council on December 11, 2001 and most recently amended on May 1, 2022, the ultimate foreign equity ownership in a foreign-invested value-added telecommunication enterprise is subject to a cap of 50%.

On July 13, 2006, the MII issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, according to which, a foreign investor in the telecommunications service industry in the PRC must establish a foreign invested enterprise and apply for a telecommunications business operation license, while a domestic company that holds a value-added telecommunications business operation licenses is prohibited from leasing, transferring or selling the license to foreign investors in any means, and from providing any assistance, including providing resources, sits or facilities, to foreign investors that illegally conduct value-added telecommunications business in the PRC.

Regulations Related to Road Transportations

The Regulations on Road Transportation of PRC, promulgated by the State Council on April 30, 2004 and most recently amended on July 20, 2023, and the Provisions on Administration of Road Transportation and Stations (Sites) issued by the MOT on June 16, 2005 and last amended on November 10, 2023, requires that any individuals or institutions that applies for operation of freight transportation shall have: (i) qualified vehicles for operations; (ii) competent drivers under 60 with relevant driving licenses and (except for drivers who use general freight vehicles with a total mass of 4.5 tons or less) requisite knowledge, and (iii) sound and proper administrative systems for safe operation. The transportation administrations at the county level (districted city level, if for dangerous cargos transportations) is responsible for the issuance of the operation permit for the freight transport operating enterprise and the operation licenses for the freight transport operating vehicles. The enterprise shall conduct freight transportation operation in accordance with the scope specified under its road transportation permit and shall not transfer or rent such permit to others.

On April 15, 2016, the Stated Council promulgated the Opinions of the General Office of the State Council on In-depth Implementation of the "Internet + Circulation" Action Plan, among which the pilot program in non-vehicle operating carriers for road freight transportation is first time raised and non-vehicle operating carriers within the scope of the pilot program is allowed to provide transport service. On August 26, 2016, the MOT promulgated the Opinions of the General Office of the MOT on Promoting the Pilot Reform and Accelerating the Innovative Development of Non-vehicle Operating Carrier Logistics, according to which provincial transport departments shall formulate and implement pilot implementation plans from October 2016 to November 2017.

Since November 2017, a series of regulations regarding the operation of non-vehicle operating carriers, including the Notice on Further Promoting the Pilot Program of Non-vehicle Operating Carriers on November 15, 2017 and the Notice on Promoting Pilot Work for Non-vehicle Operating Carriers on April 8, 2018 were promulgated by the MOT. Jiangsu Provincial Department of Transportation also issued a Notice on Further Promoting the Pilot Work for Non-vehicle Operating Carriers' Road Freight on March 13, 2019. Later, on the basis of systematically summarizing the pilot work of non-vehicle operating carriers, on September 6, 2019, the MOT and the SAT jointly issued the Interim Measures for Administration of Road Freight Transport Operation on Online Platform, or the Interim Measure of Road Freight Transport, which took effect on January 1, 2020, and, pursuant to which, "online freight operation" refers to the road freight transport operation activities in which an operator integrates and allocates transport resources on an online platform, enters into a transport contract with the consignor in the capacity of a carrier, entrusts an actual carrier to complete the road freight transportation, and assumes the responsibility of the carrier. According to the Interim Measure of Road Freight Transport, besides the road transportation permit with the business scope of online freight transport, the operators of online freight transport business shall also meet the requirements on commercial internet information service pursuant to the ICP Measures. In addition, the operators of online freight transport business shall record the user registration information, identity authentication information, service information and transaction information of the actual carrier and the consignor, keep relevant tax-related materials, and ensure the authenticity, completeness and availability of such information in accordance with the requirements of the E-Commerce Law of PRC, the Law on the Administration of Tax Collection of PRC and its implementing rules. The operators of online freight transport business shall also examine the qualifications of the vehicles and drivers, subject to certain exceptions. In cases where serious accidents arise from the operators of online freight transport business entrusting unqualified drivers or vehicles to provide transportation services, such operators will be subject to relevant regulatory and administrative actions. The authorities responsible for the supervision and administration of road transportation at the county level shall issue the operation licenses with operating scope of online freight transport operation to qualified online freight operators. The term of effect of the Interim Measure of Road Freight Transport is two years since January 1, 2020. On December 20, 2023, the MOT and the SAT jointly issued the Announcement of Extending the Validity of the Interim Measures for Administration of Road Freight Transport Operation on Online Platform (2023), according to which the term of effect of the Interim Measure of Road Freight Transport was extended to December 31, 2025.

On September 24, 2019, the MOT promulgated three guidelines on the road freight transport operation on online platform, including the Service Guidelines on the Road Freight Transport Operation on Online Platform, the Guidelines on the Construction of Provincial Online Freight Information Monitoring System and the Access Guidelines on the Ministerial Online Freight Information Interaction System, all of which came into effect at the same date. Among those, the Service Guidelines on the Road Freight Transport Operation on Online Platform sets forth that the services provided by online freight operators shall meet the requirements include: (i) obtaining the value-added telecommunication business operation licenses, (ii) complying with state's requirements for graded protection of information system security, (iii) connecting to the provincial online freight information monitoring system, and (iv) equipped with features including information release, online transaction, full-process monitoring, online financial payment, consultation and complaint, query statistics and data retrieval.

Regulations Related to Credit Solutions

Regulations on Small Loan Business

In May 2008, the China Banking Regulatory Commission, or the CBRC, and the People's Bank of China, or the PBOC, jointly promulgated the Guidance on the Pilot Operation of Small Loan Companies, or the Pilot Guidance, pursuant to which a micro credit company is a company that specializes in operating a micro-loan business with investments from natural persons, legal entities or other social organizations, and which does not accept public deposits. The establishment of a small loan company is subject to the approval of the competent government authority at the provincial level. Furthermore, the balance of the capital borrowed by a small loan company from financial institutions must not exceed 50% of the net capital of such small loan company. With respect to the grant of credit, small loan companies are required to adhere to the principle of "small sum and decentralization" and the outstanding balance of the loans granted by a small loan company to one borrower cannot exceed 5% of the net capital of such company. The interest ceiling used by a small loan company may be determined by such companies but in no circumstance shall they exceed the restrictions prescribed by the judicatory authority. The interest floor is 0.9 times the base interest rate published by the PBOC. Small loan companies have the flexibility to determine the specific interest rate within the range depending on certain market conditions. In addition, according to the Pilot Guidance, small loan companies are required to establish and improve their corporate governance structures, the loan management systems, the financial accounting systems, the asset classification systems, the provision systems for accurate asset classification and their information disclosure systems, and such companies are required to make adequate provisions for impairment loss. Small loan companies are also required to accept public scrutiny supervision and are prohibited from carrying out illegal fund-raising in any form.

Based on the Pilot Guidance, many provincial governments in China, including that of Guizhou Province, promulgated local implementation rules on the administration of small loan companies. For example, General Office of Guizhou Provincial People's Government promulgated the Pilot Interim Measures for the Establishment of Small Loan Companies in Guizhou Province on October 28, 2008 and Interim Measures for the Administration of Small Loan Companies in Guizhou Province on November 9, 2018, to impose the management duties upon the relevant regulatory authorities and to specify more detailed requirements on the small loan companies within Guizhou.

On July 18, 2015, ten PRC regulatory authorities including the PBOC, the CBRC and the MIIT, jointly issued the Guidance on Promoting the Sound Development of Internet Finance, which encourages innovation to support the steady progress of Internet finance and provides classified guidance and clarifies the responsibility for supervision and administration of Internet finance.

In November 2017, The Office of the Leading Group of Special Rectification of Internet Financial Risks issued the Notice on the Immediate Suspension of Approvals for the Establishment of Online Small Loan Companies, which became effective immediately and provides that the relevant regulatory authorities of small loan companies shall not grant any approval of the establishment of network small loan companies, or grant any approval of any existed small loan business to conduct business across the provinces.

On November 2, 2020, the CBIRC and PBOC jointly published the draft Interim Measures for the Administration of Online Small Loan Business or the Draft Online Small Loan Measures for public comments. The Draft Online Small Loan Measures provide, among others, that an online small loan company must obtain the CBIRC's approval before carrying out online small loan business across different provinces. Under the Draft Online Small Loan Measures, the existing online small loan companies with businesses across provinces in China will have a three-year transition period to obtain the required approval and adjust their businesses as necessary to be in compliance with these measures. Also, the Draft Online Small Loan Measures provide raises the registered capital threshold of the small loan companies. Specifically, the paid-in registered capital of a small loan company shall be no less than RMB1 billion and among which the paid-in registered capital of a small loan company conducting small loan business across different provinces shall be no less than RMB5 billion.

Huochebang Microfinance, which is a subsidiary of one of our PRC subsidiaries is approved by the local governmental authority to conduct network small loan business.

Regulations on Financing Guarantee Business

In March 2010, the CBRC, the NDRC, the MIIT, the MOFCOM, PBOC, the State Administration for Industry and Commerce, or the SAIC, and the Ministry of Finance of PRC promulgated the Tentative Measures for the Administration of Financing Guarantee Companies, which stipulated the registered capital, business scope, operating rules, risk control and supervision of financing guarantee companies, and also provided that the outstanding balance of financing guarantee liabilities of the financing guarantee company shall not exceed 10 times of its net assets. In September 6, 2010, the CBRC promulgated the Guidelines on the Administration of Business License of Financing Guarantee Institutions, which further regulated the issuance, renewal and cancelation of the business license of financing guarantee institutions.

In August 2017, the State Council promulgated the Regulations on the Supervision and Administration of Financing Guarantee Companies, or the Financing Guarantee Regulations, which became effective on October 1, 2017. Pursuant to the Financing Guarantee Regulations, define "financing guarantee" the activities where a guarantor provides guarantee for debt financing such as borrowings or debentures of a debtor, and set out that the establishment of a financing guarantee company or engagement in the financing guarantee business without approval may result in several penalties, including but not limited to suspend its operation, confiscation of illegal gains and fines between RMB 500,000 and RMB1,000,000. The Financing Guarantee Regulations further states that the outstanding guarantee liabilities of a financing guarantee company vis-à-vis the same guaranteed party shall not exceed 10% of the net assets of the financing guarantee company, while the outstanding guarantee liabilities of a financing guarantee company vis-à-vis the same guaranteed party and its affiliated parties shall not exceed 15% of its net assets.

On October 9, 2019, the CBIRC and other eight PRC regulatory agencies promulgated the Supplementary Provisions on the Supervision and Administration of Financing Guarantee Companies, or the Financing Guarantee Supplementary Provisions, which was most recently amended on June 21, 2021. The Financing Guarantee Supplementary Provisions provides that, among others, institutions providing services such as client recommendation and credit assessment to various institutional funding partners shall not render any financing guarantee service, whether directly or in disguised form, without the necessary approval.

Each of Tianjin Full Truck Alliance Financing Assurance Co., Ltd. and Guizhou Banghuoche Financing Assurance Co., Ltd. is a subsidiary of one of our wholly foreign owned enterprises, holding a license to conduct financing guarantee business.

Regulations on Commercial Factoring

Pursuant to the Notice on Pilot Scheme for Commercial Factoring, or Notice 419, along with other circulars to launch the pilot scheme for commercial factoring, which was promulgated by the MOFCOM on June 27, 2012, a trial implementation of commercial factoring pilot work was permitted in Tianjin Binhai New District and certain other areas. According to the local implementation rules, a commercial factoring enterprise may be established upon approval by the local counterparts of the MOFCOM or other competent authorities (e.g. local financial work offices) in the said regions. The business scope of a commercial factoring company may cover trade financing services, management of sales ledgers, customer credit investigation and evaluation, management and collection of accounts receivable and credit risk guarantee. On October 18, 2019, the CBIRC issued the Circular on Strengthening the Supervision and Administration of Commercial Factoring Enterprises, which was most recently amended on June 21, 2021, to regulate the operating activities of commercial factoring enterprises, clarify regulatory responsibilities and emphasize that commercial factoring enterprises shall not engage in, among others, the following businesses: (i) absorbing public funds either directly or in disguise; (ii) lending or borrowing money from other commercial factoring enterprises, directly or in disguise; (iii) facilitating loans or entrusted by another person to facilitate loan.

Tianjin Manyun Commercial Factoring Co., Ltd., a subsidiary of one of our wholly foreign owned enterprises, is approved by competent authority to conduct commercial factoring business.

Regulations on Insurance Brokerage

The primary regulation governing the insurance intermediaries is the Insurance Law of the PRC, or the Insurance Law, as amended on April 24, 2015. According to the Insurance Law, the China Insurance Regulatory Commission, or the CIRC, is the regulatory authority responsible for the supervision and administration of the PRC insurance companies and the intermediaries in the insurance sector, including insurance brokerage.

On February 1, 2018, the CIRC promulgated the Provisions on the Regulation of Insurance Brokers, which became effective on May 1, 2018. Pursuant to the Provisions on the Regulation of Insurance Brokers, the establishment and operation of an insurance brokerage company must meet the qualification requirements specified by the CIRC, obtain approval from the CIRC and be licensed by the CIRC. Specifically, the paid-in registered capital of a cross-province insurance brokerage company at least must be RMB50 million and that for an intra-province insurance brokerage company (the one only operates within the province in which it is registered) at least must be RMB10 million.

In July 2015, the CIRC issued the Interim Measures for the Regulation of Internet Insurance Business, or the Internet Insurance Interim Measures, pursuant to which no institutions or individuals other than insurance institutions (namely, insurance companies, insurance agency companies, insurance brokerage companies and other qualified insurance intermediaries) may engage in the internet insurance business. Under the Internet Insurance Interim Measures, insurance institutions are allowed to conduct internet insurance business through both self-operated online platforms and third-party online platforms, and both self-operated online platforms and third-party online platforms are required to meet certain conditions and are subject to certain requirements. However, in December 2020, the CIRC promulgated the Measures on the Regulations of Internet Insurance Business, which took effect and replaced the Internet Insurance Interim Measures since February 1, 2021. According to which, an insurance institution, such as an insurance broker or Internet enterprises that have obtained insurance agency business permits, shall only sell Internet insurance products or provide insurance brokerage and insurance assessment services through its self-run network platform or the self-run network platforms of other insurance institutions, and the insurance application pages must belong to the self-run network platform of the insurance institution, unless otherwise required by competent authorities. In addition, the Measures on the Regulations of Internet Insurance Business imposed more stringent standards on the security management of information systems and operation data of the insurance institution, who shall be assume the primary responsibility for protecting customer information and shall follow the principles of legitimacy, rightfulness and necessity in collecting, processing and using personal information.

Shan'en Insurance, which is a subsidiary of our variable interest entities, holds a license to conduct insurance brokerage business.

Regulations on Online Payment

On June 14, 2010, the PBOC promulgated the Administrative Measures of People's Bank of China on Payment Services of Non-financial Institutions, or the Payment Services Measures, which was latest amended on April 29, 2020. According to the Payment Services Measures a non-financial institution providing monetary transfer services as an intermediary between payees and payers, including online payment, issuance and acceptance of prepaid cards or bank cards, and other payment services specified by the PBOC, is required to obtain a payment business license. Any non-financial institution or individual engaged in the payment business without this license may be ordered to cease its payment services and be subject to administrative sanctions and even criminal liabilities and without PBOC's approval, no non-financial institution or individual may engage in payment business whether explicitly or in a disguised form.

In November 2017, the PBOC published a notice, or the PBOC Notice, on the investigation and administration of illegal offering of settlement services by financial institutions and third-party payment service providers to unlicensed entities. The PBOC Notice intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting the unlicensed payment settlement services, so as to safeguard the fund security and information security.

Regulations Related to Consumer Protection

The PRC Consumer Rights and Interests Protection Law, or the Consumer Protection Law, was promulgated by SCNPC on October 31, 1993 and last amended on October 25, 2013, which became effective on March 15, 2014, to protect the legitimate rights and interests of consumers, to maintain social and economic order, and to promote the healthy development of the socialist market economy. To ensure that sellers and service providers comply with these laws and regulations, the platform operators are required to implement rules governing transactions on the platform, monitor the information posted by sellers and service providers, and report any violations by such sellers or service providers to the relevant authorities. Specifically, a consumer whose legitimate rights and interests are infringed in the purchase of commodities or receipt of services rendered through an online trading platform may seek compensation from the seller or the service provider. Where the online trading platform provider is unable to provide the true name, address and valid contact method of the seller or the service provider, the consumer may seek compensation from the online trading platform provider. In addition, online marketplace platform providers may be jointly and severally liable with sellers and manufacturers if they are aware or should be aware that any seller or manufacturer is using the online platform to infringe upon the lawful rights and interests of consumers and fail to take measures necessary to prevent or stop such activity.

The Civil Code of the PRC, or the Civil Code, was promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, which superseded the Tort Law of the PRC and the General Principles of Civil Law of the PRC. The Civil Code provides that, if an internet service provider is aware or should be aware that an internet user is infringing on the civil rights and interests of others through its internet services and fails to take necessary measures, it shall be jointly and severally liable with the said internet user for such infringement.

Regulations Related to Advertising Services

On October 27, 1994, the SCNPC promulgated the Advertising Law of the PRC, or the Advertising Law, as amended on April 24, 2015 and most recently on April 29, 2021. The Advertising Law requires that advertisers, advertising operators, and advertisement publishers shall abide by the laws and administrative regulations, and by the principles of fairness and good faith while engaging in advertising activities. Administrative departments for industry and commerce at and above the county level are in charge of supervision and administration of advertising.

Besides, on February 25, 2023, the SAMR promulgated the Administrative Measures for Internet Advertising, or the Internet Advertising Measure, which became effective on 1 May 2023. The Internet Advertising Measure outlines the requirements that advertisers shall meet while operating advertising business online.

Regulations Related to Internet Security and Privacy Protection

Regulations on Internet Security

The Decisions on Protection of Internet Security enacted by the SCNPC on December 28, 2000, as amended in August 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (i) intrusion into a strategically significant computer or system; (ii) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby destroying the computer system and the communications networks; (iii) violating national regulations, suspending the computer networks or the communication services without authorization; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through the internet.

On December 13, 2005, the Ministry of Public Security promulgated the Provisions on Technical Measures for the Internet Security Protection, which provides that internet service providers to take proper measures including anti-virus, data back-up, keeping records of certain information such as the login-in and exit time of uses, and other related measures, and to keep records of certain information about their users for at least 60 days, and detect illegal information. According to these measures, operators that hold value-added telecommunications service license must regularly update the information security and content control systems of their websites, and shall also report any public dissemination of prohibited content to the local public security authorities.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of PRC, or the Cybersecurity Law, effective as of June 1, 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. The Cybersecurity Law defines “network” as a system comprising computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with specific rules and procedures. “Network operators”, who are broadly defined as owners and administrators of networks and network service providers, are subject to various security protection-related obligations, including: (i) complying with security protection obligations under graded system for cybersecurity protection requirements, which include formulating internal security management rules and operating instructions, appointing cybersecurity responsible personnel and their duties, adopting technical measures to prevent computer viruses, cyber-attack, cyber-intrusion and other activities endangering cybersecurity, adopting technical measures to monitor and record network operation status and cybersecurity events; (ii) formulating a emergency plan and promptly responding and handling security risks, initiating the emergency plans, taking appropriate remedial measures and reporting to regulatory authorities in the event comprising cybersecurity threats; and (iii) providing technical assistance and support to public security and national security authorities for protection of national security and criminal investigations in accordance with the law.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Revised Cybersecurity Review Measures, or the Cybersecurity Review Measures, which came into effect on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) the purchase of cyber products and services by critical information infrastructure operators, or the CIIOs, and the network platform operators, or the Network Platform Operators, which engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

The PRC Data Security Law was promulgated on June 10, 2021 and took effect on September 1, 2021. The Data Security Law sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing Data security protection responsibility.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, critical information infrastructure shall mean any important network facilities or information systems of the important industry or field such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defence science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, competent departments and administration departments of each important industry and field, or the Protection Departments, shall be responsible to formulate determination rules and determine the critical information infrastructure operator in the respective important industry or field. The result of the determination of critical information infrastructure operator shall be informed to the operator.

On November 14, 2021, the CAC published the Regulations on Network Data Security Management (Draft for Comments), or the Draft Regulations on Cyber Data Security Management, which specified that data processor who seeks to go public in Hong Kong, which affects or may affect national security, shall apply for cybersecurity review.

On December 31, 2021, the CAC, the MIIT, the Ministry of Public Security, the SAMR jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation, which became effect on March 1, 2022. The Administrative Provisions on Internet Information Service Algorithm Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on various criteria, and stipulates that algorithm recommendation service providers with public sentiment attributes or social mobilizing capability shall file with the CAC within ten business days from the date of providing such services.

On November 25, 2022, the CAC, MIIT and the Ministry of Public Security promulgated the Administrative Provisions on Deep Synthesis of Internet Information Service , which took effect on January 10, 2023. The "deep synthesis technology" provided in such provisions refers to the technology to generate text, graphics, radio, video, virtual scenes, among others, with the use of deep learning and virtual reality. The measures emphasize that the deep synthesis services shall not be utilized for illegal activities prohibited by laws and regulations, and specifically, the related providers of such deep synthesis services shall (i) establish and improve control systems in regard to user registration, algorithm review, technological ethic review, information public review, data security, personal information protection, anti-telecom and online fraud, emergency disposal, etc. and hold safe and controlled technical protection measures; (ii) formulate and publicize related management rules and platform pacts, improve service agreements, perform management responsibilities in accordance with laws and agreements, and inform with explicit methods the technical supporters and users of the deep synthesis of their respective information safety obligations.

On July 10, 2023, the CAC together with other relevant authorities, released the Provisional Administrative Measures for Generative Artificial Intelligence Services, or Generative AI Services Measures, which came into effect on August 15, 2023 and mainly impose compliance requirements on providers of generative AI services. According to the Generative AI Services Measures, individuals or organizations that provide generative AI services of text, image, audios, videos and other content shall be responsible as the producers of such network information content and as the personal information processors to protect any personal information involved. Providers of generative AI services shall enter into service agreements with users registering for their generative AI services and shall adopt effective measures to prevent minor users from over-relying or addicting to generative AI services. In the event where illegal content or users engaging in illegal activities using generative AI services are discovered, the generative AI services providers are required to take appropriate measures, including stopping the generation of such illegal content and suspending or terminating the provision of services, undergo rectifications, keep relevant records and report to the competent authority. Any provider of generative AI services with public sentiment attributes or social mobilizing capability shall conduct security assessment and complete certain filings in accordance with relevant regulations. Providers of generative AI services may be subject to penalties for non-compliance, including warning, public denouncement, rectification orders and suspension of the provision of relevant services.

On July 7, 2022, the CAC promulgated the Security Assessment Measures for Outbound Data Transfer, or the Security Assessment Measures, which became effective on September 1, 2022. These measures require the data processor providing data overseas and falling under any of the following circumstances to apply for the security assessment of cross-border data transfer with the local provincial-level counterparts of the national cybersecurity authority. On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flows, which amended the Security Assessment Measures and further clarified the circumstances under which the security assessment of cross-border data transfer shall be applied for: (i) where a critical information infrastructure operator provides personal information or important data abroad; or (ii) where any data handler other than a critical information infrastructure operator provides important data abroad or, as of January 1 of the current year, provides personal information (excluding sensitive personal information) of not less than 1,000,000 people or sensitive personal information of not less than 10,000 people in aggregate to overseas parties. Furthermore, the data processor shall conduct a self-assessment on the risk of data cross-border transfer prior to applying for the foregoing security assessment or enter into a standard contract with overseas recipients for provision of personal information abroad if (i) such data processor, other than a critical information infrastructure operator, provides no less than 100,000 but no more than 1 million persons' personal information (excluding sensitive personal information) abroad, or (ii) no more than 10,000 persons' sensitive personal information abroad, accumulatively as of January 1 of the current year.

On April 14, 2023, the PRC Ministry of Transport published the Administrative Measures for the Security Protection of Highway and Waterway Critical Information Infrastructure, which stipulates that the Ministry of Transport shall formulate and improve the rules for identification of highway and waterway critical information infrastructure, considering following factors: (i) the degree of importance of network facilities and information systems for key core business of highway and waterway; (ii) the possible degree of harm in the event of destruction or disfunction of network facilities and information systems, or data leakage; and (iii) the relevant impact to other industries and fields.

Regulations on Privacy Protection

Pursuant to the Decisions on Strengthening the Protection of Online information, issued by the SCNPC in 2012 and the Protection Provisions for the Personal Information of Telecommunications and Internet Users promulgated by the MIIT in 2013, telecommunication business operators and internet service providers are required to set up their own rules for collecting and use of internet users' information and are prohibited from collecting or use such information without consent from users. Moreover, telecommunication business operators and internet service providers shall strictly keep users' personal information confidential and shall not divulge, tamper with, damage, sell or illegally provide others with such information.

On February 4, 2015, the CAC, promulgated the Provisions on the Administrative of Account Names of Internet Users, which became effective as of March 1, 2015, setting forth the authentication requirement for the real identity of internet users by requiring users to provide their real names during the registration process. In addition, these provisions specify that internet information service providers are required by these provisions to accept public supervision, and promptly remove illegal and malicious information in account names, photos, self-introductions and other registration-related information reported by the public in a timely manner.

On June 27, 2022, the CAC promulgated the Administrative Provisions on the Account Information of Internet Users, which took effect on August 1, 2022. The obligations of internet-based information service providers include but not limited to: (i) verify identities of the users who apply for registration through mobile phone numbers, identity document numbers or unified social credit codes; (ii) display the location information of IP addresses of internet users' accounts on the information page of internet users' accounts; and (iii) equip themselves with professional and technical capabilities appropriate to the scale of services.

The Cybersecurity Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage and disclosure of personal data, and internet information service providers being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged or lost. Any violation of the Cybersecurity Law may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of websites or criminal liabilities. On July 22, 2020, the MIIT issued the Notice on Carrying out Special Rectification Actions in Depth against the Infringement upon Users' Rights and Interests by Apps, which further provides a list of rectification tasks in which APP service providers are prohibited from illegally processing personal information of users, setting up obstacles and frequently harassing users, and cheating or misleading users.

On May 28, 2020, the NPC adopted the Civil Code, which came into effect on January 1, 2021. Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

On August 20, 2021, the SCNPC promulgated the Law of Personal Information Protection of PRC, or the Personal Information Protection Law, which became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) purpose of processing personal information, processing method, type of personal information processed, and retention period; (iii) methods and procedures for individuals to exercise their rights under this law; and (iv) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorized access and personal information leakage, tampering, and loss: (i) formulate internal management systems and operating procedures; (ii) implement classified management of personal information; (iii) adopt corresponding security technical measures such as encryption and de-identification; (iv) reasonably determine the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulate and organize the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations. Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfil the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and apply programs for illegal processing of personal information, order to suspend or terminate the provision of services; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. If the aforesaid illegal act and the circumstances are serious, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business license; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit he/she serves as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

Regulations on Mobile Internet Application Information Services

On June 28, 2016, the Cyberspace Administration of PRC issued the Administrative Provisions on Mobile Internet Application Information Services, which was amended on June 14, 2022, and the latest amendment of which took effect from August 1, 2022. Pursuant to which, internet information service providers who provide information services through mobile internet applications are required to perform the following duties, including, but not limited to: (i) verify identities with the registered users through mobile phone numbers, identity document numbers or unified social credit codes; (ii) establish a sound information content review and management mechanism; and (iii) not induce users to download apps by means of false advertisement, bundled downloads, or other acts, or via machine or manual comment control, or by using illegal and harmful information.

The Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Applications issued by three authorities including MIIT and SAMR on January 23, 2019, pursuant to which, (i) application operators are prohibited from collecting any personal information irrelevant to the services provided by such operator; (ii) information collection and usage policy should be presented in a simple and clear way, and such policy should be consented by the users voluntarily; (iii) authorization from users should not be obtained by coercing users with default or bundling clauses or making consent a condition of a service. App operators violating such rules can be ordered by authorities to correct its incompliance within a given period of time, be reported in public; or even suspend its operation for rectification or cancel its business license or operational permits.

The MIIT issued the Notice on the Further Special Rectification of Apps Infringing upon Users' Personal Rights and Interests, or the Further Rectification Notice, on July 22, 2020. The Further Rectification Notice requires that certain conducts of app service providers should be inspected, including, among others, (i) collecting personal information without the user's consent, collecting or using personal information beyond the necessary scope of providing services, and forcing users to receive advertisements; (ii) requesting user's permission in a compulsory and frequent manner, or frequently launching third-parties apps; and (iii) deceiving and misleading users into downloading apps or providing personal information. The Further Rectification Notice also set forth that the period for the regulatory specific inspection on apps and that the MIIT will order the non-compliant entities to modify their business within five business days, or otherwise to make public announcement to remove the apps from the app stores and impose other administrative penalties.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law, or the Personal Information Protection Law, which became effective on November 1, 2021. The Personal Information Protection Law specifically provided rules for processing sensitive personal information in details and clarifies that personal information that, once leaked or illegally used, may easily cause harm to the dignity of natural persons or grave harm to personal or property security, including information on biometric characteristics, financial accounts, individual location tracking, etc., as well as the personal information of minors under the age of 14. Personal information processors shall take responsibility for their personal information processing activities, and adopt necessary measures to safeguard and protect the security of the personal information they process. Processors that fail to process personal information in accordance with such law will be ordered to correct or suspend or termination of its business or subject to confiscation of illegal income, fines or other penalties.

Regulations Related to Intellectual Property Rights

Patent

The NPC adopted the Patent Law of the PRC in 1984 and most recently amended on October 17, 2020 and became effective on June 1, 2021. A patentable invention, utility model or design must meet three conditions: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term for an invention, a fifteen-year term for a design and a ten-year term for a utility model, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

Trademarks

Trademarks are protected by the Trademark Law of the PRC which was adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019 respectively as well as by the Implementation Regulations of the Trademark Law of the PRC adopted by the State Council in 2002 and as most recently amended on April 29, 2014. The Trademark Office handles trademark registrations. The Trademark Office grants a ten-year term to registered trademarks and the term may be renewed for another ten-year period upon request by the trademark owner. A trademark registrant may license its registered trademarks to another party by entering into trademark license agreements, which must be filed with the Trademark Office for its record. As with trademarks, the Trademark Law has adopted a first-to-file principle with respect to trademark registration. If a trademark applied for is identical or similar to another trademark which has already been registered or subject to a preliminary examination and approval for use on the same or similar kinds of products or services, such trademark application may be rejected. Any person applying for the registration of a trademark may not injure existing trademark rights first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a sufficient degree of reputation through such party's use.

Copyright

The SCNPC adopted the Copyright Law of the PRC in 1990 and most recently amended on November 11, 2020 and became effective on June 1, 2021, with its implementing rules adopted in 1991 and most recently amended in 2013 by State Council and the Regulations on Protection of the Right to Network Dissemination of Information promulgated by the State Council on May 18, 2006 and mostly amended on January 30, 2013. These rules and regulations extend copyright protection to internet activities, products disseminated over the internet and software products. The latest amended version of the PRC Copyright Law further extends copyright protection to internet activities, products disseminated over the internet and software products, for instance, reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law of the PRC, constitute infringements of copyrights. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. According to the aforementioned laws and regulation, the term of protection for copyrighted software is fifty years.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Internet Domain Names, which replaced the Measures on Administration of Domain Names for the Chinese Internet in November 2004, issued by MIIT and effective as of November 1, 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations Related to Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC, most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

In February 2012, the SAFE issued the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, or the SAFE Circular 7. Pursuant to SAFE Circular 7, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency.

On July 4, 2014, the SAFE issued the SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or the SAFE Circular 37. SAFE Circular 37 regulates foreign exchange matters in relation to the use of special purpose vehicles, or the SPV, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under SAFE Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign-invested enterprises to obtain the ownership, control rights and management rights. SAFE Circular 37 provides that, before making contribution into an SPV, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment in February 2015, which took effect on June 1, 2015. This notice has amended SAFE Circular 37 requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

On March 30, 2015, the SAFE issued the SAFE Circular 19, which took effect on June 1, 2015 and was partially abolished on December 30, 2019. This circular expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. On June 9, 2016, SAFE further promulgated the SAFE Circular 16, which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

Regulations Related to Taxation

Regulations on Enterprise Income Tax

On March 16, 2007, the SCNPC promulgated the Enterprise Income Tax Law of the PRC which was amended on February 24, 2017 and December 29, 2018, respectively, and on December 6, 2007, the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax which was amended on April 23, 2019. Under these laws and regulations, or the EIT Law, both resident enterprises and non-resident enterprises are subject to enterprise income tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied, unless they qualify for certain exceptions. Pursuant to the EIT Law and its implementation rules, the income tax rate of an enterprise that has been determined to be a high and new technology enterprise may be reduced to 15% with the approval of relevant tax authorities. If non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Regulations on Value-added Tax

The Provisional Regulations of the PRC on Value-added Tax were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994, which was subsequently amended in 2008, 2016 and 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) was promulgated by the Ministry of Finance, on December 25, 1993, which was subsequently amended in 2008 and 2011. Pursuant to these regulations, or the VAT Law, all enterprises and individuals selling goods, services, intangible assets or real properties, providing processing, repair and replacement services, and importing goods in or to the PRC must pay VAT and entities or individuals providing services are subject to the VAT at a rate of 6% or 9% unless otherwise provided under relevant laws and regulations. In addition, pursuant to the VAT Law, all enterprise providing transportation services in the PRC must pay VAT at a rate of 11%. On April 4, 2018, the Ministry of Finance and the SAT issued the Notice on Adjustment of Value-added Tax Rates, which came into effect on May 1, 2018. According to such notice, the taxable goods or sales activities previously subject to VAT rates of 11% become subject to lower VAT rates of 10% starting from May 1, 2018. Furthermore, according to the Announcement on Relevant Policies for Deepening Value-added Tax Reform jointly promulgated by the Ministry of Finance, the SAT and the General Administration of Customs, which became effective on April 1, 2019, the taxable goods or sales activities previously subject to VAT rates of 10% become subject to lower VAT rates of 9% respectively starting from April 1, 2019. As a result, currently, the Group is subject to VAT at a rate of 9% on the freight brokerage service.

Regulations on Income Tax for Share Transfer

On February 3, 2015, the SAT issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or the SAT Circular 7, which partially replaced and supplemented previous rules under the Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or the SAT Circular 698. On October 17, 2017, SAT issued the SAT Circular 37, which came into effect on December 1, 2017 and concurrently abolished SAT Circular 698 as well as certain provisions in SAT Circular 7. The SAT Circular 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax. By promulgating and implementing these circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests or other taxable assets in a PRC resident enterprise by a non-resident enterprise. Under SAT Notice 7 and SAT Circular 37, where a non-resident enterprise transfers the equity interests or other taxable assets of a PRC "resident enterprise" indirectly by disposition of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority this "indirect transfer." Using a "substance over form" principle, the PRC tax authority may re-characterize such indirect transfer as a direct transfer of the equity interests in the PRC tax resident enterprise and other properties in China. As a result, gains derived from such indirect transfer may be subject to PRC tax at a rate of up to 10%.

Regulations Related to Labor Protection

The Labor Law of the PRC, promulgated by the SCNPC on July 5, 1994, effective since January 1, 1995 and amended on August 27, 2009 and December 29, 2018, requires the employers to establish and improve their rules and regulations appropriately to protect their employees' labor rights. Where the rules or regulations formulated by an employer violates any laws or regulations, the employer will be issued a warning and ordered to rectify by the labor administrative authority; where damage is caused to an employee, the employer shall be liable for compensation to the employee.

The Labor Contract Law of the PRC, which was promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012 and came into effect on July 1, 2013, and the Implementation Regulations on Labor Contract Law which was promulgated by the State Council and came into effect on September 18, 2008, stipulate the relations of employer and the employee, and contain specific provisions including but not limited to the probationary period and liquidated damages to protect the rights and interests of the employees.

Regulations Related to Anti-Monopoly

The SCNPC promulgated the Anti-Monopoly Law of the PRC, or the Anti-Monopoly Law, on August 30, 2007, which was last amended on June 24, 2022 and became effective on August 1, 2022. According to the Anti-Monopoly Law, the prohibited monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition. On March 10, 2023, the SAMR promulgated four specific regulations according to the Anti-Monopoly Law, including the Provisions on Prohibition of Monopoly Agreements, Provisions on Prohibition of Abuse of Market Dominance, Provisions on the Review of Concentrations of Undertakings and Provisions on Curbing the Abuse of Administrative Power to Exclude or Restrict Competition (hereinafter collectively referred to as the Anti-Monopoly Regulations), which came into effect on April 15, 2023. Such Anti-Monopoly Regulations have refined the relevant provisions of the Anti-monopoly Law, optimized the procedures for regulation and law enforcement, and strengthened the legal liability of relevant entities.

The Rules of the State Council on Declaration Threshold for Concentration of Undertakings, were promulgated by the SAMR on the January 22, 2024 and came into effect on the same day, which raises the reporting thresholds for concentration of undertakings, and adds circumstances that need an advanced declaration. The deadline for public comments of such revision draft is July 27, 2022. Pursuant to the Anti-Monopoly Law and such provisions, when a concentration of undertakings occurs and reaches any of the following thresholds, the undertakings concerned shall file a prior notification with the anti-monopoly agency (i.e., the SAMR), (i) the total global turnover of all operators participating in the transaction exceeded RMB12 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB4 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year are triggered, and no concentration shall be implemented until the anti-monopoly agency clears the anti-monopoly filing. "Concentration of undertakings" means any of the following: (i) merger of undertakings; (ii) acquisition of control over another undertaking by acquiring equity or assets; or (iii) acquisition of control over, or exercising decisive influence on, another undertaking by contract or by any other means.

In March 2018, the State Administration for Market Regulation, or SAMR, was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the Ministry of Commerce, or the MOFCOM, the National Development and Reform Commission, or the NDRC and the SAIC, respectively.

In February 2021, the Anti-monopoly Bureau of SAMR published the Guidelines on Anti-monopoly Issues in Platform Economy, or the Platform Economy Anti-monopoly Guidelines. The Platform Economy Anti-monopoly Guidelines set out detailed standards and rules in respect of definition of relevant markets, typical types of cartel activity and abusive behavior by the operators of internet platform with market dominance, as well as merger control review procedures involving variable interest entities, which provide further guidelines for enforcement of anti-monopoly laws regarding online platform operators. Moreover, the Platform Economy Anti-monopoly Guidelines further clarified the calculation of the thresholds for declaring concentration of online platform operators, as well as the evaluation of the effect of the concentration of online platform operators on competition. Where the concentration of undertakings meets the declaration standards set by the State Council, the operators shall declare to the Antimonopoly Law Enforcement Agency of the State Council in advance, and the concentration shall not be implemented if the concentration is not declared. According to the applicable Anti-Monopoly Law of the PRC, the State Council's anti-monopoly enforcement agency may order business operators to cease illegal concentration, to dispose shares, assets or businesses within a certain period of time, or to take other necessary measures to restore to the state before the concentration. The enforcement agency may also impose upon a business operator (i) a fine up to ten percent of the business operator's sales revenue in the past year, if the concentration of undertakings has or may have an effect of excluding or limiting competition, or (ii) a fine up to RMB5 million if the concentration of undertakings does not have the effect of excluding or limiting competition. Although we do not believe we were required to make merger control review filing or obtain merger control approval in relation to the historical merger between *Yunmanman* and *Huochebang*, there can be no assurance that regulators will not initiate anti-monopoly investigation in the future due to our large scale of business and increased regulatory scrutiny. In addition, although we do not believe we have engaged in any behaviors in violation of the Anti-monopoly Law, such as entering into monopolistic agreements or abusing market position, we cannot assure you that the regulators would agree with us and we may be required to adjust our business practices or may be subject to penalties, such as confiscation of incomes or potential fines, if our business practices are deemed to be non-compliant with the Anti-monopoly Law. We may also be subject to claims from our competitors or users, which could adversely affect the Group's business and operations. Please see "Item 3. Key Information —D. Risk Factors—Risks Relating to Our Business and Industry—Regulatory uncertainties relating to, or failure to comply with, anti-monopoly and competition laws could adversely affect the Group's business, financial condition, or operating results."

Regulations Related to M&A Rules and Overseas Listing

On August 8, 2006, six PRC regulatory agencies, including the CSRC, jointly adopted the M&A Rules, which became effective on September 8, 2006 and late amended on June 22, 2009. Foreign investors shall abide by the M&A Rules, when purchasing equity interests or subscribing the increased capital of a domestic company, and thus changing the nature of the company from a domestic one to a foreign-invested enterprise; or when establishing a foreign-invested enterprise directly in the PRC and operating the assets purchased from a domestic company; or when purchasing the assets of a domestic company, establishing a foreign-invested enterprise by injecting such assets and then operating the assets.

The M&A Rules purport, among other things, to require offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. However, the FIL partially replaced the M&A Rules in its rules on foreign investors to acquire non-related domestic company stocks or assets, while the equity or assets acquisition of an affiliated domestic company by a foreign investor shall still be subject to the M&A Rules.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Strictly Cracking-down Illegal Securities Activities in Accordance with the Law, which called for the improvements of the laws and regulations related to data security, cross-border data flow and management of confidential information. It also pointed out that the relevant regulators shall take time to revise the regulations on strengthening confidentiality and file management in relation to the issuance and listing of securities overseas, and clarify the main responsibility of the competent domestic regulators for the protection of information of overseas listed companies.

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "New Regulations on Filing"), and published the answers to reporters' questions and an announcement about filing management arrangements. According to the announcement, overseas public enterprises shall be deemed as stock enterprises and no immediate filing is required for such enterprises, however subsequent filings should be made as required if refinancing and other filing matters are occurred. Under New Regulations on Filing, subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and if the subsequent securities offerings is conducted in other overseas markets than where is has offered and listed, then it shall be filed with the CSRC within three working days after the relevant application is submitted overseas. A domestic company that seeks to directly or indirectly list its domestic assets in overseas markets through single or multiple acquisitions, share swaps, transfers of shares or other means and where overseas applications documents are not required, the listed company shall file with CSRC within three working days after the first public disclosure of the specifics of the transaction. In addition, overseas public enterprises shall submit a report to CSRC within three working days after the occurrence and public disclosure of following material events, including (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment; (4) voluntary or mandatory delisting.

C. Organizational Structure

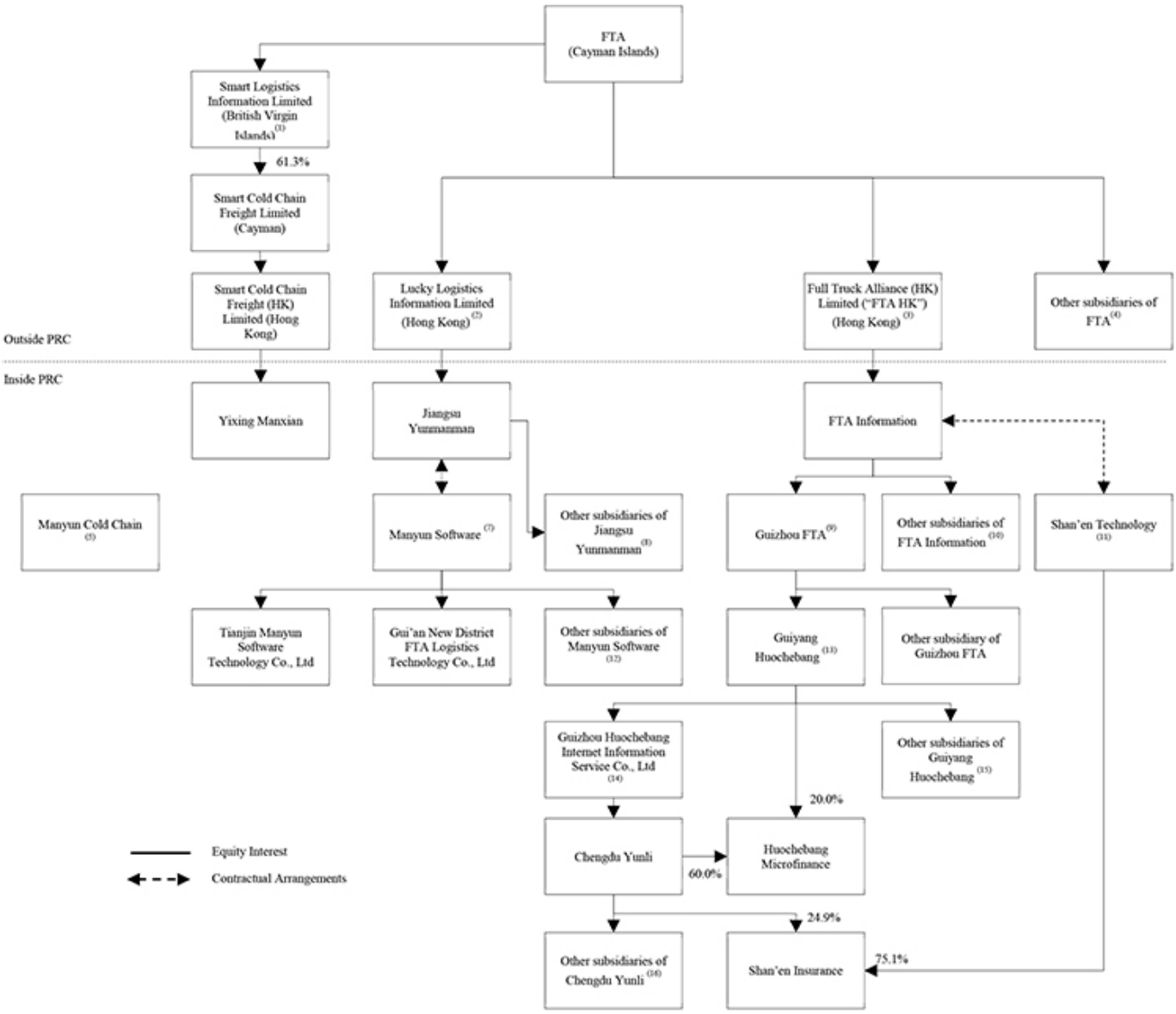
Our Corporate Structure

Due to PRC laws and regulations that impose certain restrictions or prohibitions on foreign equity ownership of entities providing value-added telecommunications services and certain financial services, we conduct a substantial part of our operations in China through contractual arrangements with the Group VIEs. Prior to March 2021, our Group VIEs were Shanghai Xiwei, Beijing Manxin, and Guiyang Huochebang. These Group VIEs and their subsidiaries held certain licenses required to operate our business in China. Jiangsu Yunmanman, our subsidiary, exercised control over Shanghai Xiwei and Beijing Manxin through a series of contractual arrangements with Shanghai Xiwei, Beijing Manxin and their respective shareholders. FTA Information, our subsidiary, exercised control over Guiyang Huochebang through a series of contractual arrangements with Guiyang Huochebang and its shareholders.

In March 2021, as directed by FTA Information, Guizhou FTA, a newly established entity, acquired 100% of equity interest in Guiyang Huochebang for a nominal price from the shareholders of Guiyang Huochebang, and FTA Information gained control over Guizhou FTA through a series of contractual arrangements with Guizhou FTA and its shareholders. As a result, Guizhou FTA became a Group VIE, and Guiyang Huochebang became a subsidiary of Guizhou FTA.

In the fourth quarter of 2021, in order to enhance corporate governance, we underwent the Reorganization. The Reorganization mainly involved (i) changing the Group VIEs and (ii) changing certain subsidiaries of the Group VIEs to wholly-owned or partly-owned subsidiaries of our Company, to the extent permitted under the relevant PRC laws and regulations. Manyun Software and Shan'en Technology, which were wholly-owned subsidiaries of Shanghai Xiwei prior to the Reorganization, were transferred to nominee shareholders in the fourth quarter of 2021. Jiangsu Yunmanman gained control over Manyun Software through a series of contractual arrangements with Manyun Software and its shareholders, and FTA Information gained control over Shan'en Technology through a series of contractual arrangements with Shan'en Technology and its shareholders. Manyun Software acquired Beijing Manxin and Shanghai Xiwei from their respective shareholders for nominal price and they became indirectly wholly-owned subsidiaries of Manyun Software in November 2021. In addition, we acquired Beijing Manxin and Shanghai Xiwei from Manyun Software and they became indirectly wholly-owned subsidiaries of Jiangsu Yunmanman on January 1, 2022. Meanwhile, we acquired Guizhou FTA from its shareholders and it became a wholly-owned subsidiary of FTA Information on January 1, 2022.

The contractual arrangements with Shanghai Xiwei and its former shareholders were terminated on November 18, 2021; the contractual arrangements with Beijing Manxin and its former shareholders were terminated on November 26, 2021; and the contractual arrangements with Guizhou FTA and its former shareholders were terminated on January 1, 2022. The Reorganization was completed on the same date.



In May 2022, Yixing Manxian, our PRC subsidiary, gained control over Manyun Cold Chain, which was a majority-owned subsidiary of Manyun Software, through a series of contractual arrangements with Manyun Cold Chain and its shareholders. Currently, the Group VIEs are Manyun Software, Shan'en Technology and Manyun Cold Chain.

The following diagram illustrates our corporate structure with our principal subsidiaries as of December 31, 2023. Certain entities that are immaterial to our results of operations, business and financial condition are omitted. Except as otherwise specified, equity interests depicted in this diagram are held as to 100%.

(1) Smart Logistics Information Limited also wholly owns one insignificant subsidiary.
(2) Besides Jiangsu Yunmanman, Lucky Logistics Information Limited wholly owns two insignificant subsidiaries incorporated in the PRC.
(3) Besides FTA Information, FTA HK's subsidiaries include two insignificant subsidiaries incorporated in the PRC that are wholly-owned by FTA HK and one insignificant subsidiary incorporated in the British Virgin Islands that is wholly-owned by FTA HK.
(4) Include two insignificant subsidiaries that are wholly-owned by FTA.
(5) Manyun Software, Tianjin Zhihui, Mr. Peter Hui Zhang and Mr. Wenjian Dai hold 77.5%, 10.0%, 7.5% and 5.0% of equity interest in Manyun Cold Chain, respectively. Manyun Cold Chain primarily provides freight matching services for the cold chain logistics sector and operates Yunmanman Cold Chain apps.
(6) Jiangsu Yunmanman and another subsidiary of Lucky Logistics Information Limited each holds 50.0% of the equity interest in Manyun Technology.
(7) Mr. Peter Hui Zhang and Ms. Guizhen Ma hold 70% and 30% equity interest, respectively, in Manyun Software. Manyun Software and its subsidiaries are primarily involved in operating the *Yunmanman* apps and *Shengsheng* apps and providing freight matching services.
(8) Include eight insignificant subsidiaries that are wholly-owned by Jiangsu Yunmanman.
(9) In March 2021, Guizhou FTA became a Group VIE. On January 1, 2022, FTA Information acquired Guizhou FTA from its shareholders and it became a wholly-owned subsidiary of FTA Information.
(10) Include two insignificant subsidiaries that are wholly owned by FTA Information.
(11) Mr. Peter Hui Zhang and Ms. Guizhen Ma hold 70% and 30% equity interest, respectively, in Shan'en Technology. Shan'en Technology and its subsidiaries are primarily involved in operating the *Huochebang* apps and providing freight matching services and insurance brokerage services.
(12) Include eleven insignificant subsidiaries that are wholly-owned by Manyun Software and one insignificant subsidiary that are majority-owned by Manyun Software.
(13) Previously, Guiyang Huochebang was a Group VIE. In March 2021, as directed by FTA Information, Guizhou FTA, a newly established entity, acquired 100% of equity interest in Guiyang Huochebang for a nominal price from the shareholders of Guiyang Huochebang, and FTA Information gained control over Guizhou FTA through a series of contractual arrangements with Guizhou FTA and its shareholders. As a result, Guizhou FTA became a Group VIE, and Guiyang Huochebang became a subsidiary of Guizhou FTA.
(14) Guiyang Huochebang and FTA Information hold 83.8% and 16.2% of equity interest in Guizhou Huochebang Internet Information Service Co., Ltd., respectively.
(15) Include nine insignificant subsidiaries that are wholly-owned by Guiyang Huochebang.
(16) Include two insignificant subsidiaries that are wholly-owned by Chengdu Yunli.

Contractual Arrangements with the Group VIEs

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign equity ownership of entities providing value-added telecommunications services and certain financial services. We are a company registered in the Cayman Islands. See "—B. Business Overview — Regulatory Matters—Regulations Related to Foreign Investment." Jiangsu Yunmanman, FTA Information and Yixing Manxian are considered as foreign-invested enterprises. We effectively control our Group VIEs through these contractual arrangements, as described in more detail below, which collectively enables us to:

- exercise effective control over our Group VIEs and their subsidiaries;
- receive substantially all the economic benefits of our Group VIEs; and
- have an exclusive option to purchase all or part of the equity interests in all or part of the assets when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we are the primary beneficiary of the consolidated affiliates for accounting purposes. We have consolidated their financial results in our consolidated financial statements in accordance with U.S. GAAP.

In the opinion of CM Law Firm, our PRC legal counsel:

- the ownership structures of Jiangsu Yunmanman, FTA Information, Yixing Manxian, Manyun Software, Shan'en Technology and Manyun Cold Chain in China do not violate any applicable PRC law, regulation, or rule currently in effect; and

- before the termination date of the contractual arrangements with respect to Beijing Manxin, Shanghai Xiwei, and Guizhou FTA, the ownership structures of Jiangsu Yunmanman, FTA Information, Beijing Manxin, Shanghai Xiwei and Guizhou FTA in China do not violate any applicable PRC law, regulation, or rule then in effect;
- the contractual arrangements with respect to Manyun Software, Shan'en Technology and Manyun Cold Chain governed by PRC laws are valid, binding and enforceable in accordance with their terms and applicable PRC laws, rules, and regulations currently in effect, and do not violate any applicable PRC law, regulation, or rule currently in effect; and
- before the termination date of the contractual arrangements with respect to Beijing Manxin, Shanghai Xiwei, and Guizhou FTA, the contractual arrangements governed by PRC laws were valid, binding and enforceable in accordance with their terms and applicable PRC laws, rules, and regulations then in effect, and do not violate any applicable PRC law, regulation, or rule then in effect.

However, there are substantial uncertainties regarding the interpretation and application of current PRC laws and regulations related to the contractual arrangements. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in the aforesaid business we engage in, we could be subject to severe penalties including being prohibited from continuing operations. See "Item 3. Key Information — D. Risk Factors—Risks Relating to Our Corporate Structure."

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. For additional information, see "Item 3. Key Information — D. Risk Factors—Risks Relating to Our Corporate Structure—We rely on contractual arrangements with the Group VIEs and their shareholders to conduct a substantial part of the Group's operations in China, which may not be as effective as direct ownership in providing operational control and otherwise have a material adverse effect as to our business."

The following are summaries of (i) the currently effective contractual arrangements by and among (a) Jiangsu Yunmanman, Manyun Software and its shareholders, (b) FTA Information, Shan'en Technology and its shareholders and (c) Yixing Manxian, Manyun Cold Chain and its shareholders and (ii) the pre-Reorganization contractual arrangements by and among (a) Jiangsu Yunmanman, Shanghai Xiwei and its shareholders, (b) Jiangsu Yunmanman, Beijing Manxin and its shareholders, and (c) FTA Information, Guizhou FTA and its shareholders.

Summary of the Material Terms of Our Currently Effective Contractual Arrangements

Agreements that Provide Us with Effective Control over the Group VIEs and Their Respective Subsidiaries

Equity Interest Pledge Agreements.

Pursuant to the amended and restated equity interest pledge agreement entered into on May 9, 2023, each shareholder of Manyun Software has pledged all of such shareholder's equity interest in Manyun Software as a security interest, as applicable, to respectively guarantee Manyun Software and its shareholders' performance of their obligations under the relevant contractual arrangements, which include the exclusive service agreement, exclusive option agreement and power of attorney. If Manyun Software or any of its shareholders breaches their contractual obligations under these agreements, Jiangsu Yunmanman, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, Jiangsu Yunmanman to the extent permitted by PRC laws may exercise the right to enforce the pledge through purchase, auction or sale of the equity interest. Each of the shareholders of Manyun Software agrees that, during the term of the equity interest pledge agreement, such shareholder shall not transfer the equity interest, place or permit the existence of any security interest or other encumbrance on the equity interest or any portion thereof, without the prior written consent of Jiangsu Yunmanman. The equity interest pledge agreement remains effective until all relevant contractual arrangements have been fully performed or terminated.

On November 16, 2021, FTA Information (as pledgee), Shan'en Technology and its shareholders entered into an equity interest pledge agreement, pursuant to which each shareholder of Shan'en Technology has pledged all of such shareholder's equity interest in Shan'en Technology as a security interest, as applicable, to respectively guarantee Shan'en Technology and its shareholders' performance of their obligations under the relevant contractual arrangements. Such agreement contains terms substantially similar to the equity interest pledge agreement described above.

On May 24, 2022, Yixing Manxian (as pledgee), Manyun Cold Chain and its shareholders entered into an equity interest pledge agreement, pursuant to which each shareholder of Manyun Cold Chain has pledged all of such shareholder's equity interest in Manyun Cold Chain as a security interest, as applicable, to respectively guarantee Manyun Cold Chain and its shareholders' performance of their obligations under the relevant contractual arrangements. Such agreement contains terms substantially similar to the equity interest pledge agreement described above.

The equity interest pledges by the shareholders of Manyun Software, Shan'en Technology and Manyun Cold Chain pursuant to the respective equity interest pledge agreements have been registered with the relevant local counterpart of the State Administration for Market Regulation, or the SAMR.

Loan Agreements.

Pursuant to the respective loan agreements entered into on May 9, 2023, FTA Information agrees to provide Mr. Peter Hui Zhang and Ms. Guizhen Ma, the shareholders of Shan'en Technology, with loans in the aggregate amount of RMB 35 million and RMB 15 million, respectively, for the capital contribution to Shan'en Technology. All proceeds from such loans have been used as capital contribution to Shan'en Technology. The term of the loan agreements is ten years, which can be extended upon FTA Information's request or approval. FTA information has the right to terminate the loan agreements either by giving a 30-day notice to the shareholders or when (i) the shareholders are unable to contribute capital to Shan'en Technology or legally hold his or her equity interests, (ii) the shareholders cease to hold equity interests in Shan'en Technology, (iii) the shareholders become incapacitated or of limited capacity or die, (iv) the shareholders commit any criminal activities, or (v) FTA Information exercises the option under the exclusive option agreement to purchase the equity interests held by the shareholders. FTA Information has the right to request the shareholders of Shan'en Technology to repay the loans within 15 days from the termination date. The repayments can be made in cash or by any other way as agreed by the parties in writing and in compliance with the applicable laws and regulations in the PRC, including but not limited to using the proceeds from transfer of equity interest in Shan'en Technology to FTA Information or a third party designated by FTA Information pursuant to the exclusive option agreement.

Spousal Consent Letters.

Pursuant to the respective spousal consent letters entered into on October 25, 2021, each of the spouses of the relevant individual shareholders of Manyun Software acknowledges and confirms the execution of the relevant exclusive service agreement, equity pledge agreement, power of attorney, and exclusive option agreement and irrevocably agrees that the relevant individual shareholders have rights or obligations under these agreements. In addition, each of them agrees not to assert any rights over the equity interest in Manyun Software held by his or her respective spouse or over the management of Manyun Software. In addition, in the event that any of them is required to enter into any agreements related to the equity interest in Manyun Software held by their respective spouses or the performance of the above mentioned contractual arrangements for any reason, such spouses agree to authorize their respective spouses to enter into such agreements.

On November 16, 2021, the spouse of each of the individual shareholders of Shan'en Technology entered into a spousal consent letter, which contains terms substantially similar to the spousal consent letter described above.

On May 24, 2022, the spouse of Mr. Peter Hui Zhang, an individual shareholder of Manyun Cold Chain, entered into a spousal consent letter, which contains terms substantially similar to the spousal consent letter described above.

Power of Attorney.

Pursuant to the power of attorney entered into on October 25, 2021, the shareholders of Manyun Software as a whole have irrevocably authorized Jiangsu Yunmanman to exercise the following rights relating to all equity interests held by such shareholders in Manyun Software during the term of the power of attorney: to act on behalf of such shareholder as its exclusive agent and attorney with respect to all matters concerning its shareholding in Manyun Software according to the applicable PRC laws and Manyun Software's articles of association, including without limitation to: (i) exercising all the shareholder's voting rights in shareholders' meetings, including but not limited to designating and appointing the directors of Manyun Software; (ii) asset transfer, capital reduction and capital increase of Manyun Software; and (iii) other decisions that would have a material effect on Manyun Software's assets and operations.

On November 16, 2021, each of the shareholders of Shan'en Technology executed a power of attorney to irrevocably authorized FTA Information to exercise certain rights relating to all equity interests held by such shareholder in Shan'en Technology during the term of the power of attorney. Each power of attorney contains terms substantially similar to the power of attorney described above.

On May 24, 2022, each of the shareholders of Manyun Cold Chain executed a power of attorney to irrevocably authorized Yixing Manxian to exercise certain rights relating to all equity interests held by such shareholder in Manyun Cold Chain during the term of the power of attorney. Each power of attorney contains terms substantially similar to the power of attorney described above.

Agreements that Allow Us to Receive Economic Benefits from the Group VIEs and Their Respective Subsidiaries

Exclusive Service Agreements.

Under the exclusive service agreement entered into on October 25, 2021, Manyun Software appoints Jiangsu Yunmanman as its exclusive services provider to provide Manyun Software with services related to Manyun Software's business during the term of the exclusive service agreement. In consideration of the services provided by Jiangsu Yunmanman, Manyun Software shall pay Jiangsu Yunmanman annual service fees, which should be mutually agreed by both parties, but in any event not less than an amount equal to 90% of Manyun Software's profit before taxation for the relevant year. Such annual service fees can be adjusted based on Jiangsu Yunmanman's services and Manyun Software's operations to the extent agreed by Jiangsu Yunmanman in writing. The exclusive service agreement remains effective from October 25, 2021 unless terminated in writing by Jiangsu Yunmanman.

On November 16, 2021, FTA Information and Shan'en Technology entered into an exclusive service agreement, pursuant to which Shan'en Technology appoints FTA Information as its exclusive services provider to provide Shan'en Technology with services related to Shan'en Technology's business and Shan'en Technology shall pay FTA Information annual service fees accordingly. Such agreement contains terms substantially similar to the exclusive service agreement described above. The exclusive service agreement remains effective from November 16, 2021 unless terminated in writing by FTA Information.

On May 24, 2022, Yixing Manxian and Manyun Cold Chain entered into an exclusive service agreement, pursuant to which Manyun Cold Chain appoints Yixing Manxian as its exclusive services provider to provide Manyun Cold Chain with services related to Manyun Cold Chain's business and Manyun Cold Chain shall pay Yixing Manxian annual service fees accordingly. Such agreement contains terms substantially similar to the exclusive service agreement described above. The exclusive service agreement remains effective from May 24, 2022 unless terminated in writing by Yixing Manxian.

Agreements that Provide Us with the Options to Purchase the Equity Interests in the Group VIEs

Exclusive Option Agreements.

Pursuant to the amended and restated exclusive option agreement entered into on May 9, 2023, Manyun Software and each of Manyun Software's shareholders have irrevocably granted Jiangsu Yunmanman an irrevocable and exclusive right to purchase, or designate one or more entities or persons to purchase, the equity interests in Manyun Software then held by its shareholders at once or at multiple times at any time in part or in whole at Jiangsu Yunmanman's sole and absolute discretion to the extent permitted by PRC law. The purchase price for the equity interests in Manyun Software shall equal to the minimum price permitted by PRC law. This agreement will remain effective until (i) all equity interests of Manyun Software held by its shareholders have been transferred or assigned to Jiangsu Yunmanman or its designated entities or persons, or (ii) all parties have entered into any agreements in terminating this agreement.

On November 16, 2021, FTA Information, Shan'en Technology and its shareholders entered into an exclusive option agreement, pursuant to which Shan'en Technology and each of its shareholders have irrevocably granted FTA Information irrevocable and exclusive right to purchase, or designate one or more entities or persons to purchase, the equity interests in Shan'en Technology. Such agreement contains terms substantially similar to the exclusive option agreement described above.

On May 24, 2022, Yixing Manxian, Manyun Cold Chain and its shareholders entered into an exclusive option agreement, pursuant to which Manyun Cold Chain and each of its shareholders have irrevocably granted Yixing Manxian irrevocable and exclusive right to purchase, or designate one or more entities or persons to purchase, the equity interests in Manyun Cold Chain. Such agreement contains terms substantially similar to the exclusive option agreement described above.

Summary of the Material Terms of Our pre-Reorganization Contractual Arrangements

The original set of contractual arrangements with Shanghai Xiwei and its shareholders was entered into in September 2014. In connection with the transfer of equity interest in Shanghai Xiwei by one of its shareholders, we entered into a new set of equity interest pledge agreement, power of attorney, exclusive option agreement and spouse consent letters with the then shareholders of Shanghai Xiwei and their respective spouse, as applicable, in February 2021.

Contractual Arrangements with Shanghai Xiwei and Its Shareholders

Agreements that Provide Us with Effective Control over Shanghai Xiwei and Its Subsidiaries

Equity Interest Pledge Agreement. Pursuant to the equity interest pledge agreement, each shareholder of Shanghai Xiwei has pledged all of such shareholder's equity interest in Shanghai Xiwei as a security interest, as applicable, to respectively guarantee Shanghai Xiwei and its shareholders' performance of their obligations under the relevant contractual arrangement, which include the exclusive service agreement, exclusive option agreement and power of attorney. If Shanghai Xiwei or any of its shareholders breaches their contractual obligations under these agreements, Jiangsu Yunmanman, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, Jiangsu Yunmanman to the extent permitted by PRC laws may exercise the right to enforce the pledge through purchase, auction or sale of the equity interest. Each of the shareholders of Shanghai Xiwei agrees that, during the term of the equity interest pledge agreement, such shareholder shall not transfer the equity interest, place or permit the existence of any security interest or other encumbrance on the equity interest or any portion thereof, without the prior written consent of Jiangsu Yunmanman. The equity interest pledge agreement remains effective until all obligations under the relevant contractual agreements have been fully performed and all secured indebtedness have been fully paid, whichever is later. The equity interest pledges by the shareholders of Shanghai Xiwei pursuant to the equity interest pledge agreement were registered with the relevant local counterpart of the State Administration for Market Regulation, or the SAMR.

Spousal Consent Letters. Pursuant to the respective spousal consent letters, each of the spouses of the applicable individual shareholders of Shanghai Xiwei acknowledges and confirms the execution of the relevant exclusive service agreement, equity pledge agreement, power of attorney, and exclusive option agreement and irrevocably agrees that the applicable individual shareholders have rights or obligations under these agreements. In addition, each of them agrees not to assert any rights over the equity interest in Shanghai Xiwei held by her respective spouses or over the management of Shanghai Xiwei. In addition, in the event that any of them is required to enter into any agreements related to the equity interest in Shanghai Xiwei held by their respective spouses or the performance of the above mentioned VIE agreements for any reason, such spouses agree to authorize their respective spouses to enter into such agreements.

Power of Attorney. Pursuant to the power of attorney, each shareholder of Shanghai Xiwei has irrevocably authorized Jiangsu Yunmanman to exercise the following rights relating to all equity interests held by such shareholder in Shanghai Xiwei during the term of the power of attorney: to act on behalf of such shareholder as its exclusive agent and attorney with respect to all matters concerning its shareholding in Shanghai Xiwei according to the applicable PRC laws and Shanghai Xiwei's articles of association, including without limitation to: (i) exercising all the shareholder's voting rights, including but not limited designating and appointing the directors of Shanghai Xiwei; (ii) asset transfer, capital reduction and capital increase of Shanghai Xiwei; and (iii) other decisions that would have a material effect on Shanghai Xiwei's assets and operations.

Agreement that Allows Us to Receive Economic Benefits from Shanghai Xiwei and its Subsidiaries

Exclusive Service Agreement. Under the exclusive service agreement, Shanghai Xiwei appoints Jiangsu Yunmanman as its exclusive services provider to provide Shanghai Xiwei with services related to Shanghai Xiwei's business during the term of the exclusive service agreement. In consideration of the services provided by Jiangsu Yunmanman, Shanghai Xiwei shall pay Jiangsu Yunmanman annual service fees, which should be mutually agreed by both parties, but in any event not less than an amount equal to 90% of Shanghai Xiwei's profit before taxation for the previous year. Such annual service fees can be adjusted based on Jiangsu Yunmanman's services and Shanghai Xiwei's operations to the extent agreed by Jiangsu Yunmanman in writing. The exclusive service agreement remains effective from September 10, 2014 unless terminated in writing by Jiangsu Yunmanman.

Agreement that Provides Us with the Option to Purchase the Equity Interest in Shanghai Xiwei

Exclusive Option Agreement. Pursuant to the exclusive option agreement, Shanghai Xiwei and each of Shanghai Xiwei's shareholders have irrevocably granted Jiangsu Yunmanman an irrevocable and exclusive right to purchase, or designate one or more entities or persons to purchase, the equity interests in Shanghai Xiwei then held by its shareholders at once or at multiple times at any time in part or in whole at Jiangsu Yunmanman's sole and absolute discretion to the extent permitted by PRC law. The purchase price for the equity interests in Shanghai Xiwei shall equal to the minimum price permitted by PRC law. This agreement will remain effective until all equity interests of Shanghai Xiwei held by its shareholders have been transferred or assigned to Jiangsu Yunmanman or its designated entities or persons.

Contractual Arrangements with Beijing Manxin and its Shareholders

The original set of contractual arrangements with Beijing Manxin and its shareholders was entered into in September 2014. In connection with the transfer of equity interest in Beijing Manxin by one of its shareholders, we entered into a new set of contractual arrangements with Beijing Manxin, its current shareholders and their respective spouse, as applicable, in March 2021.

Agreements that Provide Us with Effective Control over Beijing Manxin and its Subsidiaries

Equity Interest Pledge Agreements. Pursuant to the equity interest pledge agreements, each shareholder of Beijing Manxin has pledged all of such shareholder's equity interest in Beijing Manxin as a security interest, as applicable, to respectively guarantee Beijing Manxin and its shareholders' performance of their obligations under the relevant contractual arrangement, which include the exclusive service agreement, exclusive option agreement and power of attorney. If Beijing Manxin or any of its shareholders breaches their contractual obligations under these agreements, Jiangsu Yunmanman, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, Jiangsu Yunmanman to the extent permitted by PRC laws may exercise the right to enforce the pledge through purchase, auction or sale of the equity interest. Each of the shareholders of Beijing Manxin agrees that, during the term of the equity interest pledge agreements, such shareholder shall not transfer the equity interest, place or permit the existence of any security interest or other encumbrance on the equity interest or any portion thereof, without the prior written consent of Jiangsu Yunmanman. The equity interest pledge agreements remain effective until all obligations under the relevant contractual agreements have been fully performed and all secured indebtedness have been fully paid, whichever is later. The equity interest pledges by the shareholders of Beijing Manxin pursuant to the equity interest pledge agreements were registered with the relevant local counterpart of the SAMR.

Spousal Consent Letters. Pursuant to the respective spousal consent letters, each of the spouses of the applicable individual shareholders of Beijing Manxin acknowledges and confirms the execution of the relevant exclusive service agreement, equity pledge agreement, power of attorney, and exclusive option agreement and irrevocably agrees that the applicable individual shareholders have rights or obligations under these agreements. In addition, each of them agrees not to assert any rights over the equity interest in Beijing Manxin held by her respective spouses or over the management of Beijing Manxin. In addition, in the event that any of them is required to enter into any agreements related to the equity interest in Beijing Manxin held by their respective spouses or the performance of the above mentioned VIE agreements for any reason, such spouses agree to authorize their respective spouses to enter into such agreements.

Power of Attorney. Pursuant to the power of attorney, each shareholder of Beijing Manxin has irrevocably authorized Jiangsu Yunmanman to exercise the following rights relating to all equity interests held by such shareholder in Beijing Manxin during the term of the power of attorney: to act on behalf of such shareholder as its exclusive agent and attorney with respect to all matters concerning its shareholding in Beijing Manxin according to the applicable PRC laws and Beijing Manxin's articles of association, including without limitation to: (i) exercising all the shareholder's voting rights, including but not limited designating and appointing the directors of Beijing Manxin; (ii) asset transfer, capital reduction and capital increase of Beijing Manxin; and (iii) other decisions that would have a material effect on Beijing Manxin's assets and operations.

Agreement that Allows Us to Receive Economic Benefits from Beijing Manxin and its Subsidiaries

Exclusive Service Agreement. Under the exclusive service agreement, Beijing Manxin appoints Jiangsu Yunmanman as its exclusive services provider to provide Beijing Manxin with services related to Beijing Manxin's business during the term of the exclusive service agreement. In consideration of the services provided by Jiangsu Yunmanman, Beijing Manxin shall pay Jiangsu Yunmanman annual service fees, which should be mutually agreed by both parties, but in any event not less than an amount equal to 90% of Beijing Manxin's profit before taxation for the previous year. Such annual service fees can be adjusted based on Jiangsu Yunmanman's services and Beijing Manxin's operations to the extent agreed by Jiangsu Yunmanman in writing. The exclusive service agreement remains effective from March 22, 2021 unless terminated in writing by Jiangsu Yunmanman.

Agreement that Provides Us with the Option to Purchase the Equity Interest in Beijing Manxin

Exclusive Option Agreement. Pursuant to the exclusive option agreement, Beijing Manxin and each of Beijing Manxin's shareholders have irrevocably granted Jiangsu Yunmanman an irrevocable and exclusive right to purchase, or designate one or more entities or persons to purchase, the equity interests in Beijing Manxin then held by its shareholders at once or at multiple times at any time in part or in whole at Jiangsu Yunmanman's sole and absolute discretion to the extent permitted by PRC law. The purchase price for the equity interests in Beijing Manxin shall equal to the minimum price permitted by PRC law. This agreement will remain effective until all equity interests of Beijing Manxin held by its shareholders have been transferred or assigned to Jiangsu Yunmanman or its designated entities or persons.

Contractual Arrangements with Guizhou FTA and its Shareholders

Agreements that Provide Us with Effective Control over Guizhou FTA and its Subsidiaries

Equity Interest Pledge Agreements. Pursuant to the equity interest pledge agreements, each shareholder of Guizhou FTA has pledged all of such shareholder's equity interest in Guizhou FTA as a security interest, as applicable, to respectively guarantee Guizhou FTA and its shareholders' performance of their obligations under the relevant contractual arrangement, which include the exclusive service agreement, exclusive option agreement and power of attorney. If Guizhou FTA or any of its shareholders breaches their contractual obligations under these agreements, FTA Information, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, FTA Information to the extent permitted by PRC laws may exercise the right to enforce the pledges through purchase, auction or sale of the equity interest. Each of the shareholders of Guizhou FTA agrees that, during the term of the equity interest pledge agreements, such shareholder shall not transfer the equity interest, place or permit the existence of any security interest or other encumbrance on the equity interest or any portion thereof, without the prior written consent of FTA Information. The equity interest pledge agreements remain effective until all obligations under the relevant contractual agreements have been fully performed and all secured indebtedness have been fully paid, whichever is later. The equity interest pledges by the shareholders of Guizhou FTA pursuant to the equity interest pledge agreements were registered with the relevant local counterpart of the SAMR.

Spousal Consent Letters. Pursuant to the respective spousal consent letters, each of the spouses of the applicable individual shareholders of Guizhou FTA acknowledges and confirms the execution of the relevant exclusive service agreement, equity pledge agreement, power of attorney, and exclusive option agreement and irrevocably agrees that the applicable individual shareholders have rights or obligations under these agreements. In addition, each of them agrees not to assert any rights over the equity interest in Guizhou FTA held by her respective spouses or over the management of Guizhou FTA. In addition, in the event that any of them is required to enter into any agreements related to the equity interest in Guizhou FTA held by their respective spouses or the performance of the above mentioned VIE agreements for any reason, such spouses agree to authorize their respective spouses to enter into such agreements.

Power of Attorney. Pursuant to the power of attorney, each shareholder of Guizhou FTA has irrevocably authorized FTA Information to exercise the following rights relating to all equity interests held by such shareholder in Guizhou FTA during the term of the power of attorney: to act on behalf of such shareholder as its exclusive agent and attorney with respect to all matters concerning its shareholding in Guizhou FTA according to the applicable PRC laws and Guizhou FTA's articles of association, including without limitation to: (i) exercising all the shareholder's voting rights, including but not limited designating and appointing the directors of Guizhou FTA; (ii) asset transfer, capital reduction and capital increase of Guizhou FTA; and (iii) other decisions that would have a material effect on Guizhou FTA's assets and operations.

Agreement that Allows Us to Receive Economic Benefits from Guizhou FTA and its Subsidiaries

Exclusive Service Agreement. Under the exclusive service agreement, Guizhou FTA appoints FTA Information as its exclusive services provider to provide Guizhou FTA with services related to Guizhou FTA's business during the term of the exclusive service agreement. In consideration of the services provided by FTA Information, Guizhou FTA shall pay FTA Information annual service fees, which should be mutually agreed by both parties, but in any event not less than an amount equal to 90% of Guizhou FTA's profit before taxation for the previous year. Such annual service fees can be adjusted based on FTA Information's services and Guizhou FTA's operations to the extent agreed by FTA Information in writing. The exclusive service agreement remains effective from March 12, 2021 unless terminated in writing by FTA Information.

Agreement that Provides Us with the Option to Purchase the Equity Interest in Guizhou FTA

Exclusive Option Agreement. Pursuant to the exclusive option agreement, Guizhou FTA and each of Guizhou FTA's shareholders have irrevocably granted FTA Information an irrevocable and exclusive right to purchase, or designate one or more entities or persons to purchase, the equity interests in Guizhou FTA then held by its shareholders at once or at multiple times at any time in part or in whole at FTA Information's sole and absolute discretion to the extent permitted by PRC law. The purchase price for the equity interests in Guizhou FTA shall equal to the minimum price permitted by PRC law. This agreement will remain effective until all equity interests of Guizhou FTA held by its shareholders have been transferred or assigned to FTA Information or its designated entities or persons.

D. Property, Plants and Equipment

Please refer to "B. Business Overview—Property" for a discussion of our property, plants and equipment.

ITEM4A UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial position and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" and elsewhere in this annual report.

A. Operating Results

Overview

The FTA platform is a leading digital freight platform in China, connecting shippers with truckers to facilitate shipments across distance ranges, cargo weights and types. We have transformed China's road transportation industry by pioneering a digital, standardized and smart logistics infrastructure across the value chain.

We have built a vibrant ecosystem of millions of shippers and truckers. In the fourth quarter of 2023, an average number of approximately 2.24 million shippers posted shipping orders on the FTA platform each month, and 3.9 million truckers fulfilled shipping orders on the FTA platform in 2023. In 2023, the Group facilitated 158.8 million fulfilled orders.

FTA was formed in 2017 through the business merger of *Yunmanman* and *Huochebang*, which were founded in 2013 and 2011, respectively. The Group has over ten years of operational track record, and in the process has accumulated valuable insights, know-how, technology and data, which we believe have provided the Group with a sustainable competitive advantage for its future growth.

The Group's total net revenues were RMB4,657.0 million, RMB6,733.6 million and RMB8,436.2 million (US$1,188.2 million) in the years ended December 31, 2021, 2022 and 2023, respectively. The Group recorded net loss of RMB3,654.5 million in the years ended December 31, 2021 and net income of RMB411.9 million and RMB2,227.1 million (US$313.7 million) in 2022 and 2023, respectively. The Group recorded non-GAAP adjusted net income of RMB450.5 million, RMB1,395.4 million and RMB2,797.0 million (US$394.0 million) in 2021, 2022 and 2023, respectively.

Monetization Model

To fulfill our mission to make logistics smarter, we have built a digital, standardized and smart platform that seamlessly connects shippers and truckers. Scalability and transaction volume are core to the Group's platform strategy. We aim to create the broadest and deepest logistics network across distance ranges, cargo weights and types and vehicle types to maximize our network effects and provide a better user experience.

The Group grew rapidly in recent years in terms of number of users and transaction volume on the FTA platform. The table below sets forth average shipper MAUs and fulfilled orders for the periods indicated.

	For the Three Months Ended											
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Average shipper MAUs (*in millions*)	1.22	1.53	1.61	1.57	1.42	1.53	1.85	1.88	1.75	2.00	2.13	2.24
Fulfilled orders (*in millions*)	22.1	36.0	35.3[1]	34.8[1]	25.2[2]	27.8	33.5	32.6	30.3	40.2	42.5	45.8

(1) The number of fulfilled orders facilitated through the FTA platform decreased sequentially in the third quarter of 2021 from the second quarter of 2021 due to (i) COVID-19 outbreaks in certain parts of China in the second half of 2021, which had an adverse effect on road transportation industry in those regions, (ii) the suspension of new user registration between July 2021 and June 2022 due to the cybersecurity review and (iii) inclement weather conditions in certain parts of China in the third quarter of 2021. In addition to regional COVID-19 outbreaks and the suspension of new user registration, the production constraints brought by electricity rationing measures also contributed to the sequential decrease in the number of fulfilled orders facilitated through the FTA platform in the fourth quarter of 2021 from the third quarter of 2021.

(2) The number of fulfilled orders declined significantly in the first quarter of 2022 from the fourth quarter of 2021, primarily due to (i) the Chinese New Year holiday season, (ii) COVID-19 outbreaks and quarantine measures in certain parts of China in the first quarter of 2022, as well as (iii) the suspension of new user registration between July 2021 and June 2022 due to the cybersecurity review.

In addition to the growth of the FTA platform, the Group has introduced various forms of monetization that support the sustainable development of the FTA platform and provide validation for its business model. The Group generates revenue primarily from (i) freight matching services, which include freight listings, freight brokerage and transaction commission, as well as (ii) various value-added services. The Group's revenues from freight listings, freight brokerage and transaction commission are primarily driven by the level of transaction activities on the FTA platform. Set forth below is a description of the Group's monetization approach towards transaction activities on the FTA platform.

The Group started monetizing freight matching services in 2018 by charging membership fees from frequent shippers for the right to post more shipping orders than non-paying shippers. In the same year, the Group launched freight brokerage service through its consolidated affiliates. The consolidated affiliates enter into shipping contracts with shippers and entrust truckers on the FTA platform to fulfill those shipping orders. After the fulfillment of shipping orders, the FTA platform transfers shippers' shipping fees to truckers and deduct the FTA platform service fees from shippers' accounts. The consolidated affiliates earn platform service fee in connection with the freight brokerage service, which is the difference between the service fee collected from shippers and the shipping fee paid to truckers. The consolidated affiliates are obligated to pay the full amount of VAT on the service fee collected from shippers, and they receive grants from local government authorities. The Group takes into consideration the VAT obligation the consolidated affiliates assume under the contracts with shippers and truckers, the estimated amount of grants that the Group expects to receive from local government authorities, as well as other relevant factors when setting the rate of the FTA platform service fee. For further information, see "—Components of Results of Operations—Revenues—Freight Matching Services—Freight Brokerage."

Building on the technology and operational know-how developed from the freight listing and brokerage services, the Group subsequently launched online transaction service to further digitalize shipping transactions and enable shippers and truckers to transact through the FTA platform. A key feature of online transaction service is that truckers are required to pay deposits to the FTA platform to secure shipping orders, which has helped to improve service quality and increase fulfillment rates. The Group also offers shippers the option to track the transactions at each step in real-time. In the second half of 2020, the Group started monetizing online transaction service by collecting commissions from truckers on selected types of shipping orders originating from an initial batch of three cities, namely Hangzhou, Huzhou and Shaoxing. The amount of commission is charged based on shipping fee. The Group's daily average order volume and trucker retention remained stable in these cities since then, demonstrating platform users' acceptance of such commissions. The Group subsequently started collecting commissions from truckers on selected types of shipping orders originating from certain other cities. In the fourth quarter of 2023, the Group collected commissions in a total of 204 cities with a total transaction commission revenue of RMB644.8 million.

The Group also generates revenue from value-added services that cater to various essential needs of shippers and truckers, including credit solutions, insurance brokerage, electronic toll collection, or ETC, services and energy services, among others.

We believe the Group is at an early stage of monetization, because the Group launched the commission model for the online transaction service in the second half of 2020. The Group has been rolling out commissions in more cities and ramping up penetration since then. The Group may also explore other revenue models to monetize its online transaction service. As the FTA platform continues to evolve, we believe the Group will be able to achieve revenue growth as it brings incremental value to industry participants.

Key Factors Affecting the Group's results of operations

The Group's business and results of operations are affected by various factors, including the following key factors:

Economic and Industry Trends In China

The Group's results of operations are affected by the overall growth and prosperity of the road transportation industry in China, which in turn is affected by several factors, such as China's overall economic growth, the impact of the COVID-19 pandemic, the standardization and digitalization of China road transportation industry, the change in freight rate, supply and demand in China's road transportation industry and the regulatory environment for China's road transportation and internet service industries. Changes in any of these general industry conditions and the Group's ability to adapt to such changes could affect its business and results of operation.

Our Ability to Attract and Retain Shippers and Truckers on the FTA Platform

The FTA platform is a leading digital freight platform in China. With over ten years of operational experience, the Group has accumulated deep industry know-how and data insights, which have enabled the Group to continuously expand its service offerings and enhance user experience on the FTA platform. The FTA platform had approximately 2.24 million shipper MAUs in the fourth quarter of 2023, representing a year-over-year growth of 18.7%, and 3.9 million truckers fulfilled shipping orders on the FTA platform in 2023.

The CRO announced the initiation of a cybersecurity review of the *Yunmanman* and *Huochebang* apps on July 5, 2021. During the cybersecurity review, the *Yunmanman* and *Huochebang* apps were required to suspend new user registration. Based on notification by the CRO, we have resumed new user registration on the *Yunmanman* and *Huochebang* apps since June 29, 2022. The Group will continue enhancing its operational support for new user onboarding. With the powerful networks of the FTA platform, the Group is well positioned to attract even more shippers and truckers. The growth of shippers and truckers on the FTA platform relies on, among other things, the Group's abilities to accelerate the speed of freight matching, provide high-quality solutions and protect the interests of both shippers and truckers.

As the Group continued to drive user engagement through superior user experience offered by the FTA platform, the Group's shipper and trucker retention rates remained steady. In the twelve months ended December 31, 2023, the Group's 12-month retention rate of paying shippers was over 83%, which is calculated by dividing the number of shippers who were both paying members in January 2023 and active shippers in December 2023 by the number of paying members in December 2023. In December 2023, the Group's next month's retention rate of truckers was approximately 84%, which is calculated by dividing the number of truckers who responded to the shipping orders on the FTA platform in both November and December 2023 by the number of truckers who responded to shipping orders on the FTA platform in November 2023.

Our Ability to Drive Engagement and Transaction Activities of Users on the FTA Platform

With a large user base, we aim to increase the engagement and the Group's wallet share of users to further drive the growth of its market share, which depends on the Group's ability to enhance user experience and provide comprehensive service offerings. We plan to improve the efficiency of the freight matching services through further digitalization and standardization of transaction processes, as well as enhancement of the Group's core technologies, including big data analytics and data labeling. We will also continue to focus on protecting the interests of shippers and truckers. We believe our efforts will allow the Group to enhance user retention and increase customer lifetime value on the FTA platform. For example, the Group has launched several features to further streamline the transaction process between shippers and truckers. The "tap and go" feature allows a shipper to post shipping orders with a fixed price, which replaces price negotiation between shippers and truckers.

We also plan to broaden the Group's service offerings to deliver one-stop platform experience to users. In particular, the Group plans to establish and expand dedicated teams to design and develop specialized user experiences and operations for intra-city and LTL services and better serve the unique user needs from these verticals.

Our Ability to Monetize the Group's Services

The Group's profitability will depend to a large extent on its ability to monetize the online transaction service of matching shippers with truckers. Historically, the Group's revenue from its digital freight platform primarily consisted of membership fees from shippers and service fees from shippers using the freight brokerage service. The Group started charging commissions from truckers in the second half of 2020 for selected types of shipments that originated from an initial batch of three cities. We believe this revenue model is supported by our compelling value propositions to both shippers and truckers, and we have introduced this revenue model to additional cities and experienced success in these cities. In the three months ended December 31, 2023, the Group collected commissions in a total of 204 cities with a total transaction commission revenue amounting to 26.8% of the Group's total revenues in the same period. We believe there are significant opportunities to introduce this revenue model to more cities and raise commission rate, although our ability to continue to capture such opportunities remains untested. Our efforts to monetize the online transaction service will significantly affect the Group's results of operations. In addition, we plan to enhance our monetization capability by broadening the Group's offerings and providing new value-added services and innovative initiatives catering to various essential needs of shippers and truckers on the FTA platform, which may bring us incremental revenue opportunities.

Our Ability to Leverage Our Scale of Business to Manage Operating Costs and Expenses

The Group's results of operations depend on its ability to manage its costs and expenses. We believe the Group's marketplace model has significant operating leverage and enables the Group to realize structural cost savings. The Group's increasing scale of business and synergies across its business lines may lead to lower marginal operating costs and expenses. We believe the Group's continued investment in technology and infrastructure also contributes to the increase of operational efficiency, enabling the same number of employees to deliver higher productivity over time. On the other hand, we may seek to expand the Group's market share in the intra-city and LTL segments, and the Group may offer more user incentives and incur increased marketing expenses. The Group's profitability will depend on the cost efficiency of its marketing efforts in relation to some or all of these new initiatives.

The Group's consolidated affiliates pay a significant amount of VAT to government authorities in connection with the freight brokerage service. They also receive government grants as an incentive for developing the local economy and business. VAT, related tax surcharges and other tax costs, net of grants from government authorities, represents a major portion of the Group's cost of revenues. As such, the Group's profitability will be affected by policies with respect to government grants.

Impact of COVID-19

The Group experienced certain disruptions in its operations in certain periods from 2020 to 2022 as a result of the COVID-19 outbreak in China and measures undertaken by the Chinese government to contain the spread of COVID-19, which negatively affected the Company's business to some extent. For instance, the COVID-19 outbreak, together with other factors, contributed to sequential decreases in the number of fulfilled orders in the third and fourth quarters of 2021 from the respective previous quarters as well as year-on-year declines in fulfilled orders in 2022. The Group has gradually recovered from the impact of COVID-19, as evidenced by year-over-year increase in fulfilled orders from 2022 to 2023. Nonetheless, any future COVID-19 outbreaks in China may adversely affect the Group's business, results of operations, financial position and cash flows.

Components of Results of Operations

Revenues

The Group generates revenues from (i) freight matching services provided through the consolidated affiliates and one PRC subsidiary, and (ii) value-added services primarily provided through our PRC subsidiaries.

The following table sets forth a breakdown of the Group's revenues, each expressed in the absolute amount and as a percentage of its total revenues, for the periods indicated:

	For the Years Ended December 31,						
	2021		2022		2023		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Revenues[1]							
Freight matching services	**3,946,882**	**84.7**	**5,656,651**	**84.0**	**7,048,830**	**992,808**	**83.6**
Freight brokerage	2,497,779	53.6	3,360,313	49.9	3,916,409	551,615	46.4
Freight listings	753,031	16.2	852,380	12.7	929,353	130,897	11.0
Transaction commission	696,072	14.9	1,443,958	21.4	2,203,068	310,296	26.2
Value-added services	**710,137**	**15.3**	**1,076,993**	**16.0**	**1,387,329**	**195,402**	**16.4**
Credit solutions	520,086	11.2	796,356	11.8	1,001,892	141,114	11.9
Other value-added services	190,051	4.1	280,637	4.2	385,437	54,288	4.5
Total	**4,657,019**	**100.0**	**6,733,644**	**100.0**	**8,436,159**	**1,188,210**	**100.0**

(1) The Group recognizes revenue without deducting the related VAT, as we determine that the Group is the primary obligor of the VAT in the PRC, and such VAT are included in the cost of revenues. RMB2,620.4 million, RMB3,550.9 million and RMB4,172.7 million (US$587.7 million) of the Group's revenues were attributable to VAT in the years ended December 31, 2021, 2022 and 2023, respectively, which were primarily related to VAT charged for freight brokerage services. The gross amount of VAT included in the cost of revenues was RMB3,510.7 million, RMB4,518.9 million and RMB5,271.1 million (US$742.4 million) in the years ended December 31, 2021, 2022 and 2023, respectively, which was primarily related to VAT charged for freight brokerage services.

Freight Matching Services

The Group's revenue from freight matching services consists of revenues from freight listings, freight brokerage and transaction commission. The Group provides freight matching services through the consolidated affiliates and one PRC subsidiary.

Freight Listings

The Group has a freemium model where shippers can post a certain number of shipping orders on the FTA platform free of charge. Shippers are charged membership fees for the right to post additional orders on the FTA platform beyond such limit. Membership fee is prepaid by shippers registered on the FTA platform for activating their rights of posting additional shipping orders on the platform. Revenue from shippers' membership fee is recognized on a straight-line basis over the term of the membership period or based on the number of shipping orders posted depending on the specific terms in membership agreements.

In certain innovative businesses, the Group charges truckers membership fees, which entitle them to fullfill certain number of orders on the FTA platform. Revenue from truckers' membership fee is recognized on a straight-line basis over the term of the membership period or based on the number of orders depending on the specific terms in membership agreements.

Freight Brokerage

To provide freight brokerage service, the Group through the consolidated affiliates enters into contracts with shippers on the FTA platform to provide them with shipping service and platform service, and with truckers on the FTA platform to purchase the shipping service. The difference between the amount the consolidated affiliates collect from shippers and the amount they pay to truckers is the FTA platform service fees, which are recognized as the Group's revenues on a net basis at the point of fulfillment of the shipping orders.

In connection with the freight brokerage service, the consolidated affiliates assume legal obligations to pay VAT that are assessed on the entire selling price of the shipping service and platform service pursuant to the contracts with shippers. The Group's net revenue from freight brokerage services is recognized without deducting VAT as we determine that the Group is the primary obligor of the VAT in the PRC, and such VAT are included in the cost of revenues. The gross amount of VAT related to freight brokerage services included in the cost of revenues was RMB3,380.9 million, RMB4,322.8 million and RMB5,006.4 million (US$705.1 million) in the years ended December 31, 2021, 2022 and 2023, respectively.

The gross amount of VAT related to freight brokerage services that the consolidated affiliates were obliged to pay exceeded the Group's net revenues from such services in the years ended December 31, 2021, 2022 and 2023. Nevertheless, the consolidated affiliates received grants from local government authorities as an incentive for developing the local economy and business. We take into consideration the VAT obligation the consolidated affiliates assume under the contracts with shippers, the estimated amount of government grants that they expect to receive from local government authorities, as well as other relevant factors when setting the rate of the FTA platform service fee. The amount of government grants was RMB1,559.8 million, RMB1,979.6 million and RMB2,150.1 million (US$302.8 million) in the years ended December 31, 2021, 2022 and 2023, respectively, which was included in the Group's cost of revenues to offset its VAT obligation.

The table below illustrates how the Group records revenues and cost of revenues for the freight brokerage services, using a hypothetical freight brokerage transaction with a total transaction price of RMB1,068 contracted with the shipper. The numbers in the table are included solely for purposes of better illustrating the nature of the accounting treatment and do not necessarily bear any relationship to the actual numbers in any transaction or set of transactions.

Revenue Recognized in Income Statement	**Amount (RMB)**	**Explanatory note**
Shipping fee and platform service fee received from the shipper, including VAT of RMB89 assuming VAT rate of 9%	1,068	VAT is included in the transaction price with the shipper.
Less: shipping fee paid to the trucker	(1,000)	The shipping fee is agreed between the shipper and the trucker.
Net revenue recognized	68	The difference between the amount the consolidated affiliates collect from the shippers and the amount they pay to the truckers is the FTA platform service fee.

Cost of Revenue Recognized in Income Statement[(1)]	**Amount (RMB)**	**Explanatory note**
VAT payable to tax authorities and recorded in cost of revenue	89	
Less: Government grants	(45)	The consolidated affiliates receive government grants as an incentive for developing the local economy and business and the amount of government grants may vary across jurisdictions and over time.
Net VAT recognized in cost of revenues	44	

(1) While there are other less significant tax costs associated with an actual freight brokerage transaction, only government grants are included in the calculation above.

Transaction Commission

From August 2020, the Group started charging commissions from truckers when they take selected types of shipping orders originating from certain cities. The commission fee charged for a shipping order is computed based on the shipping fee of such shipping order. The commission is recognized as revenue when the shipper and the trucker reach an agreement as this is the point in time the Group completes the matching service. For additional information, please see "—Our Monetization Model."

Value-Added Services

We offer credit solutions to shippers and truckers and other value-added services to insurance companies, highway authorities, gas station operators, automakers and dealers to help them meet various essential needs of shippers and truckers. Such services were primarily provided through the consolidated affiliates in 2021. Following the effectiveness of the Reorganization in 2022, such services are primarily provided through our PRC subsidiaries.

Credit Solutions

The Group's credit solutions consist of (i) on-balance sheet loans, which are funded by our small loan company and (ii) off-balance sheet loans, which are funded by our institutional funding partners. The Group generates (i) interest revenue from on-balance sheet loans that are funded by us through the trusts established by us or our small loan company and (ii) revenue from loan facilitation, post-origination and guarantee services from off-balance sheet loans. Currently, a major portion of our cash loans to truckers and working capital loans to shippers are on-balance sheet loans, and a small portion of cash loans to truckers and working capital loans to shippers are off-balance sheet loans. Historically, the Group also funded on-balance sheet loans through trusts established by us. Such arrangement was terminated in March 2022. As of December 31, 2023, the total outstanding balance of the on-balance sheet loans was RMB3,521.1 million (US$495.9 million).

The Group guarantees off-balance sheet loans facilitated by it. As of December 31, 2023, the amount of guarantee liabilities in relation to the Group's loan guarantee arrangements was immaterial.

Other Value-Added Services

The Group generates revenue from other value-added services by charging (i) commissions from insurance companies for facilitating the sale of insurance policies to shippers and truckers, (ii) service fees from highway authorities for promoting ETC cards to truckers and service fees from truckers for account top-up, (iii) service fees from gas station operators for generating sales leads or facilitating wholesale of fuel and (iv) service fees derived from innovative businesses.

Incentives Provided to the Shippers and Truckers

The Group offers various forms of incentives to the platform shippers and truckers, who are both considered the customers of the Group. For incentives which are recorded as reduction of revenue (including deferred revenue, if any), if characterization of those amounts as a reduction of revenue results in negative revenue for a specific customer on a cumulative basis within a given period, the amount of the cumulative shortfall is re-characterized as selling and marketing expense. There is no explicit or implicit service agreements with the respective customer for a future period in relation to the negative amount. Consideration paid to customers are recorded as sales and marketing expenses if we receive a distinct service in exchange and the consideration paid is lower than the fair value of the service received.

Cost of Revenues

The Group's cost of revenues consists of (i) VAT, related tax surcharges and other tax costs, net of grants from government authorities, (ii) payroll and related expenses for employees involved in operating the FTA platform, (iii) technology service fee, (iv) commission fee paid to third-party payment platform, (v) funding costs related to credit solution services and (vi) others. The following table sets forth a breakdown of the Group's cost of revenues, expressed as an absolute amount and as a percentage of its total revenues, for the periods indicated:

	For the Years Ended December 31,						
	2021		2022		2023		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Cost of revenues							
VAT, related tax surcharges and other tax costs, net of grants from government authorities[1]	2,257,721	48.5	3,167,807	47.1	3,693,516	520,221	43.8
Payroll and related expenses for employees	99,055	2.1	134,572	2.0	161,908	22,804	1.9
Technology service fee	115,815	2.5	130,110	1.9	155,175	21,856	1.8
Commission fee paid to third-party payment platform	35,892	0.8	74,352	1.1	101,428	14,286	1.2
Funding costs related to credit solution services	13,495	0.3	1,981	0.0	—	—	—
Others[2]	18,020	0.3	5,729	0.1	6,989	984	0.1
Total	**2,539,998**	**54.5**	**3,514,551**	**52.2**	**4,119,016**	**580,151**	**48.8**

(1) In the years ended December 31, 2021, 2022 and 2023, the gross amount of VAT was RMB3,510.7 million, RMB4,518.9 million and RMB5,271.1 million (US$742.4 million), respectively, of which RMB3,380.9 million, RMB4,322.8 million and RMB5,006.4 million (US$705.1 million) was related to freight brokerage service; the amount of related tax surcharges and other tax costs was RMB594.6 million, RMB928.1 million and RMB893.4 million (US$125.8 million), respectively, substantially all of which was related to freight brokerage service; the amount of government grants from government authorities was RMB1,847.6 million, RMB2,279.2 million and RMB2,471.0 million (US$348.0 million), respectively, substantially all of which was related to freight brokerage service.

(2) Other cost of revenues primarily consists of miscellaneous items such as costs associated with winding down a small legacy business and other platform operation costs.

The Group's cost of revenues is incurred to support all revenue generating activities on its digital freight platform. For example, technology services fee is incurred for operating the entire platform. The customer service center employees serve shippers and truckers involved in various services offered by the Group. Our strategy is to continue to grow the FTA platform, with a focus on expansion and increase of the number of shippers and truckers on the FTA platform and the volume of transaction activities facilitated through the FTA platform. The majority of the cost of revenue therefore is incurred on a company-wide basis to develop the FTA platform, as well as to acquire and maintain shippers and truckers in order to support the growth of both freight matching services and value-added services, the latter of which further enhance user stickiness and engagement on the FTA platform. As such, it is not practicable for us to allocate the Group's cost by revenue component in a reasonable and systematic way.

Sales and Marketing Expenses

The Group's sales and marketing expenses mainly consist of (i) payroll and related expenses for employees involved in selling and marketing functions, (ii) advertising expenses and (iii) amortization of trademarks. The Group's sales and marketing expenses may increase in the near future, as the Group promotes its services in certain verticals and roll out new services.

General and Administrative Expenses

The Group's general and administrative expenses mainly consist of (i) compensation costs for executive management and administrative employees, (ii) daily operating expenses relating to administrative functions, (iii) allowance for doubtful accounts and (iv) provision for settlement in principle of U.S. securities class action, which is non-recurring. The Group's general and administrative expenses may increase modestly in the near future, as the Group may incur additional expenses related to its operations as a public company.

Research and Development Expenses

The Group's research and development expenses mainly consist of (i) technology infrastructure expenses, (ii) payroll and related expenses for employees involved in platform development and internal-use system support, and (iii) charges for the usage of the server and computer equipment in relation to the research and development activities. We expect that the Group's research and development expenses will continue to increase in absolute amounts, as the Group continues to build its technological infrastructure and improve its technological capabilities.

Provision for Loans Receivables

Allowance for loan losses is determined at a level believed to be reasonable to absorb probable losses inherent in the portfolio as of each balance sheet date. The allowance is provided based on an assessment performed on a portfolio basis. The Group recognizes an increase in allowance for loan losses as provision for loans receivables for the relevant period.

Share-Based Compensation

We adopted the 2018 Plan and the 2021 Plan to provide additional incentives to directors, officers, employees and consultants.

The Group recognized share-based compensation expense of RMB3,837.9 million, RMB919.3 million and RMB441.8 million (US$62.2 million) in the years ended December 31, 2021, 2022 and 2023, respectively, representing 82.4%, 13.7% and 5.2% of the Group's revenues in those respective periods. The following table sets forth a breakdown of share-based compensation expense by function for the periods indicated.

	For the Years Ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US$
		(in thousands)		
General and administrative expenses	3,728,421	809,194	297,469	41,898
Sales and marketing expenses	56,975	39,771	55,503	7,817
Research and development expenses	48,777	63,884	80,279	11,307
Cost of revenues	3,740	6,406	8,576	1,208
Total	**3,837,913**	**919,255**	**441,827**	**62,230**

Taxation

Cayman Islands

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act and accordingly, are exempted from Cayman Islands income tax. As such, we are not subject to tax on income or capital gain. In addition, no Cayman Islands withholding tax is imposed upon any payments of dividends by our subsidiaries to us.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax. Under the current Hong Kong Inland Revenue Ordinance, the profits tax rate for the first HK$2 million of profits of corporations is 8.25%, while profits above that amount are subject to the tax rate of 16.5%.

PRC

On March 16, 2007, the National People's Congress of the PRC introduced a Corporate Income Tax Law ("CIT Law"), under which Foreign Investment Enterprises ("FIEs") and domestic companies are subject to corporate income tax at a uniform rate of 25%. Certain enterprises benefit from a preferential tax rate of 15% under the CIT Law if they qualify as high and new technology enterprises ("HNTE"). Software enterprises encouraged by the PRC government ("Software Enterprises") will be exempted from corporate income tax from the first to the second year after the profit-making year and will be subject to corporate income tax at 12.5%, half of the statutory tax rate, from the third to the fifth year. An enterprise enjoying the tax incentive of Software Enterprises adopts the method of "self assessment, declaration of incentives enjoyed and retention of the relevant materials for future inspection".

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction").

The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2020, which was subsequently announced in March 2021 to be further extended to December 31, 2023. In September 2022, the State Taxation Administration of the PRC further announced that for the enterprises entitled to the current pre-tax deduction ratio of 175% for research and development expenses, such ratio is raised to 200% during the period from October 1, 2022 to December 31, 2022. In March 2023, the Ministry of Finance and State Taxation Administration announced to implement the policy of raising pre-tax deduction ratios for research and development expenses for eligible industry enterprises from 175% to 200% on a long-term basis starting from January 1, 2023.

The CIT Law provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The implementing rules of the CIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties and others, of a non-PRC company is located." Based on a review of facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC will be considered a resident enterprise for PRC tax purposes.

The CIT Law also imposes a withholding income tax of 10% on dividends distributed by an FIE to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). No deferred tax liability has been recognized for the undistributed profits of PRC subsidiaries as the Group has sufficient evidence to demonstrate that the undistributed dividends will be reinvested indefinitely.

Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting basis over tax basis in a consolidated affiliate. However, recognition is not required in situations where the tax law provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means. The Group VIEs are in an accumulated deficit position and therefore not subject to this deferred tax liability.

Results of Operations

The following table sets forth a summary of the Group's consolidated results of operations for the periods presented, in absolute amount for the periods presented and as a percentage of its revenues. This information should be read together with the Group's consolidated financial statements and related notes included elsewhere in this annual report. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	For the Years Ended December 31,						
	2021		2022		2023		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except percentages)						
Net revenues (including value-added taxes, "VAT", of RMB2,620.4 million, RMB3,550.9 million and RMB 4,172.7 million for the years ended December 31, 2021, 2022 and 2023, respectively)	**4,657,019**	**100.0**	**6,733,644**	**100.0**	**8,436,159**	**1,188,210**	**100.0**
Cost of revenues (including VAT net of government grants, of RMB1,950.9 million, RMB 2,539.3 million and RMB3,121.0 million for the years ended December 31, 2021, 2022 and 2023, respectively)	(2,539,998)	(54.5)	(3,514,551)	(52.2)	(4,119,016)	(580,151)	(48.8)
Sales and marketing expenses	(837,301)	(18.0)	(902,269)	(13.4)	(1,239,191)	(174,536)	(14.7)
General and administrative expenses	(4,271,152)	(91.7)	(1,417,933)	(21.1)	(937,677)	(132,069)	(11.1)
Research and development expenses	(729,668)	(15.7)	(914,151)	(13.6)	(946,635)	(133,331)	(11.2)
Provision for loans receivables	(97,658)	(2.1)	(194,272)	(2.9)	(234,599)	(33,043)	(2.8)
Total operating expenses	**(8,475,777)**	**(182.0)**	**(6,943,176)**	**(103.1)**	**(7,477,118)**	**(1,053,130)**	**(88.6)**
Other operating income	22,815	0.5	47,530	0.7	38,388	5,407	0.5
(Loss)/income from operations	**(3,795,943)**	**(81.5)**	**(162,002)**	**(2.4)**	**997,429**	**140,487**	**11.9**
Other income (expense):							
Interest income	234,651	5.0	483,658	7.2	1,141,861	160,828	13.5
Interest expenses	(40)	(0.0)	(175)	(0.0)	—	—	—
Foreign exchange (loss) gain	(15,468)	(0.3)	15,048	0.2	(2,149)	(303)	(0.0)
Investment income	28,317	0.6	5,411	0.1	55,621	7,834	0.7
Unrealized gains (losses) from fair value changes of investments and derivative assets	23,967	0.5	(63,390)	(0.9)	12,938	1,822	0.2
Other income, net	7,067	0.2	230,631	3.4	130,264	18,347	1.5
Impairment loss	(111,567)	(2.4)	—	—	—	—	
Share of loss in equity method investees	(11,321)	(0.2)	(1,246)	(0.0)	(2,067)	(291)	(0.0)
Total other income	**155,606**	**3.3**	**669,937**	**9.9**	**1,336,468**	**188,237**	**15.9**
Net (loss) income before income tax	**(3,640,337)**	**(78.2)**	**507,935**	**7.5**	**2,333,897**	**328,724**	**27.8**
Income tax expense	(14,191)	(0.3)	(96,035)	(1.4)	(106,804)	(15,043)	(1.3)
Net (loss) income	**(3,654,528)**	**(78.5)**	**411,900**	**6.1**	**2,227,093**	**313,681**	**26.5**

Year Ended December 31, 2023 Compared To Year Ended December 31, 2022

Revenues

The Group recorded revenues of RMB6,733.6 million and RMB8,436.2 million (US$1,188.2 million) in 2022 and 2023, respectively. VAT are included in revenues on a gross basis with a corresponding charge to the cost of revenues as we determine that the Group is the primary obligor of the VAT in the PRC. RMB3,550.9 million and RMB4,172.7 million (US$587.7 million) of the Group's revenues were attributable to VAT in 2022 and 2023, respectively, which were primarily related to VAT charged for freight brokerage services, calculated based on the total shipping transaction prices, including the freight charges paid to truckers (for which the consolidated affiliates act as agents) and the platform service fees earned by the Group.

Revenues from freight matching services increased by 24.6% from RMB5,656.7 million in 2022 to RMB7,048.8 million (US$992.8 million) in 2023 due to an increase in revenues from freight brokerage service, freight listing service and transaction commission.

- Revenue from freight brokerage service increased by 16.5% from RMB3,360.3 million in 2022 to RMB3,916.4 million (US$551.6 million) in 2023, primarily driven by an increase in transaction volume as a result of improved user penetration.
- Revenue from freight listing service increased by 9.0% from RMB852.4 million in 2022 to RMB929.4 million (US$130.9 million) in 2023, primarily attributable to a growing number of total paying members.
- Revenue from transaction commission increased by 52.6% from RMB1,444.0 million in 2022 to RMB2,203.1 million (US$310.3 million) in 2023, primarily driven by an increase in order volume and per-order transaction commission.

Revenues from value-added services increased by 28.8% from RMB1,077.0 million in 2022 to RMB1,387.3 million (US$195.4 million) in 2023, attributable to an increase in revenues from credit solutions and other value-added services.

- Revenues from credit solutions increased by 25.8% from RMB796.4 million in 2022 to RMB1,001.9 million (US$141.1 million) in 2023, primarily due to an increase in the amount of loans funded and facilitated by the Group to address market demand.
- Revenues from other value-added services increased by 37.3% from RMB280.6 million in 2022 to RMB385.4 million (US$54.3 million) in 2023, primarily due to our ability to provide diversified value added services.

Cost of Revenues

The Group's cost of revenues increased by 17.2% from RMB3,514.6 million in 2022 to RMB4,119.0 million (US$580.2 million) in 2023. The increase was primarily due to an increase in VAT, related tax surcharges and other tax costs, net of grants from government authorities.

VAT, related tax surcharges and other tax costs, net of grants from government authorities increased by 16.6% from RMB3,167.8 million in 2022 to RMB3,693.5 million (US$520.2 million) in 2023, primarily due to an increase in transaction activities involving our freight brokerage service.

Payroll and related expenses for employees increased by 20.3% from RMB134.6 million in 2022 to RMB161.9 million (US$22.8 million) in 2023, primarily attributable to an increase in salary and benefits expenses as a result of an increase in the customer service headcount in order to improve our customers' experience.

Technology service fee increased by 19.3% from RMB130.1 million in 2022 to RMB155.2 million (US$21.9 million) in 2023, primarily attributable to an increase in fees related to cloud and other technology services driven by the expansion of the Group's business.

Commission fee paid to third-party payment platform increased by 36.4% from RMB74.4 million in 2022 to RMB101.4 million (US$14.3 million) in 2023, primarily attributable to an increase in the transaction volume on the FTA platform.

Funding costs related to credit solution services was RMB2.0 million and nil in 2022 and 2023, respectively, as the relevant trusts were terminated in March 2022.

Sales and Marketing Expenses

The table below sets forth sales and marketing expenses and share-based compensation expenses included in sales and marketing expenses, in absolute amount for the periods presented and as a percentage of the Group's revenues.

	For the Years Ended December 31,				
	2022		2023		
	RMB	%	RMB	US$	%
	(in thousands, except percentages)				
Sales and marketing expenses	902,269	13.4	1,239,191	174,536	14.7
Share-based compensation expense included in sales and marketing expenses	39,771	0.6	55,503	7,817	0.7

The Group's sales and marketing expenses increased by 37.3% from RMB902.3 million in 2022 to RMB1,239.2 million (US$174.5 million) in 2023, and the Group's sales and marketing expenses as a percentage of its net revenues increased from 13.4% to 14.7% during the same period. The increase in absolute amount was primarily due to an increase in expenses of advertising and marketing activities for user acquisitions.

General and Administrative Expenses

The table below sets forth general and administrative expenses, as well as share-based compensation expenses and compensation expense resulting from repurchase of ordinary shares in excess of fair value included in general and administrative expenses, in absolute amount for the periods presented and as a percentage of the Group's revenues.

	For the Years Ended December 31,				
	2022		2023		
	RMB	%	RMB	US$	%
	(in thousands, except percentages)				
General and administrative expenses	1,417,933	21.1	937,677	132,069	11.1
Share-based compensation expense included in general and administrative expenses	809,194	12.0	297,469	41,898	3.5

The Group's general and administrative expenses decreased by 33.9% from RMB1,417.9 million in 2022 to RMB937.7 million (US$132.1 million) in 2023, and the Group's general and administrative expenses as a percentage of its net revenues decreased from 21.1% to 11.1% during the same period. The decrease in absolute amount was primarily due to lower share-based compensation expenses and a decrease in professional service fees, partially offset by provision for settlement in principle of U.S. securities class action. Please see "—B. Liquidity and Capital Resources—Contingent Liabilities" for details.

Research and Development Expenses

The table below sets forth research and development expenses and share-based compensation expenses included in research and development expenses, in absolute amount for the periods presented and as a percentage of the Group's revenues.

	For the Years Ended December 31,				
	2022		2023		
	RMB	%	RMB	US$	%
	(in thousands, except percentages)				
Research and development expenses	914,151	13.6	946,635	133,331	11.2
Share-based compensation expense included in research and development expenses	63,884	0.9	80,279	11,307	1.0

The Group's research and development expenses increased by 3.6% from RMB914.2 million in 2022 to RMB946.6 million (US$133.3 million) in 2023, primarily due to higher share-based compensation expenses and an increase in investment in technology infrastructure. The Group's research and development expenses as a percentage of its net revenues decreased from 13.6% to 11.2% in 2022 to 2023.

Provision for Loans Receivables

The Group's provision for loan receivable increased by 20.8% from RMB194.3 million in 2022 to RMB234.6 million (US$33.0 million) in 2023 due to increased loan volume.

Other Operating Income

The Group's other operating income decreased by 19.2% from RMB47.5 million in 2022 to RMB38.4 million (US$5.4 million) in 2023, primarily attributable to a decrease in subsidies received from local governments.

Interest Income

The Group recognized interest income of RMB1,141.9 million (US$160.8 million) in 2023, as compared to RMB483.7 million in 2022, primarily due to an increase in interest rate yields on the Group's U.S. dollar-denominated cash holdings outside the PRC.

Foreign Exchange (Loss) Gain

The Group recognized foreign exchange loss of RMB2.1 million (US$0.3 million) in 2023, as compared to a foreign exchange gain of RMB15.0 million in 2022. The loss in 2023 was primarily due to the fluctuation of exchange rate between U.S. dollars and Renminbi.

Investment Income

The Group recognized investment income of RMB5.4 million and RMB55.6 million (US$7.8 million) in 2022 and 2023, respectively, which was primarily related to the maturity of the Group's short-term investments.

Unrealized Gains (Losses) from Fair Value Changes of Investments and Derivative Assets

The Group recognized gains from fair value changes of investments and derivative assets of RMB12.9 million (US$1.8 million) in 2023, as compared to losses of RMB63.4 million in 2022. The gains in 2023 were primarily driven by the fair value changes in the Group's investments.

Other Income, Net

The Group's other income, net decreased significantly from RMB230.6 million in 2022 to RMB130.3 million (US$18.3 million) in 2023, primarily attributable to a decrease in the ADR fee income received from Deutsche Bank Trust Company Americas, the depositary bank for our ADR program. The depositary may make payments to us or reimburse us for certain costs and expenses, by making available a portion of the ADS fees collected in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time. For details of fees received from the depositary bank, please refer to "Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares".

Income Tax Expense

The Group recognized income tax expense of RMB106.8 million (US$15.0 million) in 2023, as compared to income tax expense of RMB96.0 million in 2022, primarily attributable to an increase in withholding tax of RMB36.1 million (US$5.1 million) on taxable interest income in the PRC and an increase in tax expenses due to the growth of the Group's net income before income tax, partially offset by a decrease in U.S. withholding tax of RMB33.8 million (US$4.8 million) imposed on the ADR fee income received in 2023.

Net Income

As a result of the foregoing, net income of the Group increased from RMB411.9 million in 2022 to RMB2,227.1 million (US$313.7 million) in 2023.

Year Ended December 31, 2022 Compared To Year Ended December 31, 2021

For a discussion of the Group's results of operations for the year ended December 31, 2022 compared with the year ended December 31, 2021, see "Item 5. Operating and Financial Review and Prospects — A. Operating Results — Year Ended December 31, 2022 Compared to Year Ended December 31, 2021" in our annual report on Form 20-F for the year ended December 31, 2022, filed with the SEC on April 19, 2023.

Non-GAAP Financial Measures

In evaluating the Group's business, we consider and use non-GAAP adjusted operating income and non-GAAP adjusted net income, each a non-GAAP financial measure, as supplemental measures to review and assess the Group's operating performance. The presentation of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. We define non-GAAP adjusted operating income as (loss)/income from operations excluding (i) share-based compensation expense, (ii) compensation expense resulting from repurchase of ordinary shares in excess of fair value, (iii) amortization of intangible assets resulting from business acquisitions, (iv) compensation cost incurred in relation to acquisitions and (v) settlement in principle of U.S. securities class action. We define non-GAAP adjusted net income as net (loss)/income excluding (i) share-based compensation expense, (ii) compensation expense resulting from repurchase of ordinary shares in excess of fair value, (iii) amortization of intangible assets resulting from business acquisitions, (iv) compensation cost incurred in relation to acquisitions, (v) impairment of long-term investment, (vi) settlement in principle of U.S. securities class action and (vii) tax effects of non-GAAP adjustments.

With respect to amortization of intangible assets resulting from business acquisitions, the relevant intangible assets were recorded as part of purchase accounting and contribute to revenue generation of the Group. Amortization of intangible assets resulting from business acquisitions will recur in future periods until such intangible assets have been fully amortized.

We present non-GAAP financial measures because they are used by our management to evaluate the Group's operating performance and formulate business plans. The Group's non-GAAP financial measures enable our management to assess the Group's operating results without considering the impact of (i) share-based compensation expense, amortization of intangible assets resulting from business acquisitions and provision for long-term investment, which are non-cash charges and (ii) compensation expense resulting from repurchase of ordinary shares in excess of fair value, compensation cost incurred in relation to acquisitions and settlement in principle of U.S. securities class action, which are non-recurring charges. We also believe that the use of non-GAAP measures facilitates investors' assessment of the Group's operating performance.

The non-GAAP financial measures are not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. The non-GAAP financial measures have limitations as an analytical tool. The Group's non-GAAP financial measures do not reflect all items of expense that affect the Group's operations.

We reconcile the non-GAAP financial measures to the nearest U.S. GAAP performance measures. Non-GAAP adjusted operating income and non-GAAP adjusted net income should not be considered in isolation or construed as an alternative to operating (loss)/income and net (loss)/income or any other measure of performance or as an indicator of the Group's operating performance. The Group's non-GAAP financial measure may not be comparable to similarly titled measures presented by other companies.

The following table reconciles the Group's unaudited non-GAAP adjusted operating income in the periods presented to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which is (loss)/income from operations.

	For the Years Ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US$
	(in thousands)			
(Loss) income from operations	**(3,795,943)**	**(162,002)**	**997,429**	**140,487**
Add:				
Share-based compensation expense	3,837,913	919,255	441,827	62,230
Compensation expense resulting from repurchase of ordinary shares in excess of fair value	78,478	—	—	—
Amortization of intangible assets resulting from business acquisitions	45,204	56,484	52,084	7,336
Compensation cost incurred in relation to acquisitions	43,153	21,914	17,124	2,412
Settlement in principle of U.S. securities class action	—	—	71,900	10,127
Non-GAAP adjusted operating income	**208,805**	**835,651**	**1,580,364**	**222,592**

The following table reconciles the Group's unaudited non-GAAP adjusted net income in the periods presented to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, which is net (loss)/income.

	For the Years Ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US$
	(in thousands)			
Net (loss) income	**(3,654,528)**	**411,900**	**2,227,093**	**313,681**
Add:				
Share-based compensation expense	3,837,913	919,255	441,827	62,230
Compensation expense resulting from repurchase of ordinary shares in excess of fair value	78,478	—	—	—
Amortization of intangible assets resulting from business acquisitions	45,204	56,484	52,084	7,336
Compensation cost incurred in relation to acquisitions	43,153	21,914	17,124	2,412
Impairment of long-term investment	111,567	—	—	—
Settlement in principle of U.S. securities class action	—	—	71,900	10,127
Tax effects of non-GAAP adjustments[(1)]	(11,301)	(14,120)	(13,021)	(1,834)
Non-GAAP adjusted net income	**450,486**	**1,395,433**	**2,797,007**	**393,952**

(1) Comprise tax effects relating to amortization of intangible assets resulting from business acquisitions.

B. Liquidity and Capital Resources

The Group's primary sources of liquidity have been through issuance of preferred shares (prior to our initial public offering), issuance of ordinary shares and bank borrowings, which have historically been sufficient to meet the Group's working capital and capital expenditure requirements. As of December 31, 2023, the Group had cash and cash equivalents of RMB6,770.9 million (US$953.7 million), as compared to cash and cash equivalents of RMB5,137.3 million as of December 31, 2022. The increase was primarily due to cash generated from our operating activities and the maturity of short-term investment, partially offset by cash paid for long-term investments and share repurchases.

In June 2021, we completed our initial public offering in which we issued and sold an aggregate of 82,500,000 ADSs, representing 1,650,000,000 Class A ordinary shares, at a public offering price of US$19.00 per ADS for a total offering size of US$1,567.5 million. Concurrently with our initial public offering, we completed a private placement in which we issued and sold an aggregate of 210,526,314 Class A ordinary shares, at a price per share equal to the initial public offering price adjusted for the ADS-to-Class A ordinary share ratio for an aggregate purchase price of US$200.0 million, or the concurrent private placement. The amount of net proceeds raised from the initial public offering and the concurrent private placement was approximately US$1,707.7 million.

The following table sets forth a summary of the locations of the Group's cash and cash equivalents as of December 31, 2023:

	As of December 31, 2023 (in thousands)
Cash located outside of the PRC	
— *in U.S. dollars*	US$63,840
— *in HK dollars*	HK$2,534 (US$324)[1]
— *in SGP dollars*	S$742(US$562)[2]
— *in RMB*	RMB538(US$76)
Cash located in the PRC	
— *held by our subsidiaries in U.S. dollars*	US$31,021
— *held by our subsidiaries in RMB*	RMB3,477,893 (US$489,851)
— *held by the Group VIEs and their subsidiaries in RMB*	RMB2,614,103 (US$368,189)

(1) The translations from HK dollars to U.S. dollars were made at a rate of HK$7.8109 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 29, 2023.

(2) The translations from SGP dollars to U.S. dollars were made at a rate of S$1.3193 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 29, 2023.

The consolidated affiliates pay a significant amount of VAT to local tax authorities in connection with the freight brokerage service. The consolidated affiliates also receive grants from local government authorities as an incentive for developing the local economy and business. For further information, see "—Components of Results of Operations—Revenues—Freight Matching Services—Freight Brokerage." The consolidated affiliates generally receive government grants related to freight brokerage service three to six months after the corresponding freight brokerage transaction takes place. The amount of government grants is determined based on the Group's agreements with the relevant local government authorities. The consolidated affiliates have not historically experienced any difficulties in receiving government grants that materially and adversely affected the Group's financial condition.

Taking into account the financial resources available to the Group, including its cash and cash equivalents on hand and the net proceeds from our initial public offering and concurrent private placement, we believe that the Group has sufficient working capital to meet its anticipated working capital requirements, including capital expenditures in the ordinary course of business for the next 12 months from the date of this annual report.

The Group may, however, need additional cash resources in the future if it experiences changes in business condition or other developments, or if we find and wish to pursue opportunities for investments, acquisitions, capital expenditures or similar actions. If we determine that the Group's cash requirements exceed the amount of cash and cash equivalents the Group has on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict the Group's operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

The following table sets forth a summary of the Group's cash flows for the periods presented:

	For the Years Ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	US$
	(in thousands)			
Summary Consolidated Cash Flow Data:				
Net cash (used in)/ provided by operating activities	(211,419)	(15,520)	2,269,646	319,674
Net cash (used in)/provided by investing activities	(14,398,973)	2,131,221	553,739	77,993
Net cash provided by/(used in) financing activities	8,901,514	(1,330,175)	(1,167,002)	(164,369)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(87,677)	71,932	18,954	2,669

Operating Activities

Net cash provided by operating activities was RMB2,269.6 million (US$319.7 million) in 2023, primarily due to net income of RMB2,227.1 million (US$313.7 million), adjusted by changes in itemized balances of operating assets and liabilities that have a positive effect on cash flow, including primarily (i) an increase in accrued expenses and other current liabilities of RMB295.6 million (US$41.6 million) primarily relating to an increase in refundable prepayments from shippers and truckers for future shipping arrangements using the Group's freight brokerage service and value-added services, (ii) a decrease in prepayments and other current assets of RMB163.2 million (US$23.0 million) primarily due to a decrease in the Group's investments in short-term wealth management products as the Group allocated more resources to long-term investments, (iii) an increase in income tax payable and other tax payable of RMB165.7 million (US$23.3 million) and (iv) an increase in prepayments for freight listing fees and other service fees of RMB86.8 million (US$12.2 million). The amount was partially offset by changes in itemized balances of operating assets and liabilities that have a negative effect on cash flow, including primarily (i) an increase in loans receivables of RMB1,107.2 million (US$155.9 million) as the Group funded more loans originated on the FTA platform, (ii) an increase in deferred tax assets of RMB107.6 million (US$15.2 million) and (iii) an increase in other non-current assets of RMB183.8 million (US$25.9 million) primarily due to an increase in long-term interest receivable. The amount was further adjusted by (i) share-based compensation of RMB441.8 million (US$62.2 million), (ii) provision for loans receivable of RMB234.6 million (US$33.0 million) and (iii) depreciation and amortization of RMB74.7 million (US$10.5 million).

Net cash used in operating activities was RMB15.5 million in 2022, primarily due to a net income of RMB411.9 million, adjusted by changes in itemized balances of operating assets and liabilities that have a negative effect on cash flow, including primarily (i) an increase in loan receivables of RMB1,065.1 million as the Group funded more loans originated on the FTA platform, (ii) an increase in prepayments and other current assets of RMB943.2 million primarily due to increases in government grants and interest receivables and (iii) an increase in deferred tax assets of RMB21.0 million. The amount was partially offset by changes in itemized balances of operating assets and liabilities that have a positive effect on cash flow, including primarily (i) an increase in accrued expenses and other current liabilities of RMB158.2 million primarily relating to an increase in refundable prepayments from shippers and truckers for future shipping arrangements using the Group's freight brokerage service and value-added services and an increase in accrued salary payables, (ii) an increase in other tax payable of RMB82.8 million and (iii) an increase in prepaid for freight listing fees and other service fees of RMB78.8 million primarily attributable to an increase in total paying members. The amount was further adjusted by (i) share-based compensation of RMB919.3 million, (ii) provision for loans receivable of RMB194.3 million, (iii) depreciation and amortization of RMB88.3 million and (iv) unrealized loss from fair value changes of short term investments and derivative assets of RMB63.4 million.

Net cash used in operating activities was RMB211.4 million in 2021, primarily due to net loss of RMB3,654.5 million, adjusted to add back (i) depreciation and amortization of RMB67.4 million, (ii) share-based compensation of RMB3,628.6 million, (iii) modification of options of RMB209.3 million, (iv) provision for loans receivable of RMB97.7 million, primarily in relation to the Group's on-balance sheet loans, and (v) an impairment loss and others of RMB96.1 million related to full impairment provision recognized on two of the Group's long-term investments. The amount was further adjusted by changes in itemized balances of operating assets and liabilities that have a negative effect on cash flow, including primarily (i) an increase in prepayments and other current assets of RMB656.0 million due to increases in government grants, the balance in our escrow account to fund loans originated on the FTA platform and interest receivables, and (ii) an increase in loan receivables of RMB561.4 million as the Group funded more loans originated on the FTA platform. The amount was further adjusted by changes in itemized balances of operating assets and liabilities that have a positive effect on cash flow, including primarily (i) an increase in accrued expenses and other current liabilities of RMB385.7 million, primarily relating to an increase in refundable prepayments from shippers and truckers for future shipping arrangements using the Group's freight brokerage service and value-added services, and (ii) an increase in other tax payable of RMB191.6 million, primarily relating to an increase in individual income tax withholding obligations.

Investing Activities

Net cash provided by investing activities was RMB553.7 million (US$78.0 million) in 2023, primarily attributable to maturity of short-term investments of RMB21,594.7 million (US$3,041.6 million), partially offset by (i) purchases of short-term investments of RMB11,617.7 million (US$1,636.3 million), (ii) purchases of long-term investments of RMB9,261.4 million (US$1,304.4 million), (iii) purchases of property and equipment, land use rights and intangible assets of RMB100.3 million (US$14.1 million) and (v) payments for investment in equity investees of RMB63.0 million (US$8.9 million).

Net cash provided by investing activities was RMB2,131.2 million in 2022, which was primarily attributable to proceeds from matured short-term investment of RMB86,901.5 million, partially offset by (i) purchases of short-term investments of RMB84,599.7 million, (ii) purchases of property and equipment, land use rights and intangible assets of RMB85.7 million, and (iii) payment for acquisition of subsidiaries, net of cash acquired of RMB76.6 million.

Net cash used in investing activities in 2021 was RMB14,399.0 million, which was primarily attributable to (i) cash paid for short-term investment of RMB23,340.3 million, which were primarily short-term time deposits, and (ii) payment for investment in equity investees of RMB887.3 million, (iii) payment for the acquisition of subsidiaries, net of cash acquired of RMB242.0 million, partially offset by proceeds from matured short-term investment of RMB10,069.3 million, which were short-term time deposits.

Financing Activities

Net cash used in financing activities was RMB1,167.0 million (US$164.4 million) in 2023, primarily attributable to (i) cash paid for repurchase of ordinary shares of RMB1,168.3 million (US$164.6 million) and (ii) proceeds prepaid by equity investors of a subsidiary of RMB90.0 million (US$12.7 million), partially offset by (i) capital contribution from redeemable non-controlling interests of RMB111.8 million (US$15.8 million) and (ii) cash prepaid for repurchase of ordinary shares of RMB179.8 million (US$25.3 million).

Net cash used in financing activities was RMB1,330.2 million in 2022, which was primarily attributable to (i) cash paid for repurchase of ordinary shares of RMB884.4 million and (ii) taxes paid for employees through repurchase of ordinary shares of RMB508.0 million, partially offset by capital received from redeemable non-controlling interests of RMB71.2 million.

Net cash provided by financing activities in 2021 was RMB8,901.5 million, which was primarily attributable to (i) proceeds from our initial public offering and the concurrent private placement in the amount of RMB11,059.0 million and (ii) proceeds from issuing additional Series A-16 preferred shares in the amount of RMB385.8 million, partially offset by cash paid for repurchase of ordinary shares and convertible redeemable preferred shares of RMB2,585.4 million.

Shareholder Loan

On November 12, 2020, our board approved a loan in the amount of US$200 million, or the shareholder loan, to Mr. Gang Wang, a minority shareholder who beneficially owns less than 5% of the total outstanding shares of our Company. As an angel investor in *Yunmanman*, he helped to steer the historical merger between *Yunmanman* and *Huochebang*. He was elected the chairman of our board of directors after the merger, and he resigned from our board on November 10, 2020 to pursue other endeavors. The loan was secured by a share charge over certain shares beneficially owned by Mr. Wang. The number of charged shares should be calculated based on the fair market value of such shares, determined from time to time, with a loan-to-value ratio of 90%, and as of November 21, 2020, the date on which the loan agreement was signed, 398,508,891 Series A-5 preferred shares were subject to the share charge. The loan had a term of five years and was interest free for the first two years and would bear a fixed interest of 1% per year for the remaining three years.

Pursuant to the share surrender and loan repayment agreement dated April 14, 2022, the Company settled the shareholder loan on May 7, 2022 by accepting the surrender of 560,224,090 Class A ordinary shares beneficially owned by Mr. Wang. Pursuant to such agreement, the number of surrender shares was determined based on the closing price of our ADSs on the NYSE on May 4, 2022, or US$7.14 per ADS, which implied a price of US$0.357 per Class A ordinary share.

Capital Expenditures

The Group made capital expenditures of RMB43.2 million, RMB85.7 million and RMB100.3 million (US$14.1 million) in the years ended December 31, 2021, 2022 and 2023, respectively. The Group's capital expenditures were mainly used for purchases of property and equipment. The Group will continue to make capital expenditures to meet the expected growth of its business.

Contingent Liabilities

Shareholder Class Action Lawsuits

***In re Full Truck Alliance Co. Ltd. Securities Litigation,* No. 654232/2021 (Sup. Ct. N.Y.)**

On July 7, 2021, FTA and certain of its current and former directors and officers and others were named as defendants in a putative shareholder class action lawsuit filed in the Supreme Court of the State of New York. An additional action was subsequently filed in the Supreme Court of the State of New York. On October 20, 2021, the two actions were consolidated and re-captioned as "*In re Full Truck Alliance Co. Ltd. Securities Litigation*." A Consolidated Amended Complaint was submitted on November 29, 2021, and FTA filed its motion to dismiss on January 31, 2022. Plaintiffs filed their opposition to FTA's motion to dismiss on March 31, 2022. FTA filed its reply in support of its motion to dismiss on April 29, 2022. A hearing was held on January 19, 2023.

The action is brought on behalf of a putative class of persons who purchased or acquired the Company's securities pursuant or traceable to the Company's IPO. The Consolidated Amended Complaint alleges violations of Sections 11 and 15 of the Securities Act of 1933 based on allegedly false and misleading statements or omissions in the Company's Registration Statement issued in connection with the IPO.

***Pratyush Kohli v. Full Truck Alliance Co. Ltd., et al.,* Case No. 1:21-cv-03903 (E.D.N.Y.)**

On July 12, 2021, FTA, certain of its current and former directors and officers and others were named as defendants in a putative shareholder class action lawsuit filed in the Eastern District of New York. On September 13, 2022, an amended class action complaint was filed. On November 1, 2022, a second amended class action complaint ("SAC") was filed, which FTA and certain other defendants moved to dismiss on February 2, 2023. Plaintiffs submitted their opposition to FTA's motion to dismiss on April 3, 2023. FTA and certain other defendants submitted their reply in support of the motion to dismiss on May 18, 2023.

The action is brought on behalf of a putative class of persons who purchased or acquired the Company's securities from June 22, 2021 to July 2, 2021. The SAC alleges violations of Sections 11 and 15 of the Securities Act of 1933 based on allegedly false and misleading statements or omissions in the Company's Registration Statement issued in connection with the IPO. The SAC also alleges violations of Section 10(b) and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Securities Exchange Act of 1934.

Settlement

On September 17, 2023, FTA entered into a binding term sheet that agrees in principle to settle both of the class action lawsuits described above. On or around February 27, 2024, FTA and other parties to the lawsuits executed a stipulation of settlement that resolves the lawsuits for $10.25 million. The settlement amount is an all-in amount that covers all attorneys' fees, administrative costs, expenses, class member benefits, class representative awards, and costs of any kind associated with the resolution of the lawsuits. On March 8, 2024, the parties submitted the stipulation to the Supreme Court of the State of New York, or the Court, and the Court preliminarily approved the settlement on April 3, 2024. On April 8, 2024, FTA paid the settlement amount in full, to be held in escrow pending final settlement approval in accordance with the stipulation of settlement. A final settlement approval hearing has been set for September 5, 2024. By agreeing to settle the lawsuits, FTA does not admit any allegations in the lawsuits or violation of any law or regulations. The settlement is still subject to final approval by the Court and various customary conditions. There can be no assurance that a settlement will be finalized and approved on the terms to which the parties currently agreed or at all.

Capital commitments

The Group's capital commitments primarily relate to commitments on construction of office building. Total capital commitments contracted but not yet reflected in the consolidated financial statements amounted to RMB45.8 million and RMB328.3 million (US$46.2 million) as of December 31, 2022 and 2023, respectively. All of these capital commitments will be fulfilled in the following years according to the construction progress.

Except for disclosed above, as of December 31, 2021, 2022 and 2023, respectively, the Group did not have any material contingent liabilities.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2023:

	Payment due by period					
	Total		Less than 1 Year	1 – 2 Years	2 – 3 Years	More than 3 Years
	RMB	US$	RMB			
	(in thousands)					
Operating lease liabilities	88,881	12,518	38,489	29,185	21,207	—
Total	88,881	12,518	38,489	29,185	21,207	—

Operating lease liabilities represent the Group's obligations for leasing offices, substantially all of which are located in PRC. The lease agreement of the Group's headquarter office is subsidized and paid by a local government authority subject to certain performance targets which the Group met for the past years and believes it will continue to meet for the remaining lease period. RMB81.1 million (US$11.4 million) of the lease liabilities included above will be paid by the subsidies.

The Group's capital commitments primarily relate to commitments on construction of office building. Total capital commitments contracted but not yet reflected in the consolidated financial statements amounted to RMB328.3 million (US$46.2 million) as of December 31, 2023. All of these capital commitments will be fulfilled in the following years according to the construction progress.

Other than as shown above, the Group did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2023.

Off-Balance Sheet Arrangements

The Group provides financial guarantees for loans that it facilitates for certain institutional funding partners to shippers and truckers on the FTA platform. The Group is obligated to compensate the institutional funding partners for the principal and interest payment in the event of the borrowers' default. As of December 31, 2023, the amount of guarantee liabilities in relation to such arrangements was immaterial, and the maximum potential undiscounted future payment the Group would be required to make was RMB184.4 million (US$26.0 million).

Other than the above, the Group has not entered into any other commitments to guarantee the payment obligations of any third parties. The Group has not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in the Group's consolidated financial statements. Furthermore, the Group does not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. The Group does not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to the Group or engages in leasing, hedging or product development services with the Group.

Material Related Party Transactions

The Group enters into transactions with its related parties from time to time. For more details about the Group's related party transactions during 2021, 2022 and 2023, see "Item 7. Major Shareholders and Related Party Transactions — Related Party Transactions." The Group's transactions with related parties during 2021, 2022 and 2023 were conducted on an arm's length basis, and they did not distort the Group's results of operations or make the Group's historical results not reflective of its future performance.

Holding Company Structure

Full Truck Alliance Co. Ltd., our holding company, has no material operations of its own other than holding investments in certain of our equity investees. The Group conducts its operations primarily through (i) the Group VIEs and their subsidiaries in China and (ii) our subsidiaries in China. As a result, Full Truck Alliance Co. Ltd.'s ability to pay dividends may depend upon dividends paid by our PRC subsidiaries to certain extent. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries, the Group VIEs and their subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, our subsidiaries in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and the Group VIEs and their subsidiaries may allocate a portion of their after-tax profits based on PRC accounting standards to a discretionary surplus fund at their discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

Recent Accounting Pronouncements

Please refer to Note 2 to our consolidated financial statements included elsewhere in this annual report.

C. Research and Development

The Group's research and development efforts primarily focus on improving the user-friendliness of its existing services and solutions, designing new services and solutions for platform users, and optimizing and enhancing its technological infrastructure. The Group incurred RMB729.7 million, RMB914.2 million and RMB946.6 million (US$133.3 million) of research and development expenses in the years ended December 31, 2021, 2022 and 2023, respectively, accounting for 15.7%, 13.6% and 11.2% of the Group's revenue during the same periods, respectively.

The Group's talented research and development team and robust cloud-based technological infrastructure enable it to continuously introduce new innovations and offer high quality user experience. As of December 31, 2023, the Group's research and development team consisted of 1,516 members. The Group's research and development team includes big data engineers that maintain the Group's database and develop its data technology, security and risk management engineers that focus on cybersecurity and risk control, infrastructure maintenance engineers that maintain the stability of the FTA platform, as well as platform development engineers that develop and implement products and services on the FTA platform.

D. Trend Information

Please refer to "—A. Operating Results" for a discussion of the most recent trends in the Group's services, sales and marketing by the end of 2023. In addition, please refer to discussions included in such item for a discussion of known trends, uncertainties, demands, commitments or events that we believe are reasonably likely to have a material effect on the Group's revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to be not necessarily indicative of the Group's future operating results or financial condition.

E. Critical Accounting Estimates

We prepare the Group's consolidated financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, the Group's own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

Valuation of Ordinary Shares in Measurement of Share-Based Compensation

We account for share options granted to employees and directors as a lability award or an equity award in accordance with ASC 718, Stock Compensation.

Prior to the completion of our initial public offering in June 2021, we determined the fair value of ordinary shares underlying each share option granted based on estimated equity value and allocation of it to each element of its capital structure. The assumptions used in share-based compensation expenses recognition represent our best estimates, but these estimates involved inherent uncertainties and the application of judgment. If factors change or different assumptions were used, the share-based compensation expenses could be materially different for any period. Valuations of our ordinary shares were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants' Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, and with the assistance of an independent valuation firm from time to time. The assumptions we used in the valuation model were based on future expectations combined with management judgment, with inputs of numerous objective and subjective factors, to determine the fair value of our ordinary shares, including the following factors:

- our operating and financial performance;

- current business conditions and projections;
- our stage of development;
- the prices, rights, preferences and privileges of our redeemable convertible preferred shares relative to our ordinary shares;
- the likelihood of occurrence of liquidity event and redemption event;
- any adjustment necessary to recognize a lack of marketability for our ordinary shares; and
- the market performance of industry peers.

In order to determine the fair value of our ordinary shares underlying each share-based award grant prior to our initial public offering, we first determined our business entity value, or BEV, and then allocated the BEV to each element of our capital structure (redeemable convertible preferred shares and ordinary shares) using an option pricing method. In our case, three scenarios were assumed, namely: (i) the liquidation scenario, in which the option pricing method was adopted to allocate the value between redeemable convertible preferred shares and ordinary shares, and (ii) the redemption scenario, in which the option pricing method was adopted to allocate the value between redeemable convertible preferred shares and ordinary shares, and (iii) the mandatory conversion scenario, in which equity value was allocated to redeemable convertible preferred shares and ordinary shares on an as-if converted basis. Increasing probability was assigned to the mandatory conversion scenario during 2020 in light of the preparations for our initial public offering. In determining the fair value of our BEV, we applied the income approach/discounted cash flow, or DCF, analysis based on our projected cash flow using management's best estimate as of the valuation date. The determination of the fair value of our ordinary shares required complex and subjective judgments to be made regarding our projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation.

Assumptions and estimates are no longer necessary to determine the fair value of our ordinary shares after the listing of our ADSs on the NYSE.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth certain information relating to our directors and executive officers as of the date of this annual report.

Name	Age	Position(s)
Peter Hui Zhang	45	Founder, Chairman, Chief Executive Officer and Director
Langbo Guo	52	President and Director
Guizhen Ma	42	Director
Richard Weidong Ji	56	Director
Shanshan Guo	44	Independent Director
Jennifer Xinzhe Li	56	Independent Director
Simon Chong Cai	41	Chief Financial Officer
Kai Shen	43	Chief Risk Officer and General Counsel
Zhenghong Wang	47	Chief Customer Officer

Peter Hui Zhang is our founder and has served as the chairman of our board of directors since November 2020, our chief executive officer since December 2018 and a director since December 2017. Mr. Zhang currently holds director positions in other members of our Company. Previously, he was the chief executive officer of *Yunmanman* from its inception in November 2013 to December 2018. Prior to founding *Yunmanman*, Mr. Zhang served as a senior customer manager of the regional operations and sales unit of Alibaba Group Holding Limited, or Alibaba Group, a technology company listed on the NYSE (ticker symbol: BABA) and the Hong Kong Stock Exchange (stock code: 9988), from February 2005 to March 2011. Mr. Zhang graduated from Nanjing University of Aeronautics and Astronautics in the PRC with a major in electronics and information technology in June 2000. He also received a master's degree in electronic systems from Nanjing University of Posts and Telecommunications in the PRC in July 2007.

Langbo Guo has served as our president and director since May 2023. He was our chief strategy officer from March 2018 to May 2023. Prior to joining our Company, he served as a senior director of the operations and planning division of Baidu, Inc., a technology company listed on the NASDAQ (ticker symbol: BIDU) and the Hong Kong Stock Exchange (stock code: 9888), from November 2011 to February 2018. Mr. Guo received his bachelor's degree in material engineering from Shanghai Jiao Tong University in the PRC in July 1993.

Guizhen Ma has served as our director since April 2021 and is our chief cultural officer and vice president of human resources in charge of corporate culture and talents recruitment of the Company. Ms. Ma currently holds various positions in other members of our Company, including legal representative and director. She is one of the founding members of *Yunmanman* and has served as a member of our management team since November 2013. Since July 2019, Ms. Ma has been a vice chairman of the Post and Communication Committee of Jiangsu Institute of Communication of the PRC. Previously, she served as a senior human resources officer of the business-to-business unit of Alibaba Group from November 2005 to May 2013. Ms. Ma received her bachelor's degree in Chinese language and literature education from Anhui Normal University in the PRC in July 2004.

Richard Weidong Ji has served as our director since April 2021. Since May 2013, Mr. Ji has served as an independent director and a member of the audit committee of JOYY Inc., a company operating a video-based social medial platform and listed on the NASDAQ (ticker symbol: YY). He has served at All-Stars Investment Limited, a company offering investment services, since June 2014, where he is the co-founder and managing partner. From March 2005 to June 2013, he served at the Morgan Stanley group of companies with his last position as a managing director in the research division in Hong Kong. Mr. Ji received his bachelor's degree in science from Fudan University in the PRC in July 1990, his doctoral degree in science from Harvard University in the U.S. in November 1996 and his master's degree in business administration (MBA) from the Wharton School of Business at the University of Pennsylvania in the U.S. in May 2003.

Shanshan Guo has served as our director since December 2017 and was determined by our board of directors to be an independent director in April 2021. Mr. Guo is currently a partner of HongShan. Prior to joining HongShan in October 2010, he served at McKinsey & Consulting Company Inc. Shanghai from 2006 to 2010. Prior to that, Mr. Guo served in the logistics division at BS Home Appliances Co., Ltd. from 2004 to 2005. Mr. Guo received his bachelor of arts degree in English from Chongqing University in the PRC in June 2002 and master of science degree in information and knowledge management from Loughborough University in the United Kingdom in December 2003.

Jennifer Xinzhe Li has served as our director since April 2021 and was determined by our board of directors to be an independent director in April 2021. She has also served as an independent director of a number of listed companies, including an independent director and a member of the compensation committee of ABB Ltd. (a technology company listed on the SIX Swiss Exchange (ticker symbol: ABBN SW) and Nasdaq Stockholm (ticker symbol: ABB SS) since 1999 and a member of the supervisory board of SAP SE (a software company listed on the NYSE (ticker symbol: SAP)) since May 2022. Previously, Ms. Li served as an independent director of KONE Corporation (an engineering and service company listed on the Helsinki Stock Exchange (ticker symbol: KNEBV)) from March 2021 to February 2023, an independent director and a member of the compensation committee of Flex Ltd. (a supply chain and manufacturing solutions provider listed on the NASDAQ (ticker symbol: FLEX)) from January 2018 to August 2022, a director, the chairperson of the audit committee and a member of each of the consumer relationships and regulation committee, the nominating and corporate governance committee and the finance committee of Philip Morris International Inc. (a cigarette and tobacco manufacturing company listed on the NYSE (ticker symbol: PM)) from 2010 to 2021 and a director of The Hongkong and Shanghai Banking Corporation Limited, which is a subsidiary of HSBC Holdings plc (a banking and financial services institution listed on the NYSE (ticker symbol: HSBC), the Hong Kong Stock Exchange (stock code: 0005) and the London Stock Exchange (ticker symbol: HSBA)) from September 2014 to June 2021. She was formerly the chief executive officer of Baidu Capital in 2018 and the chief financial officer of Baidu Inc., a technology company listed on the NASDAQ (ticker symbol: BIDU) and the Hong Kong Stock Exchange (stock code: 9888), from 2008 to 2017. From 1994 to 2008, Ms. Li held a number of senior finance positions at various General Motors Company (an automotive manufacturing company listed on the NYSE (ticker symbol: GM)) companies in China, Singapore, the United States and Canada, and was promoted to the chief financial officer of General Motors' business in China and the North American Operations Controller of General Motors Acceptance Corporation. Ms. Li received her bachelor of arts degree with major in English from Tsinghua University in the PRC in July 1990 and her master of business administration (MBA) degree from the University of British Columbia in Canada in May 1994.

Simon Chong Cai has served as our chief financial officer since 2020. Mr. Cai currently holds various positions in other members of our Company, including director, general manager and legal representative. Previously, he was the chief financial officer of *Yunmanman* from 2017 to 2020. Prior to joining our Company, Mr. Cai spent over 12 years in investment banking roles. He served at Nomura International (Hong Kong) Limited from May 2014 to June 2017 with his last position as an executive director at the investment banking division, and a vice president at Lazard Business Consulting (Beijing) Co., Ltd. from 2013 to 2014. Prior to that, Mr. Cai worked at Citigroup Global Markets Asia Limited from 2007 to 2013 with his corporate title as a vice president at the Asia investment banking (industries) division. Earlier, he worked at the investment banking division of Morgan Stanley Asia Limited as an analyst from 2006 to 2007 and HSBC Markets (Asia) Limited as an analyst from 2004 to 2006. Mr. Cai received his bachelor's degree in mechanical engineering from Tsinghua University in the PRC in July 2004.

Kai Shen has served as our chief risk officer and general counsel since October 2019. Prior to joining our Company, Mr. Shen served at Alibaba Group from February 2011 to October 2019 with his last position as a senior legal director. Since May 2017, he has served as an arbitrator of China International Economic and Trade Arbitration Commission. Mr. Shen received his bachelor's degree in law from Hunan University in the PRC in June 2003 and master's degree in project management from Zhejiang University in the PRC in September 2014.

Zhenghong Wang has served as our chief customer officer since May 2021 and has been our head of operations committee since September 2020. Previously, Mr. Wang was the vice president of operations of Yunmanman from 2016 to 2019. Prior to joining our Group, from May 2014 to January 2016, he served as the vice president of Beijing Chengshi Wanglin Information Technology Co., Ltd., which is a subsidiary of 58.com Inc. (a company operating a life service platform and listed on the NYSE (ticker symbol: WUBA)). Mr. Wang served as a senior regional manager of a business-to-business unit of Alibaba Group from July 2004 to April 2014. Mr. Wang received his bachelor's degree in business management from Xi'an Jiaotong University in the PRC in July 1999.

B. Compensation

In 2023, the Group paid aggregate cash compensation of approximately RMB24.0 million to our directors and executive officers as a group. We did not pay any other cash compensation or benefits in kind to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. Our board of directors may determine compensation to be paid to the directors and the executive officers. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors and the executive officers.

For information regarding share awards granted to our directors and executive officers, see "—Share Incentive Plans."

In 2021, we repurchased a number of ordinary shares and options from certain of our executive officers. In 2022, we repurchased a number of Class A ordinary shares that correspond to part of the vested share-based awards previously granted to certain of our employees and executive officers. For more information, see "Item 7. Major Shareholders and Related Party Transactions — Related Party Transactions—Transactions with Certain Executive Officers" and "Item 16E. Purchase of Equity Securities by the Issuer and Affiliated Purchasers."

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment unilaterally at any time under certain circumstances involving the executive officer, such as serious violation of laws or regulations, serious violation of our labor discipline or rules and regulations, serious dereliction of duty and/or misconduct for personal gains or prosecution for criminal liability. We may also terminate an executive officer's employment with 30-day written notice under certain specified circumstances relating to the executive officer's inability to perform his or her duties. The executive officer may resign at any time with a 30-day written notice, except for certain specified circumstances.

Each executive officer has agreed to keep our trade secrets that come to his or her knowledge strictly confidential. Trade secrets include but are not limited to information/proprietary technology, business information, internal organization information and documents listed as top secret and confidential by us. After termination of an executive officer's employment, his or her confidential obligations remain effective until the relevant confidential information has become generally available to the public, which shall not be due to such executive officer's fault.

In addition, each executive officer has agreed to be bound by non-competition restriction during the term of his or her employment and for two tears following the termination of employment. Specifically, each executive officer has agreed not to, among others, (i) directly or indirectly engage in or participate in any competitive conduct and/or transaction or work related to competitive business, or have an interest in a competitive business or competitor, (ii) prompt any of our directors or management personnel to resign, (iii) prompt any client, supplier, licensee, licensor or other business partner of our Company to terminate or change business relationship with us, or (iv) receive remuneration or obtain benefits from a competitor. We have agreed to pay non-competition compensation during the non-competition period, and such compensation shall be 30% of the executive officer's average monthly wage in the 12 months prior to termination.

We have entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we have agreed to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our Company.

Share Incentive Plans

2018 Plan

We adopted a share incentive plan in November 2018, which was amended and restated in April 2020 and December 2020, or the 2018 Plan. The 2018 Plan allows us to grant options, restricted shares, restricted share units and other equity awards to our employees, non-employee directors and consultants. The maximum number of Class A ordinary shares that may be issued pursuant to equity awards granted under the 2018 Plan is 2,636,675,056.

We have set up an employee incentive plan trust with Futu Trustee Limited as the trustee and Master Quality Group Limited as the nominee of the trustee. Master Quality Group Limited holds Class A ordinary shares relating to options granted to certain participants of the 2018 Plan for the benefit of such individuals. As of March 31, 2024, Master Quality Group Limited held 57,800,735 Class A ordinary shares and 85,232,040 Class A ordinary shares represented by ADSs. Upon satisfaction of applicable vesting conditions, Class A ordinary shares held by Master Quality Group Limited may be transferred to the relevant participants. Pursuant to the trust deed, neither the trustee nor the nominee may exercise the voting rights associated with the shares held by the nominee.

Administration

The 2018 Plan is administered by the compensation committee. As the administrator, the compensation committee will determine the terms and conditions of each equity award.

Change in Control

In the event of a change in control, if holders' equity awards are not converted, assumed, or replaced by a successor, such equity awards will become fully vested and exercisable and all forfeiture restrictions on such equity awards will lapse. The administrator may accelerate the expiration, purchase of equity awards from holders and provide for the replacement, assumption or substitution of equity awards.

Term

Unless terminated earlier, the 2018 Plan will continue in effect for a term of ten years from the date of its adoption.

Award Agreements

Equity awards granted under the 2018 Plan are evidenced by award agreements that set forth the terms, conditions and limitations for each award, as determined by the administrator to be consistent with the 2018 Plan.

Vesting Schedule

The vesting schedule of each equity award granted under the 2018 Plan will be set by the administrator.

Amendment and Termination

The administrator may, at any time and from time to time, terminate, amend or modify the 2018 Plan subject to the approval of the board if required by applicable laws or the relevant listing stock exchange.

Award Grants

As of March 31, 2024, options to purchase 30,773,175 Class A ordinary shares were granted and outstanding under the 2018 Plan. We did not grant any options to our directors and executive officers under the 2018 Plan for the year ended December 31, 2023.

2021 Plan

We adopted the 2021 equity incentive plan in April 2021, which was amended in November 2021, or the 2021 Plan. The 2021 Plan allows us to grant options, restricted shares, RSUs and other equity awards to our employees, directors and consultants. The maximum number of ordinary shares, including both Class A ordinary shares and Class B ordinary shares, that may be subject to equity awards pursuant to the 2021 Plan, or the share reserve, was initially set at 466,685,092. If the share reserve falls below 3.0% of our total outstanding shares on the last day of a calendar year, the share reserve shall automatically be increased to 3.0% of our total outstanding shares on the January 1 immediately thereafter.

Administration

The 2021 Plan is administered by the compensation committee. The administrator will determine the terms and conditions of each equity award.

Change in Control

In the event of a change in control, the administrators may accelerate the vesting, purchase of equity awards from holders and provide for the assumption, conversion or replacement of equity awards.

Term

Unless terminated earlier, the 2021 Plan will continue in effect for a term of ten years from the date of its adoption.

Award Agreements

Equity awards granted under the 2021 Plan are evidenced by award agreements that set forth the terms, conditions and limitations for each award, which must be consistent with the 2021 Plan.

Vesting Schedule

The vesting schedule of each equity award granted under the Plan will be set forth in the award agreement for such equity award.

Amendment and Termination

The 2021 Plan may at any time be amended or terminated with the approval of our board of directors, subject to the limitations of applicable laws.

Award Grants

We granted options to certain employees under the 2021 Plan. As of March 31, 2024, options to purchase 231,846,479 Class A ordinary shares were granted and outstanding under the 2021 Plan. The table below summarizes options granted to our directors and executive officers under the 2021 Plan for the year ended December 31, 2023.

Name	Position	Class A Ordinary Shares Underlying Options	Option Exercise Price (US$)	Grant Date	Expiration Date
Guizhen Ma	Director	*	0.00001	September 15, 2023	September 15, 2033
Zhenghong Wang	Chief Customer Officer	*	0.00001	September 15, 2023	September 15, 2033
Langbo Guo	President and Director	*	0.00001	September 15, 2023	September 15, 2033

* Less than 1% of our issued shares, assuming conversion of all of our preferred shares into ordinary shares.

Restricted Share Awards

The Group acquired Beijing Bang Li De Network Technology Co., Ltd., or TYT, a private company offering equipment transportation services, in December 2021. Upon the completion of the acquisition, ordinary shares in TYT held by non-controlling interest holders, who are also management of the TYT, are restricted and subject to a four-year vesting period since July 1, 2022.

C. Board Practices

Board of Directors

Our board of directors consists of six directors. A director is not required to hold any shares in our company to qualify to serve as a director. Pursuant to our memorandum and articles of association, a director may vote with respect to any contract or any proposed contract or arrangement in which he is interested, and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract or proposed contract or arrangement is considered, provided (a) such director has declared the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first considered if he knows his interest then exists, or in any other case at the first meeting of the board after he knows he is or has become so interested, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of the company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- conducting and managing the business of our Company;
- representing our Company in contracts and deals;
- appointing attorneys for our Company;
- select senior management such as managing directors and executive directors;
- providing employee benefits and pension;
- managing our Company’s finance and bank accounts;
- exercising the borrowing powers of our Company and mortgaging the property of our Company; and
- exercising any other powers conferred by the shareholders meetings or under our memorandum and articles of association, as amended and restated from time to time.

Terms of Directors and Executive Officers

Our directors may be elected by a resolution of our board of directors, or by an ordinary resolution of our shareholders, pursuant to our memorandum and articles of association. Each of our directors will hold office until his or her successor takes office or until his or her earlier death, resignation or removal or the expiration of his or her term as provided in the written agreement with our Company, if any. A director will cease to be a director if, among other things, the director (i) dies, or becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind, (iii) resigns his office by notice in writing to the company, or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his office be vacated. Our officers are elected by and serve at the discretion of the board of directors.

Board Committees

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. Each committee operates under a charter that has been approved by our board of directors. Each committee's members and functions are described below.

Audit Committee

Our audit committee currently consists of Ms. Jennifer Xinzhe Li and Mr. Shanshan Guo. Ms. Jennifer Xinzhe Li is the chairperson of our audit committee. Ms. Jennifer Xinzhe Li satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. Each of Ms. Jennifer Xinzhe Li and Mr. Shanshan Guo satisfies the requirements for an "independent director" within the meaning of Section 303A of the Corporate Governance Rules of the New York Stock Exchange and meets the criteria for independence set forth in Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act.

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our audit committee is responsible for, among other things:

- selecting the independent auditor;
- pre-approving auditing and non-auditing services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor's report describing the auditing firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors and all relationships between the independent auditor and our Company;
- setting clear hiring policies for employees and former employees of the independent auditors;
- reviewing with the independent auditor any audit problems or difficulties and management's response;
- reviewing and, if material, approving all related party transactions on an ongoing basis, unless otherwise determined by the board or the audit committee;
- reviewing and discussing the annual audited financial statements with management and the independent auditor;
- reviewing and discussing with management and the independent auditors major issues regarding accounting principles and financial statement presentations;
- reviewing reports prepared by management or the independent auditors relating to significant financial reporting issues and judgments;
- discussing earnings press releases with management, as well as financial information and earnings guidance provided to analysts and rating agencies;

- reviewing with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on our financial statements;
- discussing policies with respect to risk assessment and risk management with management, internal auditors and the independent auditor;
- timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by our Company, all alternative treatments of financial information within U.S. GAAP that have been discussed with management and all other material written communications between the independent auditor and management;
- establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately, periodically, with management, internal auditors and the independent auditor; and
- reporting regularly to the full board of directors.

Compensation Committee

Our compensation committee currently consists of Mr. Peter Hui Zhang and Ms. Guizhen Ma. Mr. Peter Hui Zhang is the chairperson of our compensation committee.

Our compensation committee is responsible for, among other things:

- reviewing, evaluating and, if necessary, revising our overall compensation policies;
- reviewing and evaluating the performance of our directors and senior officers and determining the compensation of our senior officers;
- reviewing and approving our senior officers' employment agreements with us;
- setting performance targets for our senior officers with respect to our incentive—compensation plan and equity-based compensation plans;
- administering our equity-based compensation plans in accordance with the terms thereof; and such other matters that are specifically delegated to the remuneration committee by our board of directors from time to time.

Nomination Committee and Corporate Governance Committee

Our nominating and corporate governance committee consists of Ms. Guizhen Ma and Mr. Richard Weidong Ji. Ms. Guizhen Ma is the chairperson of our nominating and corporate governance committee. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;

- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

D. Employees

See "Item 4. Information on the Company—B. Business Overview—Employees."

E. Share Ownership

The following table sets forth information as of March 31, 2024 with respect to the beneficial ownership of our ordinary shares by:

- each of our directors and executive officers; and
- each person known to us to own beneficially 5.0% or more of our ordinary shares.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to, or the power to receive the economic benefit of ownership of, the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option or other right or the conversion of any other security. However, these shares are not included in the computation of the percentage ownership of any other person.

The total number of ordinary shares issued and outstanding as of March 31, 2024 was 20,915,004,788, comprising 18,783,139,160 Class A ordinary shares and 2,131,865,628 Class B ordinary shares. The total number of free float shares as of March 31, 2024 was 14,041,582,440.

	Ordinary Shares Beneficially Owned			
	Number of Class A ordinary shares	Number of Class B ordinary shares	% of total ordinary shares†	% of voting power††
Directors and Executive Officers:**				
Peter Hui Zhang(1)	5,253,917	2,131,865,628	10.2	77.3
Langbo Guo	*	—	*	*
Guizhen Ma	*	—	*	*
Richard Weidong Ji(2)	663,168,231	—	3.2	*
Shanshan Guo	—	—	—	—
Jennifer Xinzhe Li	*	—	*	*
Simon Chong Cai	*	—	*	*
Kai Shen	*	—	*	*
Zhenghong Wang	*	—	*	*
All directors and executive officers as a Group	825,828,888	2,131,865,628	14.1	78.3
Principal Shareholders:				
SVF entities(3)	3,046,659,400	—	14.6	3.7

	Ordinary Shares Beneficially Owned			
	Number of Class A ordinary shares	Number of Class B ordinary shares	% of total ordinary shares†	% of voting power††
Full Load Logistics(1)	5,253,900	2,131,865,628	10.2	77.3

* Less than 1% of our total outstanding shares.

** The business addresses for our directors and executive officers are 6 Keji Road, Huaxi District, Guiyang, Guizhou 550025, People's Republic of China and Wanbo Science and Technology Park, 20 Fengxin Road, Yuhuatai District, Nanjing, Jiangsu 210012, People's Republic of China.

† For each person and group included in this column, percentage ownership is calculated by dividing the number of ordinary shares beneficially owned by such person or group, including shares that such person or group has the right to acquire within 60 days after March 31, 2024, by the sum of (i) the total number of ordinary shares issued and outstanding as of March 31, 2024, and (ii) the number of ordinary shares that such person or group has the right to acquire beneficial ownership within 60 days after March 31, 2024.

†† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. In respect of matters requiring a shareholder vote, each Class A ordinary share will be entitled to one vote, and each Class B ordinary share will be entitled to 30 votes. Each Class B ordinary share will be convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares will not be convertible into Class B ordinary shares under any circumstances.

(1) The number of ordinary shares beneficially owned is as of March 31, 2024, and consists of (i) 2,131,865,628 Class B ordinary shares held by Full Load Logistics, (ii) 5,253,900 Class A ordinary shares represented by ADSs that are beneficially owned by Full Load Logistics and (iii) 17 of the Class A ordinary shares held by Master Quality Group Limited, which Mr. Peter Hui Zhang has dispositive power over. Full Load Logistics is a limited liability company incorporated in the British Virgin Islands with registered office at Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands, VG1110. Full Load Logistics is wholly owned by Mr. Peter Hui Zhang. Master Quality Group Limited is the nominee of an employee incentive plan trust and holds Class A ordinary shares relating to options granted to certain participants of the 2018 Plan for the benefit of such individuals.

(2) The number of ordinary shares beneficially owned is as of March 31, 2024, and consists of (i) 221,212,864 Class A ordinary shares held by All-Stars SP VI Limited, (ii) 68,045,540 Class A ordinary shares held by All-Stars SP VIII Limited, (iii) 234,187,020 Class A ordinary shares held by All-Stars PESP II Limited, (iv) 47,871,460 Class A ordinary shares held by PESP VIII Limited, (v) 34,821,060 Class A ordinary shares and 2,073,680 Class A ordinary shares in the form of 103,684 ADSs held by All-Stars PEIISP IV Limited, (vi) 11,828,927 Class A ordinary shares and 8,426,320 Class A ordinary shares in the form of 421,316 ADSs held by All-Stars Investment Master Fund and (vii) 34,701,360 Class A ordinary shares in the form of 1,735,068 ADSs held by Mr. Richard Weidong Ji.
Each of All-Stars SP VI Limited, All-Stars SP VIII Limited, All-Stars PESP II Limited, PESP VIII Limited and All-Stars PEIISP IV Limited is a limited liability company incorporated in the British Virgin Islands with registered office at Luna Tower, Waterfront Drive, Road Town, Tortola, British Virgin Islands. All-Stars Investment Master Fund is a limited liability company incorporated in the Cayman Islands with registered office at One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands. Mr. Richard Weidong Ji is one of the directors of each of All-Stars SP VI Limited, All-Stars SP VIII Limited, All-Stars PESP II Limited, PESP VIII Limited, All-Stars PEIISP IV Limited and All-Stars Investment Master Fund and shares the voting and investment powers over the shares held by All-Stars SP VI Limited, All-Stars SP VIII Limited, All-Stars PESP II Limited, PESP VIII Limited, All-Stars PEIISP IV Limited and All-Stars Investment Master Fund. Mr. Ji may therefore be deemed to be the beneficial owner of the shares held by All-Stars SP VI Limited, All-Stars SP VIII Limited, All-Stars PESP II Limited, PESP VIII Limited, All-Stars PEIISP IV Limited and All-Stars Investment Master Fund.

(3) The number of ordinary shares beneficially owned is as of December 31, 2023, as reported in the Amendment No. 2 to the Schedule 13G filed jointly by the Softbank funds on February 13, 2024, and consists of 3,046,659,400 Class A ordinary shares in the form of 152,332,970 ADSs held by SVF Truck (Singapore) Pte. Ltd. ("SVF Truck") as record holder.
Softbank Vision Fund L.P. is the managing member of SVF Holdings (UK) LLP, which is the sole owner of SVF Holdings (Singapore) Pte. Ltd., which in turn is the sole owner of SVF Truck. SB Investment Advisers (UK) Limited ("SBIA UK") has been appointed as alternative investment fund manager ("AIFM") of Softbank Vision Fund L.P. SBIA UK is authorized and regulated by the UK Financial Conduct Authority and is exclusively responsible for making all decisions related to the acquisition, structuring, financing and disposal of Softbank Vision Fund L.P.'s investments. As a result of these relationships, each of SBIA UK, SoftBank Vision Fund LP, SVF Holdings (UK) LLP, SVF Holdings (Singapore) Pte. Ltd., and SVF Truck may be deemed to share beneficial ownership of the securities held of record by SVF Truck.

The address for each of SBIA UK and SVF Holdings (UK) LLP is 69 Grosvenor Street, London W1K 3JP, United Kingdom. The address for SoftBank Vision Fund LP is Aztec Group House, IFC 6, The Esplanade, St Helier, Jersey JE4 0QH. The address for each of SVF Holdings (Singapore) Pte. Ltd. and SVF Truck is 138 Market Street #27-01A, Capitagreen, Singapore 048926.

As of March 31, 2024, a total of 14,368,963,958 Class A ordinary shares were held by eight record holders in the United States. We are not aware of any of our shareholders being affiliated with a registered broker-dealer or being in the business of underwriting securities.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

On November 15, 2023, our board of directors adopted an Incentive Compensation Clawback Policy, or the Clawback Policy, providing for the recoupment of certain incentive-based compensation from current and former executive officers of our company in the event we are required to restate any of our financial statements filed with the SEC under the Exchange Act in order to correct an error that is material to the previously-issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Adoption of the Clawback Policy was mandated by new NYSE continued listing standards introduced pursuant to Exchange Act Rule 10D-1. In addition, Section 304 of the Sarbanes-Oxley Act of 2002 permits the SEC to order the disgorgement of bonuses and incentive-based compensation earned by a registrant issuer's chief executive officer and chief financial officer in the year following the filing of any financial statement that the issuer is required to restate because of misconduct, and the reimbursement of those funds to the issuer. A copy of the Clawback Policy has been filed herewith as Exhibit 97.1.

In the year ended December 31, 2023, we were not required to prepare an accounting restatement that required recovery of erroneously awarded compensation pursuant to the Clawback Policy, nor were there any outstanding balance as of December 31, 2023 of erroneously awarded compensation to be recovered.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

See "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

B. Related Party Transactions

Contractual Arrangements with the Group VIEs and Their Shareholders

See "Item 4. Information on the Company—C. Organizational Structure."

Shareholders Agreement

Pursuant to our shareholders' agreement entered into on November 17, 2020 (as acceded to from time to time), among our Company, certain subsidiaries of our Company, holders of our ordinary shares, certain individuals parties thereto, and holders of our preferred shares, we have granted certain registration rights to holders of our Class A ordinary shares issued upon conversion of our preferred shares immediately prior to the completion of our IPO.

Parties to the agreement include over 10 entities that held our ordinary shares prior to our IPO as follows: (i) Dai WJ Holdings Limited, (ii) Liu XF Holdings Limited, (iii) Tang TG Holdings Limited, (iv) Luo P Holdings Limited, (v) Great Oak Trading LTD., (vi) DWJ Partners Limited, (vii) Master Quality Group Limited, (viii) GENG XF Holdings Limited, (ix) CLOUSE S.A. (acting for the account of its compartment 27), (x) PESP VIII Limited, (xi) AROMA TALENT LIMITED, (xii) Full Load Logistics Information Co., Ltd. and (xiii) Star Beauty Global Limited.

Parties to the agreement include over 80 legal entities that held our preferred shares prior to our IPO as follows: (i) Morespark Limited, (ii) Hillhouse TCA TRK Holdings Limited, (iii) Hillhouse TRK-III Holdings Limited, (iv) Shanghai Dingbei Enterprise Management Consulting Partnership (Limited Partnership), (v) Redview Capital Investment VI Limited, (vi) HERO FINE GROUP LIMITED, (vii) Eastern Bell International XXIV Limited, (viii) Violet Springs International Ltd, (ix) Pantheon Access Co-Investment Program, L.P.—Series 140, (x) Pantheon Multi-Strategy Primary Program 2014, L.P.—Series 200, (xi) Pantheon International PLC, (xii) GGV Capital VI L.P., (xiii) GGV Capital VI Plus L.P., (xiv) GGV VII Investments Pte. Ltd., (xv) GGV Capital VI Entrepreneurs Fund L.P., (xvi) GGV VII Plus Investments Pte. Ltd., (xvii) GGV (FT) LLC, (xviii) Genesis Capital I LP, (xix) SUN DRAGON LIMITED, (xx) Tencent Mobility Limited, (xxi) All-Stars SP VI Limited, (xxii) Teng Yue Partners Master Fund, LP, (xxiii) Teng Yue Partners RDLT, LP, (xxiv) TYP Holdings, LLC, (xxv) IFC CATALYST FUND, LP, (xxvi) IFC GLOBAL EMERGING MARKETS FUND OF FUNDS, LP, (xxvii) BAIDU CAPITAL L.P., (xxviii) Marble Investment Company Limited, (xxix) TECHGIANT LIMITED, (xxx) All-Stars PESP II Limited, (xxxi) All-Stars SP VIII Limited, (xxxii) All-Stars PEIISP IV Limited, (xxxiii) Truck Work Logistics Information Co., Ltd., (xxxiv) Lightspeed China Partners I, L.P., (xxxv) Lightspeed China Partners I-A, L.P., (xxxvi) LIGHTSPEED VENTURE PARTNERS SELECT II, L.P., (xxxvii) Lightspeed Opportunity Fund, L.P., (xxxviii) HSG Venture V Holdco I, Ltd. (formerly known as SCC Venture V Holdco I, Ltd.), (xxxix) SCC GROWTH IV 2018-H, L.P., (xl) Sunshine Logistics Investment Limited, (xli) Tyrus-DA Global Sharing Economy No. 2, (xlii) Capital Champion Holdings Limited, (xliii) Xiang He Fund I, L.P., (xliv) Xiang He Fund II, L.P., (xlv) Xiang He Fund Gamma, L.P., (xlvi) CMC Scania Holdings Limited, (xlvii) CMC Scania II Limited, (xlviii) Internet Fund IV Pte. Ltd., (xlix) Artist Growth Opportunity Fund I LP, (l) Artist Growth Opportunity I LP, (li) Guiyang Venture Capital Co., Ltd., (lii) Eastern Bell V Investment Limited, (liii) Eastern Bell International II Limited, (liv) Fortune Nice International Limited, (lv) SVF Truck (Singapore) Pte. Ltd., (lvi) SVF II Sage Subco (Singapore) Pte. Ltd., (lvii) Kite Holdings, LLC, (lviii) CapitalG LP, (lix) Scottish Mortgage Investment Trust plc, (lx) Super Trolley Investment Limited, (lxi) Super Mini Investment Limited, (lxii) Super Kar Investment Limited, (lxiii) Super Van Investment Limited, (lxiv) Super Truck Investment Limited, (lxv) Full Load Logistics Information Co. Ltd, (lxvi) Rose World Capital Limited, (lxvii) North Land Global Limited, (lxviii) WF ASIAN RECONNAISSANCE FUND LIMITED, (lxix) DYNAMIC MOVE INVESTMENTS LIMITED, (lxx) GSR VENTURES VI (SINGAPORE) PTE. LTD., (lxxi) China Internet Investment Fund (Limited Partnership), (lxxii) Shanghai Shengjia Xinlue Investment Center LLP, (lxxiii) Propitious Morningstar Limited, (lxxiv) Ning Zhang, (lxxv) TR China Holdings 8, (lxxvi) SEQUOIA CAPITAL GLOBAL GROWTH FUND III—2020-B, L.P., (lxxvii) SEQUOIA CAPITAL GLOBAL GROWTH FUND III—ENDURANCE PARTNERS, L.P., (lxxviii) Titanium Growth Investment Limited (formerly Permira PGO1 SPV Limited), (lxxix) Fidelity China Special Situations PLC, (lxxx) Fidelity Investment Funds, (lxxxi) Fidelity Funds, (lxxxii) ERI-BayernInvest-Fonds Aktien Asien, (lxxxiii) Racing Sports Limited, and (lxxxiv) SCEP Master Fund.

Demand Registration Rights

At any time following 180 days after the effective date of our initial public offering, shareholders holding at least 20% of then outstanding registrable securities could submit a written request that we effect the registration of the registrable securities under the Securities Act where the anticipated gross proceeds would be at least US$100 million. Upon such a request, we shall promptly give written notice of such requested registration to all other shareholders and thereupon shall use its best efforts to effect, as soon as practicable, the registration under the Securities Act of the registrable securities specified in the request of the requesting shareholders, together with any registrable securities as are specified in written requests of such other shareholders given within 15 business days after such written notice from us is delivered to such other shareholders.

Piggyback Registration Rights

If we propose to file a registration statement for a public offering of our equity securities for our own account or for the account of any person that is not a shareholder (except registration statement filed in relation to any employee benefit plan, a corporate reorganization or any form that does not include substantially the same information as would be required to be included in a F-1 registration statement or a F-3 registration statement), we shall promptly give each shareholder written notice of such registration, upon the written request of any shareholder given within 20 days after delivery of such notice, we shall include in such registration any registrable securities thereby requested by such shareholder.

Form F-3 Registration Rights

After the closing of our initial public offering, we shall use best efforts to qualify for registration on Form F-3. At any time when we are eligible to use a Form F-3 registration statement, shareholders holding at least 15% of then outstanding registrable securities may make a written request to us to file a registration statement on Form F-3 for a public offering of the number of registrable securities specified in such request. We shall use our reasonable best efforts to cause a registration statement on Form F-3 to become effective not later than 90 days after we receive a request.

Expenses of Registration

We will bear all registration expenses, other than underwriting discounts and selling commissions incurred in connection with any demand (subject to certain exceptions), piggyback or F-3 registration.

Termination of Registration Rights

Our shareholders' registration rights will terminate (i) after five years of the completion of our initial public offering or (ii) all such registrable securities proposed to be sold by a shareholder may then be sold without restrictions in any 90-day period upon or after the completion of our initial public offering under Rule 144 promulgated under the Securities Act.

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Employment Agreements and Indemnification Agreements."

Share Incentive Plans

See "Item 6. Directors, Senior Management and Employees—B. Compensation—Share Incentive Plans."

Transactions with JYBD

Jiayibingding (Beijing) E-commerce Co., Ltd., or JYBD, is an equity investee of our Company. The consideration payable for our equity investment in JYBD had been fully paid. The Group had revenue from JYBD in the amount of nil, RMB0.3 million and RMB0.1 million (US$15 thousand) in 2021, 2022 and 2023, respectively. The revenue in 2022 and 2023 was generated from lead-generation service provided to JYBD.

The Group accrued service fee to JYBD in the amount of RMB12.5, RMB7.5 million and nil in 2021, 2022 and 2023, respectively, for road rescue service provided by JYBD.

Transactions with DWJ

Dai WJ Holdings Limited, or DWJ, is a shareholder of our Company, and it is ultimately controlled by a trust of which Mr. Wenjian Dai, a former director and former executive officer of our Company, is the settlor. Mr. Dai and his family members are among the beneficiaries.

In June 2021, we repurchased an aggregate of 91,236,935 Class A ordinary shares from DWJ for a total repurchase price of US$90.0 million. As of December 31, 2022 and 2023, the Group had amounts due to DWJ of RMB63.0 million and nil, respectively, relating to the consideration payable for repurchasing of ordinary shares from DWJ.

Transactions with LXF

Liu XF Holdings Limited, or LXF, is a shareholder of our Company, and it is controlled by Mr. Xianfu Liu, formerly an executive officer of our Company.

In June 2021, we repurchased an aggregate of 15,206,156 Class A ordinary shares from LXF for a total repurchase price of US$15.0 million. As of December 31, 2022 and 2023, the Group had amounts due to LXF of RMB17.4 million and nil, respectively, relating to the consideration payable for repurchasing of ordinary shares from LXF.

Transactions with TTG

Tang TG Holdings Limited, or TTG, is a shareholder of our Company, and it is controlled by Mr. Tianguang Tang, formerly an executive officer of our Company.

In June 2021, we repurchased an aggregate of 40,549,749 Class A ordinary shares from TTG for a total repurchase price of US$40.0 million. As of December 31, 2022 and 2023, the Group had amounts due to TTG of RMB27.9 million and nil, respectively, relating to the consideration payable for repurchasing of ordinary shares from TTG.

Transactions with GXF

Geng XF Holdings Limited, or GXF, is a company controlled by Ms. Geng Xiaofang, a shareholder of our Company.

In June 2021, we repurchased an aggregate of 20,274,875 Class A ordinary shares from GXF for a total repurchase price of US$20.0 million. As of December 31, 2022 and 2023, the Group had amounts due to GXF of RMB13.9 million and nil, respectively, relating to the consideration payable for repurchasing of ordinary shares from GXF.

Transactions with Certain Executive Officers

In 2022, we repurchased an aggregate of 246,929,216 ordinary shares from certain of our executive officers for a total repurchae price of US$116.6 million.

Plus Restructuring

In July 2023, PlusAI Corp, a technology company devoted to the development of commercial vehicle autonomous driving technology and an equity investee of our Company, conducted a restructuring to split its PRC and U.S. teams under two separate entities, PRC Holding Ltd and Plus Automation, Inc. Through a series of restructuring transactions, our Company received preferred shares of each of these two entities in exchange for cancellation of the preferred shares of PlusAI Corp held by our Company. As of December 31, 2023, our Company held 51.0% equity interest on an as-if converted basis and 61.9% voting rights in Plus PRC Holding Ltd, and 19.8% equity interest on an as-if converted basis and 1.2% voting rights in Plus Automation, Inc. However, our Company has no control over Plus PRC Holding Ltd as it has no control over the board of directors that makes all significant decisions in relation to the operating and financing activities of Plus PRC Holding Ltd.

In February 2024, our Company, Plus PRC Holding Ltd and its affiliates entered into a loan agreement, pursuant to which our Company agreed to make available to Plus PRC Holding Ltd a loan in the principal amount of US$3,500,000 in one lump sum. The loan has an interest rate of 12% per annum and an original term of two months, which was further extended to four months. In April 2024, an additional loan agreement were entered by the same parties. The principal amount of the loan is US$1,500,000 with a term of two months and the interest rate is 12% per annum.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Please refer to Item 18 for a list of our annual consolidated financial statements filed as part of this annual report.

Legal Proceedings

See “Item 4. Information on the Company—B. Business Overview—Legal Proceedings and Compliance.”

Dividend Policy

On March 13, 2024, we declared an annual cash dividend for the year ended December 31, 2023 of US$0.0072 per ordinary share, or US$0.1444 per ADS, payable on or around April 19, 2024, to holders of record of the Company’s ordinary shares at the close of business on April 5, 2024. The aggregate amount of the dividend was approximately US$150 million.

Any other future determination to pay dividends will be made at the discretion of our board of directors. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, net of the fees and expenses payable thereunder. Cash dividends on our Class A ordinary shares, if any, will be paid in U.S. dollars.

We are a holding company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders, we may pay directly from our Company or rely on dividends distributed by our PRC subsidiaries for our cash requirements. If our PRC subsidiaries pay dividends to us in the future, PRC regulations may restrict their abilities to do so. For example, certain payments from our PRC subsidiaries to us may be subject to PRC withholding income tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profit based on PRC accounting standards every year to a statutory common reserve fund until the aggregate amount of such reserve fund reaches 50% of the registered capital of such subsidiary. Such statutory reserves are not distributable as loans, advances or cash dividends. See "Item 3. Key Information — D. Risk Factors—Risks Relating to Doing Business in China—We may rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries to fund offshore cash and financing requirements. Any limitation on the ability of our PRC operating subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business."

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ADSs have been listed on the New York Stock Exchange since June 2021 under the ticker symbol "YMM." Each ADS represents 20 of our Class A ordinary shares.

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been trading on the New York Stock Exchange since June 2021 under the ticker symbol "YMM." Each ADS represents 20 of our Class A ordinary shares.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We incorporate by reference into this annual report the description of our sixth amended and restated memorandum and articles of association contained in our F-1 registration statement (File No. 333-256564), initially filed with the SEC on May 27, 2021. Our shareholders adopted our sixth amended and restated memorandum and articles of association by special resolutions passed on April 14, 2021, and effective immediately prior to the completion of our initial public offering of Class A ordinary shares represented by our ADSs.

C. Material Contracts

In the past three fiscal years, we have not entered into any material contracts other than in the ordinary course of business or other than those described elsewhere in this annual report.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulatory Matters—Regulations Related to Foreign Exchange."

E. Taxation

The following describes certain Cayman Islands, People's Republic of China and United States federal income tax consequences relevant to an investment in our Class A ordinary shares and ADSs. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of the Class A ordinary shares and ADSs.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of the ADSs and Class A ordinary shares. Stamp duties may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands. The Cayman Islands is a party to a double tax treaty entered with the United Kingdom in 2010 but is otherwise not party to any double tax treaties that are applicable to any payments made to or by our Company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the Class A ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the Class A ordinary shares, nor will gains derived from the disposal of the Class A ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Pursuant to the Enterprise Income Tax Law, which was promulgated by the National People's Congress on March 16, 2007, took effect on January 1, 2008 and was last amended on December 29, 2018, enterprises organized under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The implementing rules of the Enterprise Income Tax Law further define the term "de facto management body" as the management body that exercises substantial and overall management and control over the production and operations, personnel, accounting and assets of an enterprise. While we do not currently consider our Company or any of our overseas subsidiaries to be a PRC resident enterprise, there is a risk that the PRC tax authorities may deem our Company or any of our overseas subsidiaries as a PRC resident enterprise since a substantial majority of the members of our management team as well as the management team of some of our overseas subsidiaries are located in China, in which case we or the overseas subsidiaries, as the case may be, would be subject to the PRC enterprise income tax at the rate of 25% on worldwide income. If the PRC tax authorities determine that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders and with respect to gains derived by our non-PRC enterprise shareholders from transferring our shares or ADSs. Furthermore, dividends paid to individual investors who are non-PRC residents and any gain realized on the transfer of ADSs or ordinary shares by such investors may be subject to PRC tax at a current rate of 20% (which in the case of dividends may be withheld by us). Any PRC tax liability may be subject to reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions. It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to obtain in practice the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Certain United States Federal Income Tax Considerations

The following discussion describes certain United States federal income tax consequences of the purchase, ownership and disposition of our ADSs and Class A ordinary shares.

This discussion deals only with ADSs and Class A ordinary shares that are held as capital assets by a United States Holder (as defined below).

As used herein, the term "United States Holder" means a beneficial owner of our ADSs or Class A ordinary shares that is, for United States federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended, or the Code, and regulations, rulings and judicial decisions thereunder as of the date hereof, as well as the income tax treaty between the United States and the PRC, or the Treaty. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. In addition, this discussion assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer or broker in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our ADSs or Class A ordinary shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our stock by vote or value;
- a partnership or other pass-through entity for United States federal income tax purposes;
- a person required to accelerate the recognition of any item of gross income with respect to our ADSs or Class A ordinary shares as a result of such income being recognized on an applicable financial statement; or
- a person whose "functional currency" is not the United States dollar.

If an entity or other arrangement treated as a partnership for United States federal income tax purposes holds our ADSs or Class A ordinary shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ADSs or Class A ordinary shares, you should consult your tax advisors.

As discussed below under "—Passive Foreign Investment Company," we believe there is a significant risk that we were classified as a passive foreign investment company, or PFIC, in 2023 and will be a PFIC for the current taxable year, and that we may be a PFIC in future taxable years. Accordingly, United States Holders are urged to review the discussion below under "—Passive Foreign Investment Company," and to consult with their tax advisors regarding the tax consequences to them if we are classified as a PFIC in any taxable year.

This discussion does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income, United States federal estate and gift taxes or the effects of any state, local or non-United States tax laws. If you are considering the purchase of our ADSs or Class A ordinary shares, you should consult your tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of our ADSs or Class A ordinary shares, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

ADSs

If you hold ADSs, for United States federal income tax purposes, you generally will be treated as the owner of the underlying Class A ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of Class A ordinary shares for ADSs will not be subject to United States federal income tax.

Taxation of Dividends

Subject to the discussion under "—Passive Foreign Investment Company" below, the gross amount of distributions on the ADSs or Class A ordinary shares (including any amounts withheld to reflect PRC withholding taxes, as discussed above under "—E. Taxation — People's Republic of China Taxation") will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in the tax basis of the ADSs or Class A ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognized on a sale or exchange. We do not, however, expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be reported as a dividend.

Any dividends that you receive (including any withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of Class A ordinary shares, or by the depositary, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction generally allowed to corporations under the Code.

Subject to applicable limitations (including a minimum holding period requirement), dividends received by non-corporate United States Holders from a qualified foreign corporation may be treated as "qualified dividend income" that is subject to reduced rates of taxation. A foreign corporation generally is treated as a qualified foreign corporation (i) if it is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision or (ii) with respect to dividends received from that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the NYSE), but not our Class A ordinary shares, are readily tradable on an established securities market in the United States. Therefore, we do not believe that dividends that we pay on our Class A ordinary shares that are not represented by ADSs currently meet the conditions required for these reduced rates of taxation. In addition, dividends received from us by non-corporate United States Holders will not be treated as "qualified dividend income" that is subject to reduced rates of taxation if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year. As discussed below under " — Passive Foreign Investment Company," we believe that there is a significant risk that we were a PFIC in 2023 and will be a PFIC for the current taxable year, and that we may be a PFIC in future taxable years. Therefore, if you are a non-corporate United States Holder, you should not assume that any dividends will be taxed at a preferential rate. You should consult your tax advisors regarding the application of these rules given your particular circumstances.

Subject to certain conditions and limitations (including a minimum holding period requirement) and the Foreign Tax Credit Regulations (as defined below), any PRC withholding taxes on dividends will generally be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the ADSs or Class A ordinary shares will generally be treated as income from sources outside the United States and will generally constitute passive category income. However, any PRC withholding taxes on dividends will not be creditable against your United States federal income tax liability to the extent withheld at a rate exceeding the applicable rate under the Treaty. In addition, Treasury regulations addressing foreign tax credits, or the Foreign Tax Credit Regulations, impose additional requirements for foreign taxes to be eligible for a foreign tax credit, and unless you are eligible for and elect to claim the benefits of the Treaty, there can be no assurance that those requirements will be satisfied. The Department of the Treasury and the Internal Revenue Service, or the IRS, are considering proposing amendments to the Foreign Tax Credit Regulations. In addition, recent notices from the IRS provide temporary relief by allowing taxpayers that comply with applicable requirements to apply many aspects of the foreign tax credit regulations as they previously existed (before the release of the current Foreign Tax Credit Regulations) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). Instead of claiming a foreign tax credit, you may be able to deduct PRC withholding taxes in computing your taxable income, subject to generally applicable limitations under United States law (including that a United States Holder is not eligible for a deduction for otherwise creditable foreign income taxes paid or accrued in a taxable year if such United States Holder claims a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year). The rules governing the foreign tax credit and deductions for foreign taxes are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit or a deduction under your particular circumstances.

Distributions of ADSs, Class A ordinary shares or rights to subscribe for ADSs or Class A ordinary shares that are received as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax.

Passive Foreign Investment Company

In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is passive income, or
- at least 50% of the value (generally determined based on a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, gains from the sale or exchange of investment property, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). Cash is generally treated as an asset that produces or is held for the production of passive income. If we own at least 25% (by value) of the stock of another corporation, for purposes of determining whether we are a PFIC, we will be treated as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income. However, there is uncertainty as to the treatment of our corporate structure and ownership of the Group VIEs for United States federal income tax purposes. For United States federal income tax purposes, we consider ourselves to own the equity of the Group VIEs. If it is determined, contrary to our view, that we do not own the equity of the Group VIEs for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), there would be an increased risk that we are a PFIC (as discussed below).

Based on the past and projected composition of the Group's income and assets, and the valuation of its assets, including goodwill (which we have determined based on trading price of our ADSs), we believe there is a significant risk that we were a PFIC in 2023 and will be a PFIC for the current taxable year, and that we may be a PFIC in future taxable years. The determination of whether we are a PFIC is made annually. Accordingly, it is possible that our PFIC status may change due to changes in the Group's asset or income composition. For these purposes, fluctuations in the market price of our ADSs (which may be volatile) may affect the value of the Group's goodwill, and thus the composition of its assets. Therefore, any such fluctuations may affect our PFIC status. The composition of the Group's assets and income may also be affected by how, and how quickly, the Group uses the cash and liquid assets that it currently holds. If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares and you do not make a timely mark-to-market election, as described below, you will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge and a deemed sale discussed in the following paragraph, of ADSs or Class A ordinary shares. Distributions received in a taxable year, other than the taxable year in which your holding period in the ADSs or Class A ordinary shares begins, will be treated as excess distributions to the extent that they are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or the portion of your holding period for the ADSs or Class A ordinary shares that preceded the taxable year of the distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or Class A ordinary shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for individuals or corporations, as applicable, for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our ADSs or Class A ordinary shares, you will generally be subject to the special tax rules described above for that year and for each subsequent year in which you hold the ADSs or Class A ordinary shares (even if we do not qualify as a PFIC in such subsequent years). However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if your ADSs or Class A ordinary shares had been sold on the last day of the last taxable year during which we were a PFIC. You are urged to consult your tax advisor about this election.

In lieu of being subject to the special tax rules discussed above, you may make a mark-to-market election with respect to your ADSs or Class A ordinary shares provided such ADSs or Class A ordinary shares are treated as "marketable stock." The ADSs or Class A ordinary shares generally will be treated as marketable stock if the ADSs or Class A ordinary shares are regularly traded on a "qualified exchange or other market" (within the meaning of the applicable Treasury regulations). The ADSs are listed on the NYSE, which constitutes a qualified exchange, although there can be no assurance that the ADSs will be "regularly traded" for purposes of the mark-to-market election. It should also be noted that only the ADSs and not the Class A ordinary shares are listed on the NYSE. Consequently, if you are a holder of Class A ordinary shares that are not represented by ADSs, you generally will not be eligible to make a mark-to-market election.

If you make an effective mark-to-market election, for each taxable year that we are a PFIC you will include as ordinary income the excess of the fair market value of your ADSs at the end of the year over your adjusted tax basis in the ADSs. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ADSs over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Your adjusted tax basis in the ADSs will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, upon the sale or other disposition of your ADSs in a year that we are a PFIC, any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election, and any gain will be treated as ordinary income. If you make a mark-to-market election, any distributions that we make would generally be subject to the tax rules discussed above under "—Taxation of Dividends."

If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs are no longer regularly traded on a qualified exchange or other market, or the IRS consents to the revocation of the election. You are urged to consult your tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Alternatively, U.S. taxpayers can sometimes avoid the special tax rules described above by electing to treat a PFIC as a "qualified electing fund" under Section 1295 of the Code. However, this option is not available to you because we do not intend to prepare or provide you with the tax information necessary to permit you to make this election.

If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares and any of our non-United States subsidiaries is also a PFIC, you will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. You will not be able to make the mark-to-market election described above in respect of any lower-tier PFIC. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

You will generally be required to file IRS Form 8621 if you hold our ADSs or Class A ordinary shares in any year in which we are a PFIC. You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding ADSs or Class A ordinary shares if we are a PFIC for any taxable year.

Sale, Exchange or Other Taxable Disposition of ADSs or Class A Ordinary Shares

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of the ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized for the ADSs or Class A ordinary shares and your tax basis in the ADSs or Class A ordinary shares, both determined in U.S. dollars. Subject to the discussion under "—Passive Foreign Investment Company" above, such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the ADSs or Class A ordinary shares for more than one year. Long-term capital gains of non-corporate United States Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss. However, if PRC tax is imposed on any gain (for instance, because we are treated as a PRC resident enterprise for PRC tax purposes), and if you are eligible for the benefits of the Treaty, you may elect to treat such gain as PRC source gain under the Treaty. If you are not eligible for the benefits of the Treaty or if you fail to make the election to treat any gain as PRC source, then you generally would not be eligible for a foreign tax credit for any PRC tax imposed on the disposition of ADSs or Class A ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income derived from foreign sources. However, pursuant to the Foreign Tax Credit Regulations, unless you are eligible for and elect to claim the benefits of the Treaty, any such PRC tax would generally not be a foreign income tax eligible for a foreign tax credit (regardless of any other income that you may have that is derived from foreign sources). In such case, the non-creditable PRC tax may reduce the amount realized on the sale, exchange or other taxable disposition of the ADSs or Class A ordinary shares. As discussed above, however, recent notices from the IRS provide temporary relief by allowing taxpayers that comply with applicable requirements to apply many aspects of the foreign tax credit regulations as they previously existed (before the release of the current Foreign Tax Credit Regulations) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). If any PRC tax is imposed upon the disposition of ADSs or Class A ordinary shares and you apply such temporary relief, such PRC tax may be eligible for a foreign tax credit or deduction, subject to the applicable conditions and limitations. You are urged to consult your tax advisors regarding the tax consequences in case any PRC tax is imposed on gain on a disposition of the ADSs or Class A ordinary shares, including the availability of the foreign tax credit or a deduction and the election to treat any gain as PRC source, under your particular circumstances.

Information Reporting and Backup Withholding

In general, information reporting will apply to distributions in respect of our ADSs or Class A ordinary shares and the proceeds from the sale, exchange or other disposition of our ADSs or Class A ordinary shares that are paid to you within the United States (and in certain cases, outside the United States), unless you establish that you are an exempt recipient. A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number or certification of exempt status or (in the case of dividend payments) if you fail to certify that you are not subject to backup withholding or fail to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS.

Certain United States Holders are required to report information relating to our ADSs or Class A ordinary shares, subject to certain exceptions (including an exception for ADSs or Class A ordinary shares held in accounts maintained by certain financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold the ADSs or Class A ordinary shares. You are urged to consult your tax advisors regarding information reporting requirements relating to your ownership of our ADSs or Class A ordinary shares.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We have filed this annual report, including exhibits, with the SEC. As allowed by the SEC, in Item 19 of this annual report, we incorporate by reference certain information we filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report.

You may read and copy this annual report, including the exhibits incorporated by reference in this annual report, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and at the SEC's regional offices in New York, New York, and Chicago, Illinois. You can also request copies of this annual report, including the exhibits incorporated by reference in this annual report, upon payment of a duplicating fee, by writing to the SEC's Public Reference Room for information.

The SEC also maintains a website that contains reports, proxy statements and other information about issuers, such as us, who file electronically with the SEC. The address of that website is *http://www.sec.gov*. The information on that website is not a part of this annual report.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Our Company uses Renminbi as its reporting currency. All of the Group's revenues and substantially all of our expenses are denominated in Renminbi. The functional currency of our Company and our subsidiary in Hong Kong is the U.S. dollar. The functional currency of our subsidiaries in the PRC, the VIE and the VIE's subsidiaries is the Renminbi. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the statements of comprehensive loss. Due to foreign currency translation adjustments, the Group had foreign exchange loss of RMB15.5 million and RMB2.1 million (US$0.3 million) in 2021 and 2023, respectively, and had foreign exchange gain of RMB15.0 million in 2022.

We do not believe that the Group currently has any significant direct foreign exchange risk. Although in general the Group's exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and RMB because the value of our business is effectively denominated in Renminbi, while our ADSs will be traded in U.S. dollars.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in greater fluctuations of the Renminbi against the U.S. dollar.

To the extent that we need to convert U.S. dollars into Renminbi for the Group's operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for the purpose of making payments for dividends on our Class A ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amounts available to us.

As of December 31, 2023, the Group had Renminbi-denominated cash and cash equivalents, restricted cash, short-term investments, long-term time deposits and wealth management products with maturities over one year of RMB6,648 million, and U.S. dollar-denominated cash, cash equivalents, restricted cash, short-term investments, long-term time deposits and wealth management products with maturities over one year of US$2,962 million. Assuming the Group had converted RMB6,648 million into U.S. dollars at the exchange rate of RMB7.0999 for US$1.00 as of December 29, 2023, its U.S. dollar cash balance would have been US$3,898 million. If the RMB had depreciated by 10% against the U.S. dollar, its U.S. dollar cash balance would have been US$3,805 million instead. Assuming the Group had converted US$2,962 million into RMB at the exchange rate of RMB7.0999 for US$1.00 as of December 29, 2023, its RMB cash balance would have been RMB27,678 million. If the RMB had depreciated by 10% against the U.S. dollar, its RMB cash balance would have been RMB30,015 million instead.

Interest Rate Risk

The Group has not been exposed to material risks due to changes in market interest rates, and the Group has not used any derivative financial instruments to manage its interest risk exposure. However, we cannot provide assurance that the Group will not be exposed to material risks due to changes in market interest rate in the future.

We may invest the net proceeds we receive from our initial public offering and concurrent private placement in interest-earning instruments. Investments in both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Inflation

Since our inception, inflation in China has not materially affected the Group's results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2022 and 2023 were an increase of 1.8% and a decrease of 0.3%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation or potential deflation in the future.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges

As an ADS holder, you will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs):

Service	*Fees*
To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash)	Up to US$0.05 per ADS issued
Cancellation of ADSs, including the case of termination of the deposit agreement	Up to US$0.05 per ADS cancelled
Distribution of cash dividends	Up to US$0.05 per ADS held
Distribution of cash entitlements (other than cash dividends) and/or cash proceeds from the sale of rights, securities and other entitlements	Up to US$0.05 per ADS held
Distribution of ADSs pursuant to exercise of rights.	Up to US$0.05 per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US$0.05 per ADS held
Depositary services	Up to US$0.05 per ADS held on the applicable record date(s) established by the depositary bank

As an ADS holder, you will also be responsible for paying certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs) such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs.
- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

The depositary may make payments to us or reimburse us for certain costs and expenses, by making available a portion of the ADS fees collected in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Payments by Depositary

In 2023, we received US$11.1 million after deduction of applicable U.S. withholding tax of US$5.0 million from Deutsche Bank Trust Company Americas, the depositary bank for our ADR program, for reimbursement of investor relations expenses and other program related expenses.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None of these events occurred in any of the years ended December 31, 2021, 2022 and 2023.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See "Item 10. Additional Information" for a description of the rights of securities holders, which remain unchanged.

In June 2021, we completed our IPO and was listed on the NYSE and sold an aggregate of 82,500,000 ADSs, representing 1,650,000,000 Class A ordinary shares at a public offering price of US$19.00 per ADS. The IPO raised a total of US$1,507.7 million in net proceeds after deduction of underwriting discounts, commissions and expenses. The effective date of our registration statement on Form F-1, as amended (File No. 333-256564) was June 21, 2021.

As of December 31, 2023, we had not used any of the net proceeds received from the IPO.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this annual report, an evaluation has been carried out under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rules 13a-15e and 15d-15(e) promulgated under the Exchange Act.

Based on that evaluation, our management has concluded that our disclosure controls and procedures as of December 31, 2023, were effective in ensuring that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the U.S. Exchange Act. As required by Rule 13a-15(c) of the U.S. Exchange Act, our management conducted an evaluation of our company's internal control over financial reporting as of December 31, 2023 based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Deloitte Touche Tohmatsu Certified Public Accountants LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2023, as stated in its report, which appears on page F-4 of this annual report.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Ms. Jennifer Xinzhe Li, who is an independent director, satisfies the criteria of an audit committee financial expert as defined in Item 16A of the instruction to Form 20-F.

ITEM 16B. CODE OF ETHICS

We have adopted a code of business conduct and ethics that applies to our directors, employees, advisors and officers, including our Chief Executive Officer and Chief Financial Officer. No changes have been made to the code of business conduct and ethics since its adoption and no waivers have been granted therefrom to our directors or employees. We have filed our code of business conduct as an exhibit to our F-1 registration statement (File No. 333-256564), as amended, initially filed with the SEC on May 27, 2021, and a copy is available to any shareholder upon request. This code of business conduct and ethics is also available on our website at *ir.fulltruckalliance.com*.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte Touche Tohmatsu Certified Public Accountants LLP (PCAOB ID No. 1113) has served as our independent public accountant for each of the fiscal years in the three-year period ended December 31, 2023, for which audited financial statements appear in this annual report.

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP, for the years indicated.

	For the Year Ended December 31,	
	2022	2023
	(In thousands of US dollars)	
Audit Fees[1]	1,850	2,950
Audit-Related Fees[2]	1,216	—
Tax Fees[3]	—	20
Total	**3,066**	**2,970**

(1) "Audit Fees" represents the aggregate fees billed for each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed with the SEC and other statutory and regulatory filings.

(2) This category includes the aggregate fees billed in each of the fiscal years listed for assurance and related services by our independent registered public accounting firm that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under "Audit fees".

(3) "Tax Fees" represents the aggregate fees billed for each of the fiscal years listed for professional services rendered by our principal auditors for tax compliance, tax planning and tax advice.

Pre-Approval Policies and Procedures

Our audit committee is responsible for the oversight of our independent accountants' work. The policy of our audit committee is to pre-approve all audit and non-audit services provided by Deloitte Touche Tohmatsu Certified Public Accountants LLP, including audit services, audit-related services, tax services and other services, as described above.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table sets forth information about our purchases of outstanding ADSs from March 13, 2023 to December 31, 2023:

Period	Total Number of ADSs Purchased	Average Price Paid per ADS[1]	Total Number of ADSs Purchased as Part of Publicly Announced Plans or Programs[2]	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Program[2]
March 13, 2023 through March 31, 2023	1,651,697	7.1	1,651,697	$ 11,798,788
April 2023	4,922,680	6.7	4,922,680	$ 32,801,600
May 2023	9,817,377	6.3	9,817,377	$ 61,409,324
June 2023	14,197,330	6.3	14,197,330	$ 89,189,112
July 2023	17,286,428	6.4	17,286,428	$ 109,935,070
August 2023	19,419,376	6.4	19,419,376	$ 124,347,929
September 2023	19,419,376	6.4	19,419,376	$ 124,347,929
October 2023	22,751,982	6.5	22,751,982	$ 147,347,928
November 2023	22,751,982	6.5	22,751,982	$ 147,347,928
December 2023	22,751,982	6.5	22,751,982	$ 147,347,928

(1) Each ADS represents 20 Class A ordinary shares. The average price per ADS is calculated using the execution price for each repurchase excluding commissions paid to brokers.

(2) In March 2023, we announced a share repurchase program authorized by our board of directors on March 3, 2023, under which we may repurchase up to US$500 million of our ADSs during a period of up to 12 months starting from March 13, 2023. On March 13, 2024, we announced an extension of the share repurchase program by 12 months through March 12, 2025. Repurchases under our share repurchase program may be made from time to time through open market transactions at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on the market conditions and in accordance with the applicable rules and regulations. Our board of directors will review the share repurchase program periodically, and may authorize adjustments to its terms and size or suspend or discontinue the program. The timing and conditions of the share repurchases will be subject to various factors including the requirements under Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934, as amended.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We are a "foreign private issuer" (as such term is defined in Rule 3b-4 under the Exchange Act), and our ADSs, each representing 20 ordinary share, are listed on the New York Stock Exchange. Under Section 303A of the New York Stock Exchange Listed Company Manual, New York Stock Exchange listed companies that are foreign private issuers are permitted to follow home country practice in lieu of the corporate governance provisions specified by the New York Stock Exchange with limited exceptions. The following summarizes some significant ways in which our corporate governance practices differ from those followed by domestic companies under the listing standards of the New York Stock Exchange.

Under the New York Stock Exchange Listed Company Manual, or the NYSE Manual, U.S. domestic listed companies are required to have a majority of the board consisting of independent directors and have a compensation committee and a nominating/corporate governance committee, each composed entirely of independent directors, which are not required under the Cayman Companies Act, our home country. Currently, our board of directors is composed of six members, only two of whom are independent directors. Our compensation committee is composed of two members, none of whom are independent directors. Our nominating and corporate governance committee is composed of two members, none of whom are independent directors. In addition, the NYSE Manual requires shareholder approval for certain matters, such as requiring that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions to those plans, which is not required under the Cayman Islands law. We intend to follow the home country practice in determining whether shareholder approval is required. Furthermore, we are not required by the NYSE to hold annual shareholders meetings.

ITEM 16H. MINE SAFETY

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

Not applicable.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

The Group has adopted a comprehensive risk management system to manage various risks that it faces, including financial risks, operational risks, compliance risks, public opinion risks, risks associated with stability of information technology systems, cybersecurity risks and supplier management risks. Cybersecurity risk management is a core component of the Group's overall risk management framework. The Group has established an array of risk management procedures to identify, assess and manage such risks, including risk identification, risk assessment, risk control and risk monitoring. The Group has also implemented procedural design, evaluation mechanism as well as risk grading and liability assessment mechanism to enhance its risk management. Set forth below are measures that the Group undertakes to manage cybersecurity risks.

Cybersecurity Safeguard Committee

The Group has formed a Cybersecurity Safeguard Committee, which is led by its management and comprised of personnel from its legal department, internal audit, cybersecurity department and various business departments, to carry out cybersecurity risk management. The cybersecurity department is an independent department under the Group's platform governance division dedicated to managing cybersecurity risks. The cybersecurity department is composed of different working groups specialized in network security, terminal security, data security, privacy compliance, security development and security operation.

Internal Policies and Procedures

The Group has established a three-tiered cybersecurity governance structure, encompassing decision-making, supervision, and implementation, and adopted four-level cybersecurity governance policies, with reference to international and industry cybersecurity standards, such as ISO27001 and ISO27701, as well as the requirements of classified cybersecurity protection and other regulatory requirements. The four-level cybersecurity governance policies include:

- First level: FTA Cybersecurity Safeguard Committee Charter, which is a guiding policy that sets forth the Group's principles and objectives of network security, data security and privacy protection and outlines the communication and organizational structure for the Group's cybersecurity management
- Second level: management policies and technical control measures across five areas – cybersecurity system management, cybersecurity organizational management, cybersecurity personnel management, cybersecurity construction management, and cybersecurity operation and maintenance management
- Third level: procedures, processes and implementation guidelines
- Fourth level: records, forms and log entries that document system operation

The Group has also adopted a series of policies and measures on how to prevent, identify, assess and remediate risks from cybersecurity threats:

- Prevention: The Group implements a Secure Development Lifecycle Management Process (SDL) to prevent cybersecurity threats throughout the product development cycle. At pre-development stage, professional cybersecurity personnel performs cybersecurity assessment. During the product development phase, professional cybersecurity personnel ensures that the security coding standards be observed and provides Q&A support for secure development. At product testing stage, the new product needs to undergo various testing including baseline, black box and gray box testing (such as SQL, XSS, jar and privilege escalation checks) and white box testing. At product launch stage, the new product also needs to undergo manual penetration testing, API interface scanning tests and external threat detection.
- Identification: The Group has adopted various safety measures to ensure timely discovery of and response to cyberattacks, including real-time traffic log monitoring, host-based vulnerability scanning, privilege escalation checks, baseline detection, host-based intrusion detection systems (HIDS), firewalls (FW), intrusion prevention systems (IPS), bastion hosts, log auditing, Security Operations Center (SOC) awareness and API interface checks.

- Assessment: The Group has formulated the FTA Data Security Risk Assessment Guide and related procedures that utilize scientific measures to systematically analyze the cybersecurity risks faced by the Group and propose effective measures to prevent, control and address such risks so as to maximize cybersecurity protection.
- Remediation: The Group has also adopted the following internal policies and procedures to remediate cybersecurity incidents:
  - FTA Security Vulnerability Management Policies, which set out procedures to handle cybersecurity vulnerabilities and emergencies in a swift, accurate and compliant manner to mitigate potential harm
  - FTA Information Security Incident Management Procedures and FTA Information Security Emergency Response Policies, which set out the reporting, reaction and handling mechanism for cybersecurity incidents in order to minimize losses caused by cybersecurity incidents and reinforce business continuity
  - FTA Backup and Recovery Management Procedures, which require regular data backup and recovery drills to ensure the continuity of business operations in cases of significant disasters or accidents

Technical Measures

The Group has implemented various technical measures, such as real-time traffic log monitoring, host-based vulnerability scanning, transmission encryption and authentication, FW and IPS, in order to timely identify and address cybersecurity threats and protect the security, availability, processing integrity, confidentiality and privacy of its information technology systems and data stored in its systems. For more details on the Group's data protection measures, see "Item 4. Information on the Company— B. Business Overview—Personal Data and Privacy."

Engagement of Third-Party Service Providers

The Group has engaged independent auditors and consulting firms to conduct independent audits and assessments on and provide consultancy services for its compliance with the internal control requirements under the Sarbanes-Oxley Act of 2002, and IT general controls (ITGC) is an important part of it. ITGC audits and consultancy cover cybersecurity, including information technology governance, information security (network and data security), access controls, system change management and operation maintenance management.

In addition, to comply with the requirements under the Cybersecurity Law and Data Security Law and enhance the security of the Group's information technology systems, it has engaged third-party agencies to perform classifications, filings, assessments and rectifications for hierarchical cybersecurity protection on a periodic basis. The Group obtained the One-Star Recognition of Personal Information Protection Impact Assessment from the China Academy of Information and Communications Technology and Certificate for Classified Cybersecurity Protection.

The Group has adopted third-party security assessment procedures and data outflow control procedures to manage risks from cybersecurity threats associated with its use of any third-party service provider. The Group performs security assessments on third parties that provide information technology systems to it or have access to its data by assessing their basic data security capabilities, information security compliance and application security vulnerabilities. All data outbound transfers to third parties require internal approval, and upon approval, data shall be transmitted externally via email or other traceable means and highly sensitive data shall be transmitted in a virtual machine environment.

The Group enters into a Data Security Confidentiality Agreement with third-party suppliers before engaging them to stipulate the cybersecurity responsibilities of such third parties and remediation measures to be taken in the event of cybersecurity incidents. When data are transmitted through API interfaces, the Group monitors the sensitivity and volume of data involved in API calls and the authority of interfaces through API interface monitoring applications.

For third-party developers, the Group has adopted External Consultant Engagement and Daily Management Standards to set out the engagement process of third-party developers and related information security matters.

Risks from Cybersecurity Threats

As the Group generates and processes a large amount of data through the FTA platform and rely on its information technology systems for its business operations, it faces risks associated with cybersecurity threats. For more details, see "Item 4. Information on the Company—D. Risk Factors—Risks Relating to Our Business and Industry—The Group's business is subject to complex and evolving PRC laws and regulations relating to cybersecurity and data security"; "—The Group's business generates, collects, stores and processes a large amount of data, which include sensitive personal information and may include data that may be deemed core data or material data. The improper processing of such data by the Group, its employees or business partners could materially and adversely affect the Group's reputation, business, results of operations and financial condition"; and "—Any significant disruption in the Group's mobile apps and information technology systems, including events beyond the Group's control, could prevent the Group from offering its solutions and services or reduce their attractiveness."

Cybersecurity Governance

Management

The Group's management is informed about and monitors the prevention, detection, mitigation, and remediation of cybersecurity risks and incidents primarily through (i) Cybersecurity Safeguard Committee, (ii) cybersecurity, legal and internal audit departments, and (iii) review and approval of cybersecurity-related policies and procedures.

Cybersecurity Safeguard Committee

The Group's Cybersecurity Safeguard Committee, led by its management, is in charge of cybersecurity risk management, including assessing and managing material risks from cybersecurity threats, as well as prevention (through implementation of policies and cybersecurity awareness training), detection, mitigation and remediation of cybersecurity incidents. The committee reports its cybersecurity work to the management through periodic meetings. The committee is co-led by the head of the Group's platform governance division, Mr. Qi Zhang, and its Chief Risk Officer and General Counsel, Mr. Kai Shen.

Mr. Zhang has a Master's degree in cybersecurity and extensive experience in cybersecurity and risk management. Prior to joining the Group, Mr. Zhang worked in a high-tech company and a large Internet company and was in charge of establishment and management of information system and cybersecurity management. Currently, Mr. Zhang is in charge of the Group's platform governance division and is responsible for security and risk prevention and management. His work consists of establishing the Group's cybersecurity risk management framework, building up the Group's cybersecurity governance and technical capabilities, including perimeter security protection, data security and privacy compliance, and formulating cybersecurity policies and procedures tailored to the Group's business characteristics with a focus on prevention, risk control and continuous improvement.

Mr. Shen is experienced in compliance and internal audit. Prior to joining the Group, Mr. Shen served as a senior legal director at Alibaba Group, responsible for legal affairs and internal audit. Mr. Shen currently leads the Group's legal and internal audit departments to interpret and review cybersecurity-related laws, regulations and policies, and perform internal audits on the implementation of cybersecurity-related policies and procedures.

Cybersecurity, Legal and Internal Audit Departments

The Group's cybersecurity, legal and internal audit departments also perform different functions with respect to cybersecurity management. The legal department is responsible for interpreting cybersecurity-related laws and regulations and reviewing cybersecurity-related internal policies. The internal audit department is responsible for internal audits on the implementation of cybersecurity-related policies and procedures. The internal audit department and the legal department jointly report to the Group's Chief Risk Officer and General Counsel. The cybersecurity department is responsible for formulating and implementing cybersecurity-related policies and procedures, and reports to the head of the Group's platform governance division and leaders of the Cybersecurity Safeguard Committee.

Policy Review and Approval

All cybersecurity-related internal policies shall be reviewed and approved by the management personnel in charge of the proposing department as well as the Chief Executive Officer or the President prior to adoption.

Based on information obtained through such channels, the Group's management makes assessments of cybersecurity risks and incidents and reports the nature, origin and potential impact of cybersecurity risks and incidents to the board of directors based on an assessment of materiality so that the board can learn about material cybersecurity risks and incidents on a timely basis and make decisions accordingly. In addition, to keep the board regularly informed about cybersecurity matters, the management makes periodic reports to the board on cybersecurity risk management and governance at board meetings, have live discussions with the board and address their questions.

Board of Directors

Our board of directors is responsible for and engaged in the oversight of our continuous efforts in monitoring, assessing and managing the risks associated with cybersecurity threats or incidents. The board reviews reports from management on material cybersecurity risks and incidents and discusses remediation plans with the management. At board meetings, the board also hears period reports from the management on cybersecurity risk management and governance and have follow-up discussions with the management. The management regularly reports to the board on material cybersecurity management progress, cybersecurity risks and response plans and progress. The management is also responsible for promptly reporting material cybersecurity incidents to the board as they arise.

In addition, our audit committee is responsible for risk assessment and risk management, including risks relating to cybersecurity threats or incidents. The responsibilities of our audit committee include discussing policies with respect to risk assessment and risk management periodically with the management, internal auditors, and independent auditors, and our plans or processes to monitor, control and minimize such risks and exposures.

PART III

ITEM 17. FINANCIAL STATEMENTS

The Registrant has elected to provide the financial statements and related information specified in Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Full Truck Alliance Co. Ltd. are included at the end of this annual report.

ITEM 19. EXHIBIT INDEX

Exhibit Number	Description of Exhibit
1.1*	Sixth Amended and Restated Memorandum and Articles of Association of the Registrant, amended and restated on April 14, 2021
2.1	Form of American Depositary Receipt evidencing American Depositary Shares (included in Exhibit 2.3)
2.2	Specimen of Class A Ordinary Share Certificate (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form F-1 (File No. 333-256564), as amended, initially filed with the Securities and Exchange Commission on May 27, 2021)
2.3	Form of Deposit Agreement among the Registrant, Deutsche Bank Trust Company Americas, as depositary, and the holders and beneficial owners of ADSs issued thereunder (incorporated herein by reference to Exhibit (a) to the Registration Statement on Form F-6 (Registration No. 333-257112) filed with the Securities and Exchange Commission on June 15, 2021)
2.4	Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 2.4 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.1	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
4.2	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
4.3*	English translation of the Amended and Restated Equity Interest Pledge Agreement by and among Jiangsu Manyun, Manyun Software and shareholders of Manyun Software, dated May 9, 2023
4.4*	English translation of the executed form of the Spousal Consent Letters granted by the spouse of each individual shareholder of Manyun Software, as currently in effect, and a schedule of all executed Spousal Consent Letters adopting the same form
4.5	English translation of the Power of Attorney by and among Jiangsu Manyun, Manyun Software and shareholders of Manyun Software, dated October 25, 2021 (incorporated herein by reference to Exhibit 4.5 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.6	English translation of the Exclusive Service Agreement between Jiangsu Manyun and Manyun Software, dated October 25, 2021 (incorporated herein by reference to Exhibit 4.6 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)

Exhibit Number	Description of Exhibit
4.7*	English translation of the Amended and Restated Exclusive Option Agreement by and among Jiangsu Manyun, Manyun Software and shareholders of Manyun Software, dated May 9, 2023
4.8	English translation of the Equity Interest Pledge Agreement by and among FTA Information, Shan'en Technology and shareholders of Shan'en Technology, dated November 16, 2021 (incorporated herein by reference to Exhibit 4.8 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.9	English translation of the executed form of the Spousal Consent Letters granted by the spouse of each individual shareholder of Shan'en Technology, as currently in effect, and a schedule of all executed Spousal Consent Letters adopting the same form (incorporated herein by reference to Exhibit 4.9 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.10	English translation of the Power of Attorney by and among FTA Information, Shan'en Technology and shareholders of Shan'en Technology, dated November 16, 2021 (incorporated herein by reference to Exhibit 4.10 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2021)
4.11	English translation of the Exclusive Service Agreement between FTA Information and Shan'en Technology, dated November 16, 2021 (incorporated herein by reference to Exhibit 4.11 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.12	English translation of the Exclusive Option Agreement by and among FTA Information, Shan'en Technology and shareholders of Shan'en Technology, dated November 16, 2021 (incorporated herein by reference to Exhibit 4.12 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.13	English translation of the executed form of the Loan Agreements between FTA Information and each individual shareholder of Shan'en Technology, dated November 18, 2021, as currently in effect, and a schedule of all executed Loan Agreements adopting the same form (incorporated herein by reference to Exhibit 4.13 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.14	English translation of the Equity Interest Pledge Agreement by and among Yixing Manxian, Manyun Cold Chain and shareholders of Manyun Cold Chain, dated May 24, 2022 (incorporated herein by reference to Exhibit 4.14 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 19, 2023)
4.15	English translation of the Spousal Consent Letter granted by the spouse of an individual shareholder of Manyun Cold Chain, dated May 24, 2022 (incorporated herein by reference to Exhibit 4.15 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 19, 2023)
4.16	English translation of the Power of Attorney by and among Yixing Manxian, Manyun Cold Chain and shareholders of Manyun Cold Chain, dated May 24, 2022 (incorporated herein by reference to Exhibit 4.16 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 19, 2023)

Exhibit Number	Description of Exhibit
4.17	English translation of the Exclusive Service Agreement between Yixing Manxian and Manyun Cold Chain, dated May 24, 2022 (incorporated herein by reference to Exhibit 4.17 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 19, 2023)
4.18	English translation of the Exclusive Option Agreement by and among Yixing Manxian, Manyun Cold Chain and shareholders of Manyun Cold Chain, dated May 24, 2022 (incorporated herein by reference to Exhibit 4.18 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 19, 2023)
4.19	The Loan Agreement by and among the Registrant, Gang Wang and Mesterywang Investments Limited, as borrowers, dated November 21, 2020 (incorporated by reference to Exhibit 10.18 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
4.20	The Charge over Shares in the Registrant between Gang Wang, as borrower, Truck Work Logistics Information Co., Ltd, as chargor and the Registrant as secured party, dated November 21, 2020 (incorporated by reference to Exhibit 10.19 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
4.21	The Share Surrender and Loan Repayment Agreement among Gang Wang, Mesterywang Investments Limited, Truck Work Logistics Information Co., Ltd, and the Registrant, dated April 14, 2022 (incorporated herein by reference to Exhibit 4.16 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.22	Second Amended and Restated 2018 Share Incentive Plan (incorporated by reference to Exhibit 10.20 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
4.23	2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.21 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
4.24	Amendment No.1 to 2021 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.19 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)
4.25	Trust Deed for Full Truck Alliance Co. Ltd. Rules among the Registrant as company, The Core Trust Company Limited as trustee and Master Quality Group Limited as nominee, dated December 3, 2018 (incorporated by reference to Exhibit 10.22 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
4.26	Amendment to Trust Deed for Full Truck Alliance Co. Ltd. Rules among the Registrant as company, The Core Trust Company Limited as trustee and Master Quality Group Limited as nominee, dated February 25, 2021 (incorporated by reference to Exhibit 10.23 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
4.27	Deed of Change of Trustee for the Trust Deed Relating to Master Quality Trust among the Registrant as company, The Core Trust Company Limited as original trustee, Master Quality Group Limited as nominee and Futu Trustee Limited as new trustee, dated December 9, 2021 (incorporated herein by reference to Exhibit 4.22 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 25, 2022)

Exhibit Number	Description of Exhibit
4.28	Amendment by and between Full Truck Alliance Co. Ltd., Futu Trustee Limited and Master Quality Group Limited, dated February 11, 2022 (incorporated herein by reference to Exhibit 4.28 to the annual report on Form 20-F (File No. 001-40507), filed with the Securities and Exchange Commission on April 19, 2023)
4.29	Warrant to Purchase Shares of Full Truck Alliance Co. Ltd., dated April 15, 2021 (incorporated by reference to Exhibit 10.24 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
8.1*	List of Subsidiaries of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 to the registration statement on Form F-1 (File No. 333-256564), initially filed with the Securities and Exchange Commission on May 27, 2021)
12.1*	Certification of our Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification of our Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification of our Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification of our Chief Financial Officer pursuant to 18 U.S.C Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP
15.2*	Consent of CM Law Firm
97.1*	Incentive Compensation Clawback Policy
101.INS*	Inline XBRL Instance Document. the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

FULL TRUCK ALLIANCE CO. LTD.

By: /s/ Peter Hui Zhang
Name: Peter Hui Zhang
Title: Chairman and Chief Executive Officer

Date: April 15, 2024

FULL TRUCK ALLIANCE CO. LTD.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Full Truck Alliance Co. Ltd.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Full Truck Alliance Co. Ltd. and subsidiaries (the "Company") as of December 31, 2022 and 2023, and the related consolidated statements of operations and comprehensive (loss) income, changes in shareholders' (deficit) equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes and the financial statements schedule included in Schedule I (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 15, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Convenience Translation

Our audits also comprehended the translation of Renminbi ("RMB") amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such United States dollar amounts are presented solely for the convenience of readers in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition — Refer to Notes 2.17 to the financial statements

Critical Audit Matter Description

The Company generated majority of its revenue from freight matching services in 2023. The Company's revenue from freight matching services consists of transaction-based fees made up of a significant volume of low-dollar transactions, sourced from multiple systems, databases, and other tools. The processing and recording of revenue are highly automated and are based on contractual terms with shippers and truckers. Because of the nature of the Company's transaction-based fees, the Company uses automated systems to process and record its revenue transactions.

We identified revenue from freight matching services as a critical audit matter because the Company's systems to process and record revenue are highly automated. This required an increased extent of effort, including the need for us to involve professionals with expertise in information technology (IT), to identify, test, and evaluate the Company's systems, software applications, and automated controls.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to revenue recognition included the following, among others:

- With the assistance of our IT specialists, we:
  - Identified the significant systems used to process revenue transactions and tested the general IT controls over each of these systems, including testing of user access controls, change management controls, and IT operations controls.
  - Performed testing of system interface controls and automated controls within the relevant revenue streams, as well as the controls designed to ensure the accuracy and completeness of revenue.
- We tested internal controls within the relevant revenue business processes, including those in place to reconcile the various systems to the Company's general ledger.
- With the assistance of our data specialists, we created data visualizations to evaluate recorded revenue and evaluated trends in the transactional revenue data.
- For a sample of freight matching service transactions, we tracked to the initial contract, cash payment or receipt record and then to the invoice (if any) to validate the occurrence of the revenue.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China

April 15, 2024

We have served as the Company's auditor since 2020.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Full Truck Alliance Co. Ltd.:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Full Truck Alliance Co. Ltd. and subsidiaries (the "Company") as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the financial statements as of and for the year ended December 31, 2023, of the Company and our report dated April 15, 2024, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the translation of Renminbi amounts into United States dollar amounts for the convenience of readers outside the People's Republic of China.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China

April 15, 2024

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2022 and 2023
(Amounts in thousands, except share and per share data)

	Note	As of December 31, 2022 RMB	As of December 31, 2023 RMB	As of December 31, 2023 USD (Note 2)
ASSETS				
Current assets:				
Cash and cash equivalents		5,137,312	6,770,895	953,661
Restricted cash—current		83,759	115,513	16,270
Short-term investments	4	21,087,089	11,516,304	1,622,037
Accounts receivable, net (net of allowance of RMB5,424 and RMB4,382 as of December 31, 2022 and 2023, respectively)	5	13,015	23,418	3,298
Loans receivable, net	6	2,648,449	3,521,072	495,933
Prepayments and other current assets	7	2,034,427	2,049,780	288,705
Total current assets		**31,004,051**	**23,996,982**	**3,379,904**
Restricted cash—non-current		—	10,000	1,408
Long-term investments	9	1,774,270	11,075,739	1,559,985
Property and equipment, net	8	108,824	194,576	27,405
Intangible assets, net	10	502,421	449,904	63,368
Goodwill	2.13	3,124,828	3,124,828	440,123
Deferred tax assets	15	41,490	149,081	20,998
Operating lease right-of-use assets and land use rights	19,2.22	132,000	134,867	18,996
Other non-current assets	11	8,427	211,670	29,813
Total non-current assets		**5,692,260**	**15,350,665**	**2,162,096**
TOTAL ASSETS		**36,696,311**	**39,347,647**	**5,542,000**

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2022 and 2023
(Amounts in thousands, except share and per share data)

	Note	As of December 31, 2022 RMB	As of December 31, 2023 RMB	As of December 31, 2023 USD (Note 2)
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable (including RMB6,374 and RMB7,179 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)		27,953	25,220	3,552
Amounts due to related parties	16	122,152	—	—
Prepaid for freight listing fees and other service fees (including RMB436,806 and RMB506,423 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)	2.17	462,080	548,917	77,313
Income tax payable (including RMB8,082 and RMB3,032 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)		52,233	154,916	21,819
Other tax payable (including RMB682,030 and RMB731,284 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)		721,597	784,617	110,511
Operating lease liabilities – current (including RMB39,649 and RMB34,867 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)	19	44,590	37,758	5,318
Accrued expenses and other current liabilities (including RMB883,965 and RMB1,113,559 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)	12	1,301,160	1,723,245	242,714
Total current liabilities		**2,731,765**	**3,274,673**	**461,227**
Deferred tax liabilities (including RMB23,358 and RMB20,333 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)	15	121,611	108,591	15,295
Operating lease liabilities–non-current (including RMB34,036 and RMB46,395 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)	19	35,931	46,709	6,579
Other non-current liabilities (including RMB nil and RMB22,950 from the consolidated VIEs as of December 31, 2022 and 2023, respectively)		—	22,950	3,232
Total non-current liabilities		**157,542**	**178,250**	**25,106**
TOTAL LIABILITIES		**2,889,307**	**3,452,923**	**486,333**
Commitments and contingencies (Note 23)				

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2022 and 2023
(Amounts in thousands, except share and per share data)

	Note	As of December 31, 2022 RMB	2023 RMB	2023 USD (Note 2)
MEZZANINE EQUITY				
Redeemable non-controlling interests	13	149,771	277,420	39,074
EQUITY				
Class A ordinary shares (US$0.00001 par value, 40,000,000,000 and 40,000,000,000 shares authorized, 18,919,468,156 and 19,021,152,078 shares issued, 18,919,468,156 and 18,767,309,958 shares outstanding as of December 31, 2022 and 2023, respectively)	14	1,222	1,229	173
Class B ordinary shares (US$0.00001 par value, 10,000,000,000 and 10,000,000,000 shares authorized, 2,317,044,668 and 2,131,865,628 shares issued and outstanding as of December 31, 2022 and 2023, respectively)	14	155	142	20
Treasury stock, at cost	14	—	(608,117)	(85,651)
Additional paid-in capital		47,758,178	47,713,985	6,720,374
Accumulated other comprehensive income		2,511,170	2,897,871	408,157
Accumulated deficit		(16,613,492)	(14,400,604)	(2,028,283)
TOTAL FULL TRUCK ALLIANCE CO. LTD. EQUITY		**33,657,233**	**35,604,506**	**5,014,790**
Non-controlling interests		—	12,798	1,803
TOTAL EQUITY		**33,657,233**	**35,617,304**	**5,016,593**
TOTAL LIABILITIES, MEZZANINE EQUITY AND EQUITY		**36,696,311**	**39,347,647**	**5,542,000**

The accompanying notes are an integral part of these consolidated financial statements.

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(Amounts in thousands, except share and per share data)

	Note	Years ended December 31,			
		2021	2022	2023	
		RMB	RMB	RMB	USD (Note 2)
Net Revenues (including value added taxes, "VAT", of RMB2,620,355, RMB3,550,878 and RMB4,172,660 for the years ended December 31, 2021, 2022 and 2023, respectively)	2.17	4,657,019	6,733,644	8,436,159	1,188,210
Operating expenses					
Cost of revenues (including VAT net of government grants, of RMB1,950,935, RMB2,539,297 and RMB3,121,010 for the years ended December 31, 2021, 2022 and 2023, respectively)	2.18	(2,539,998)	(3,514,551)	(4,119,016)	(580,151)
Sales and marketing expenses		(837,301)	(902,269)	(1,239,191)	(174,536)
General and administrative expenses		(4,271,152)	(1,417,933)	(937,677)	(132,069)
Research and development expenses		(729,668)	(914,151)	(946,635)	(133,331)
Provision for loans receivable	6	(97,658)	(194,272)	(234,599)	(33,043)
Total operating expenses		**(8,475,777)**	**(6,943,176)**	**(7,477,118)**	**(1,053,130)**
Other operating income		22,815	47,530	38,388	5,407
(Loss) Income from operations		**(3,795,943)**	**(162,002)**	**997,429**	**140,487**
Other income (expense)					
Interest income		234,651	483,658	1,141,861	160,828
Interest expenses		(40)	(175)	—	—
Foreign exchange (loss) gain		(15,468)	15,048	(2,149)	(303)
Investment income		28,317	5,411	55,621	7,834
Unrealized gains (losses) from fair value changes of investments and derivative assets		23,967	(63,390)	12,938	1,822
Other income, net		7,067	230,631	130,264	18,347
Impairment loss	3	(111,567)	—	—	—
Share of loss in equity method investees		(11,321)	(1,246)	(2,067)	(291)
Total other income		**155,606**	**669,937**	**1,336,468**	**188,237**
Net (loss) income before income tax		**(3,640,337)**	**507,935**	**2,333,897**	**328,724**
Income tax expense	15	(14,191)	(96,035)	(106,804)	(15,043)
Net (loss) income		**(3,654,528)**	**411,900**	**2,227,093**	**313,681**
Less: net (loss) income attributable to non-controlling interests		(80)	539	(1,252)	(176)
Less: measurement adjustment attributable to redeemable non- controlling interests	13	—	4,599	15,457	2,177
Net (loss) income attributable to Full Truck Alliance Co. Ltd.		**(3,654,448)**	**406,762**	**2,212,888**	**311,680**
Deemed dividend to convertible redeemable preferred shares		(518,432)	—	—	—
Net (loss) income attributable to ordinary shareholders		**(4,172,880)**	**406,762**	**2,212,888**	**311,680**
Net (loss) earnings per ordinary share:					
Basic	18	(0.31)	0.02	0.10	0.01
Diluted	18	(0.31)	0.02	0.10	0.01
Weighted average shares used in calculating net (loss) earnings per ordinary share:					
Basic	18	13,445,972,280	21,517,856,981	21,111,924,886	21,111,924,886
Diluted	18	13,445,972,280	21,579,616,389	21,162,351,461	21,162,351,461

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(Amounts in thousands, except share and per share data)

	Note	Years ended December 31,			
		2021	2022	2023	
		RMB	RMB	RMB	USD (Note 2)
Net (loss) income		**(3,654,528)**	**411,900**	**2,227,093**	**313,681**
Other comprehensive (loss) income					
Foreign currency translation adjustments, net of tax of nil		(533,657)	1,972,520	386,701	54,466
Total comprehensive (loss) income		**(4,188,185)**	**2,384,420**	**2,613,794**	**368,147**
Less: comprehensive (loss) income attributable to non-controlling interests		(80)	539	(1,252)	(176)
Less: measurement adjustment attributable to redeemable non-controlling interests		—	4,599	15,457	2,177
Comprehensive (loss) income attributable to Full Truck Alliance Co. Ltd.		**(4,188,105)**	**2,379,282**	**2,599,589**	**366,146**
Deemed dividend		(518,432)	—	—	—
Comprehensive (loss) income attributable to ordinary shareholders		**(4,706,537)**	**2,379,282**	**2,599,589**	**366,146**

The accompanying notes are an integral part of these consolidated financial statements.

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(Amounts in thousands, except share and per share data and otherwise noted)

	Class A Ordinary shares		Class B Ordinary shares		Additional Paid in Capital	Accumulated deficit	Subscription Receivables	Accumulated OCI	Total	Non—controlling interests	Total (deficit) equity
	Numbers of shares	Amount	Numbers of shares	Amount							
		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2020	**3,517,944,736**	**233**	**963,610,653**	**63**	**3,809,060**	**(13,365,806)**	**—**	**1,072,307**	**(8,484,143)**	**422**	**(8,483,721)**
Net loss	—	—	—	—	—	(3,654,448)	—	—	(3,654,448)	(80)	(3,654,528)
Capital contribution from non-controlling interests shareholders	—	—	—	—	—	—	—	—	—	73,500	73,500
Foreign currency translation adjustments	—	—	—	—	—	—	—	(533,657)	(533,657)	—	(533,657)
Exercise of stock options granted to employees	351,972,260	23	514,258,536	33	4,937	—	—	—	4,993	—	4,993
Accretion of convertible redeemable preferred shares	—	—	—	—	(518,432)	—	—	—	(518,432)	—	(518,432)
Modifications to share options	—	—	—	—	209,311	—	—	—	209,311	—	209,311
Share-based compensation	—	—	—	—	3,628,598	—	—	—	3,628,598	—	3,628,598
Repurchase of shares	(177,267,715)	(12)	(169,834,500)	(11)	(1,664,995)	—	—	—	(1,665,018)	—	(1,665,018)
Repurchase of convertible redeemable preferred shares	—	—	—	—	(877,732)	—	—	—	(877,732)	—	(877,732)
Issuance of ordinary shares for initial public offering ("USIPO"), net of issuance cost of RMB31,785	1,860,526,314	120	—	—	11,058,923	—	—	—	11,059,043	—	11,059,043
Ordinary shares reclassification	(2,013,034,312)	(133)	2,013,034,312	133	—	—	—	—	—	—	—
Conversion of convertible redeemable preferred shares to ordinary shares upon USIPO	14,965,476,285	967	2,721,822	—	33,596,103	—	(1,310,140)	—	32,286,930	—	32,286,930
Decrease of non-controlling interest from disposal of a subsidiary	—	—	—	—	—	—	—	—	—	(401)	(401)
Retirement of ordinary shares	(60)	(0)	—	—	—	—	—	—	(0)	—	(0)
Balance as of December 31, 2021	**18,505,617,508**	**1,198**	**3,323,790,823**	**218**	**49,245,773**	**(17,020,254)**	**(1,310,140)**	**538,650**	**31,455,445**	**73,441**	**31,528,886**

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(Amounts in thousands, except share and per share data and otherwise noted)

	Class A Ordinary shares		Class B Ordinary shares		Additional Paid in Capital	Accumulated deficit	Subscription Receivables	Accumulated OCI	Total	Non—controlling interests	Total (deficit) equity
	Numbers of shares	Amount	Numbers of shares	Amount							
		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2021	**18,505,617,508**	**1,198**	**3,323,790,823**	**218**	**49,245,773**	**(17,020,254)**	**(1,310,140)**	**538,650**	**31,455,445**	**73,441**	**31,528,886**
Net loss	—	—	—	—	—	411,361	—	—	411,361	539	411,900
Foreign currency translation adjustments	—	—	—	—	—	—	—	1,956,020	1,956,020	—	1,956,020
Exercise of stock options granted to employees	112,209,998	7	206,090,000	14	—	—	—	—	21	—	21
Share-based compensation	—	—	—	—	919,255	—	—	—	919,255	—	919,255
Repurchase of shares	(259,805,836)	(17)	(91,165,500)	(6)	(1,080,247)	—	—	—	(1,080,270)	—	(1,080,270)
Ordinary shares reclassification	1,121,670,655	71	(1,121,670,655)	(71)	—	—	—	—	—	—	—
Settlement of Shareholder loan	(560,224,090)	(37)	—	—	(1,326,603)	—	1,310,140	16,500	—	—	—
Retirement of ordinary shares	(79)	(0)	—	—	—	—	—	—	(0)	—	(0)
Reclassification from non-controlling interests to redeemable non-controlling interests	—	—	—	—	—	—	—	—	—	(73,980)	(73,980)
Adjustment attributable to redeemable non-controlling interests	—	—	—	—	—	(4,599)	—	—	(4,599)	—	(4,599)
Balance as of December 31, 2022	**18,919,468,156**	**1,222**	**2,317,044,668**	**155**	**47,758,178**	**(16,613,492)**	**—**	**2,511,170**	**33,657,233**	**—**	**33,657,233**

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIT) EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(Amounts in thousands, except share and per share data and otherwise noted)

	Class A Ordinary shares		Class B Ordinary shares		Treasury shares		Additional Paid in Capital	Accumulated deficit	Accumulated OCI	Total	Non—controlling interests	Total (deficit) equity
	Numbers of shares	Amount	Numbers of shares	Amount	Numbers of shares	Amount						
		RMB		RMB		RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as of December 31, 2022	**18,919,468,156**	**1,222**	**2,317,044,668**	**155**	**—**	**—**	**47,758,178**	**(16,613,492)**	**2,511,170**	**33,657,233**	**—**	**33,657,233**
Net income	—	—	—	—	—	—	—	2,228,345	—	2,228,345	(1,252)	2,227,093
Capital contribution from non-controlling interests shareholders	—	—	—	—	—	—	—	—	—	—	6,000	6,000
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	386,701	386,701	—	386,701
Exercise of stock options granted to employees	131,869,359	9	—	—	—	—	—	—	—	9	—	9
Share-based compensation	—	—	—	—	—	—	441,827	—	—	441,827	—	441,827
Repurchase of shares	(469,206,520)	(1)	—	—	455,039,640	(1,047,485)	(38,616)	—	—	(1,086,102)	—	(1,086,102)
Ordinary shares reclassification	185,179,040	13	(185,179,040)	(13)	—	—	—	—	—	—	—	—
Cancellation of ordinary shares	(77)	(14)	—	—	(201,197,520)	439,368	(439,354)	—	—	—	—	—
Vesting of restricted shares of TYT	—	—	—	—	—	—	(8,050)	—	—	(8,050)	8,050	—
Adjustment attributable to redeemable non-controlling interests	—	—	—	—	—	—	—	(15,457)	—	(15,457)	—	(15,457)
Balance as of December 31, 2023	**18,767,309,958**	**1,229**	**2,131,865,628**	**142**	**253,842,120**	**(608,117)**	**47,713,985**	**(14,400,604)**	**2,897,871**	**35,604,506**	**12,798**	**35,617,304**

The accompanying notes are an integral part of these consolidated financial statements.

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(Amounts in thousands and otherwise noted)

	Years ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	USD (Note 2)
Cash flows from operating activities:				
Net (loss) income	(3,654,528)	411,900	2,227,093	313,681
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities				
Depreciation and amortization	67,422	88,343	74,742	10,527
Share-based compensation	3,628,602	919,255	441,827	62,230
Modification of options	209,311	—	—	—
Allowance (reversal) for doubtful accounts	1,591	4,613	(767)	(108)
Provision for loans receivable	97,658	194,272	234,599	33,043
Loss (gain) from disposal of property and equipment	283	(483)	803	113
Net loss (gain) from disposal and deemed disposal of investment in equity investees	124	879	(3,852)	(543)
Investment (income) loss from forward contract	(25,878)	4,058	—	—
Share of loss in equity method investees	11,321	1,246	2,067	291
Unrealized (gains) losses from fair value changes of investments and derivative assets	(23,967)	63,390	(12,938)	(1,822)
Noncash lease expense	—	12,220	12,791	1,802
Impairment loss and others	96,099	(15,048)	2,149	303
Changes in operating assets and liabilities:				
Accounts receivable	18,799	14,069	(10,043)	(1,415)
Amounts due from related parties	(7,075)	7,075	—	—
Loans receivable	(561,368)	(1,065,054)	(1,107,222)	(155,949)
Prepayments and other current assets	(656,008)	(943,214)	163,248	22,993
Deferred tax assets	(1,450)	(20,998)	(107,591)	(15,154)
Accounts payable	5,314	(1,428)	(2,733)	(385)
Prepaid for freight listing fees and other service fees	41,898	78,844	86,837	12,231
Income tax payable	5,614	20,695	102,683	14,463
Other tax payable	191,621	82,839	63,020	8,876
Amounts due to related parties	(31,213)	(6,252)	(6,066)	(854)
Accrued expenses and other current liabilities	385,712	158,236	295,622	41,637
Deferred tax liabilities	(11,301)	(14,153)	(13,020)	(1,834)
Operating lease liabilities	—	(8,824)	(12,724)	(1,792)
Other non-current liabilities	—	—	22,950	3,232
Other non-current assets	—	(2,000)	(183,829)	(25,892)
Net cash (used in) provided by operating activities	**(211,419)**	**(15,520)**	**2,269,646**	**319,674**
Cash flows from investing activities:				
Purchases of short-term investments	(23,340,272)	(84,599,727)	(11,617,682)	(1,636,316)
Maturity of short-term investments	10,069,291	86,901,541	21,594,724	3,041,553
Purchases of long-term investments	—	—	(9,261,359)	(1,304,435)
Maturity of forward contracts	25,878	(4,058)	—	—
Payments for investment in equity investees	(887,327)	(6,500)	(63,000)	(8,873)
Acquisition of subsidiaries, net of cash acquired	(242,009)	(76,586)	—	—
Net cash out in relation to disposal of a subsidiary	(401)	—	—	—
Return from dissolution of equity investments	11,929	1,502	—	—
Purchases of property and equipment, land use rights and intangible assets	(43,220)	(85,686)	(100,344)	(14,133)
Proceeds from disposal of property and equipment and intangible assets	7,158	735	1,400	197
Net cash (used in) provided by investing activities	**(14,398,973)**	**2,131,221**	**553,739**	**77,993**

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(Amounts in thousands and otherwise noted)

	Years ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	USD (Note 2)
Cash flows from financing activities:				
Repayments of short-term loans	—	(9,000)	—	—
Cash paid to investors of the consolidated trusts	(31,400)	—	—	—
Proceeds from exercise of share options	20	8	1	0
Cash paid for repurchase of ordinary shares and convertible redeemable preferred shares	(2,208,791)	(884,360)	(1,168,301)	(164,552)
Taxes paid for employees through repurchase of ordinary shares	(376,646)	(508,015)	(26,741)	(3,766)
Cash prepaid for repurchase of ordinary shares	—	—	(179,784)	(25,322)
Proceeds from initial public offering, net of issuance cost paid of RMB31,785	11,059,043	—	—	—
Proceeds from issuance of convertible redeemable preferred shares	385,788	—	—	—
Proceeds prepaid by investors of a subsidiary	—	—	90,000	12,676
Capital contribution from redeemable non-controlling interests	—	71,192	111,823	15,750
Capital contribution from non-controlling interests	73,500	—	6,000	845
Net cash provided by (used in) financing activities	**8,901,514**	**(1,330,175)**	**(1,167,002)**	**(164,369)**
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	**(87,677)**	**71,932**	**18,954**	**2,669**
Net (decrease) increase in cash, cash equivalents and restricted cash	**(5,796,555)**	**857,458**	**1,675,337**	**235,967**
Cash and cash equivalents and restricted cash, beginning of the year	10,160,168	4,363,613	5,221,071	735,372
Cash and cash equivalents and restricted cash, end of the year	4,363,613	5,221,071	6,896,408	971,339

The accompanying notes are an integral part of these consolidated financial statements.

FULL TRUCK ALLIANCE CO. LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 and 2023
(Amounts in thousands and otherwise noted)

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Consolidated Statement of Cash Flows.

	Years ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	USD (Note 2)
Cash and cash equivalents	4,284,291	5,137,312	6,770,895	953,661
Restricted cash, current	65,822	83,759	115,513	16,270
Restricted cash, non-current	13,500	—	10,000	1,408
Total cash, cash equivalents, and restricted cash	**4,363,613**	**5,221,071**	**6,896,408**	**971,339**
Supplemental disclosure of cash flow information:				
Cash paid for interest (excluding interest paid to investors of consolidated trusts)	65	175	—	—
Income taxes paid	49,612	110,491	124,732	17,568
Supplemental disclosure of non-cash investing and financing activities:				
Acquisition of intangible assets and property and equipment through prepayments made in prior year	43,000	—	—	—
Investment in equity investees through prepayments made in prior year	100,000	—	—	—
Waiver of payable to an equity investee	771	—	—	—
Repurchase of ordinary shares through offsetting loans or interests receivable	5,400	—	—	—
Consideration payable for repurchase of ordinary shares and convertible redeemable preferred shares	129,738	—	—	—
Consideration payable for acquisition	76,586	—	—	—
Tax payable for employees through repurchase of ordinary shares	250,008	—	—	—
Settlement of subscription receivables through surrender of ordinary shares held by the shareholder	—	1,310,140	—	—
Reclassification from non-controlling interests to redeemable non-controlling interests	—	73,980	—	—
Payables for purchase of intangible assets and property and equipment	—	7,505	28,238	3,977
Vesting of restricted shares of TYT (see note 17)	—	—	8,050	1,134

(Amounts in thousands, except share and per share data and otherwise noted)

1. ORGANIZATION AND NATURE OF OPERATIONS

Description of Business

Full Truck Alliance Co. Ltd. (the "Company") was incorporated under the laws of the Cayman Islands on December 27, 2017. The Company through its subsidiaries and variable interest entities ("VIEs" and VIE's subsidiaries) (collectively, the "Group") primarily provides comprehensive services for shippers and truckers through its mobile and website platforms. The Group's principal operations and geographic markets are in the People's Republic of China ("PRC").

As of December 31, 2023, the Company's major subsidiaries and consolidated VIEs are as follows:

Name of Company	Place of incorporation	Date of incorporation	Percentage of direct or indirect economic ownership	Principal activities
Subsidiaries				
Full Truck Alliance (HK) Limited ("FTA HK")	Hong Kong	January 7, 2016	100%	Investment holding
Lucky Logistics Information Limited ("Lucky Logistics")	Hong Kong	April 8, 2014	100%	Investment holding
FTA Information Technology Co., Ltd. ("FTA Information", "WOFE") (formerly known as FTA Information Consulting Co., Ltd)	PRC	April 20, 2016	100%	Technology development and other services
Jiangsu Yunmanman Information Technology Co., Limited("Jiangsu Yunmanman", "WOFE")(formerly known as Jiangsu Manyun Logistics Information Co., Limited)	PRC	August 29, 2014	100%	Technology development and other services
Yixing Manxian Information Technology Co., Ltd ("Yixing Manxian", "WOFE")	PRC	May 24, 2022	61.3%	Investment holding
Guiyang Huochebang Technology Co., Limited ("Guiyang Huochebang")	PRC	March 11, 2014	100%	Value-added services
Guizhou Huochebang Micro-finance Co., Ltd. ("Huochebang Microfinance")	PRC	December 20, 2016	100%	Credit solution services
Chengdu Yunli Technology Co., Ltd. ("Chengdu Yunli")	PRC	January 21, 2011	100%	Credit solution services
Guizhou FTA Logistics Technology Co., Ltd. ("Guizhou FTA")	PRC	January 14, 2021	100%	Research and development

1. ORGANIZATION AND NATURE OF OPERATIONS - continued

Description of Business—continued

Name of Company	Place of incorporation	Date of incorporation	Percentage of direct or indirect economic ownership	Principal activities
VIEs				
Guiyang Shan'en Technology Co., Ltd. ("Shan'en Technology")	PRC	September 19, 2016	100%	Freight matching services
Jiangsu Manyun Software Technology Co. Ltd. ("Manyun Software")	PRC	October 20, 2016	100%	Freight matching services and value added services
Nanjing Manyun Cold Chain Technology Co., Ltd ("Manyun Cold Chain")	PRC	March 9, 2021	61.3%	Freight matching services
VIEs' subsidiaries				
Guiyang Shan'en Insurance Brokerage Co., Ltd ("Shan'en Insurance")	PRC	May 9, 2017	100%	Insurance services
Tianjin Manyun Software Technology Co., Ltd ("Tianjin Manyun")	PRC	November 8, 2018	100%	Freight matching services
Gui'an New District FTA Logistics Technology Co., Ltd ("Gui'an Logistics")	PRC	November 24, 2021	100%	Freight matching services

2. PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for the years presented.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIEs and VIEs' subsidiaries in which it has a controlling financial interest. The results of the subsidiaries, VIEs and VIEs' subsidiaries are consolidated from the date on which the Company obtained control and continue to be consolidated until the date that such control ceases.

The Group has adopted the guidance codified in Accounting Standards Codification ("ASC") 810, Consolidation, on accounting for VIE, which requires certain variable interest entity to be consolidated by the primary beneficiary in which it has a controlling financial interest. A VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support; (b) as a group, the holders of the equity investment at risk lack the ability to make certain decisions, the obligation to absorb expected losses or the right to receive expected residual returns, or (c) an equity investor has voting rights that are disproportionate to its economic interest and substantially all of the entity's activities are on behalf of the investor. In determining whether the Group is the primary beneficiary, the Group considers if the Group (1) has power to direct the activities that most significantly affect the economic performance of the VIE, and (2) receives the economic benefits of the VIE that could be significant to the VIE. If deemed the primary beneficiary, the Group consolidates the VIE.

All intercompany balances and transactions between the Group, its subsidiaries, VIEs and VIEs' subsidiaries have been eliminated in consolidation.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.2 Basis of consolidation - continued

VIE Arrangements

Due to PRC laws and regulations that impose certain restrictions or prohibitions on foreign equity ownership of entities providing value-added telecommunications services and certain financial services, the Group operates its websites and other restricted businesses in the PRC through certain PRC domestic companies, whose equity interests are held by certain shareholders or affiliates of the Company or other group entities ("Nominee Shareholders"). Since the Company does not have any equity interests in VIEs, in order to exercise effective control over their operations, the Company, through its wholly owned subsidiaries, Jiangsu Yunmanman, FTA Information and Yixing Manxian (collectively, the "WFOE"), entered into a series of contractual arrangements with its VIEs and their shareholders, pursuant to which the Company is entitled to receive effectively all economic benefits generated from the VIEs and their shareholders' equity interests in them.

Prior to the fourth quarter of 2021, our Group VIEs were Shanghai Xiwei Information Consulting Co., Ltd., Beijing Manxin Technology Co., Ltd (formerly known as Beijing Yunmanman Technology Co., Ltd.), and Guizhou FTA. In the fourth quarter of 2021, in order to enhance corporate governance, the Company underwent a reorganization of the holding structure of its onshore subsidiaries and the consolidated affiliates, or the Reorganization. The Reorganization mainly involved (i) changing the Group VIEs and (ii) changing certain subsidiaries of the Group VIEs to wholly-owned or partly-owned subsidiaries of the Company, to the extent permitted under the relevant PRC laws and regulations. The Reorganization was completed on January 1, 2022.

On May 24, 2022, Manyun Cold Chain, a former subsidiary of Manyun Software became a VIE controlled by a new WOFE, Yixing Manxian, a subsidiary of the Company established during the second quarter of 2022, through a series of contractual arrangements entered among Yixing Manxian, Manyun Cold Chain and its shareholders.

Currently, the Group VIEs are (i) Manyun Software, (ii) Shan'en Technology, and (iii) Manyun Cold Chain.

The reorganization under common control has no impact on the Company's consolidated financial information.

Below is a summary of the series of contractual arrangements entered among (i) FTA Information, Shan'en Technology and its shareholders, (ii) Jiangsu Yunmanman, Manyun Software and its shareholders, and (iii) Yixing Manxian, Manyun Cold Chain and its shareholders.

Equity Interest Pledge Agreement

Under the equity interest pledge agreements entered between the WFOE and the shareholders of the VIE, the shareholders pledged all of their equity interests in the VIE to guarantee their performance of their obligations under the exclusive option agreement, exclusive service agreement and power of attorney. If the shareholders of the VIE breach their contractual obligations under the VIE arrangement, the WFOE, as the pledgee, will have the right to dispose the pledged equity interest pursuant to the PRC law. The shareholders of the VIE have not placed any security interests or allowed any encumbrance on the pledged equity interests. The equity interest pledge agreement remains effective until the shareholders of the VIE have fully performed their obligations and repaid their consulting and service fees under the relevant contractual agreements. During the equity pledge period, the WFOE is entitled to all dividends and other distributions generated by the VIE.

Exclusive Option Agreement

Pursuant to the exclusive option agreements entered into among the WFOE, the VIE and the VIE's shareholders, the VIE's shareholders irrevocably grant the WFOE or its designated representatives an exclusive option to purchase, to the extent permitted under the PRC law, all or part of the equity interest of the VIE. The exercise price shall be the lowest price as permitted by the applicable PRC law at the time of the transfer of the optioned interest. Without the WFOE's written consent, the VIE and its shareholders may not sell, transfer, mortgage, or otherwise dispose of in any manner any assets, or legal or beneficial interest in the business or revenues, or allow the encumbrance thereon of any security interest. These agreements will remain effective until all equity interests of the VIE held by its shareholders and all of the VIE's assets have been transferred or assigned to the WFOE or its designated entities or persons.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.2 Basis of consolidation - continued

VIE Arrangements - continued

Exclusive Service Agreement

Under the exclusive service agreement entered between the WFOE and the VIE, the VIE appoints the WFOE as its exclusive services provider with business support and technical and consulting services. The VIE shall not accept any consultations or services provided by any third party, and shall not cooperate with any third party. The VIE agrees to pay the WFOE a service fee for services performed, which shall be substantially all of the VIE's profit before tax. The exclusive service agreement remains effective unless terminated by the WFOE.

Power of Attorney

Pursuant to the power of attorney, each shareholder of the VIE has irrevocably authorized the WFOE to exercise the following rights relating to all equity interests held by such shareholder in the VIE during the term of the power of attorney: to act on behalf of such shareholder as its exclusive agent and attorney with respect to all matters concerning its shareholding in the VIE according to the applicable PRC laws and the VIE's articles of association, including without limitation to: (i) exercising all the shareholder's voting rights, including but not limited to designating and appointing the directors of the VIE; (ii) asset transfer, capital reduction and capital increase of the VIE; and (iii) other decisions that would have a material effect on the VIE's assets and operations.

Spousal Consent Letters

Pursuant to the respective spousal consent letters, each of the spouses of the applicable individual shareholders of the VIE acknowledge and confirm the execution of the relevant exclusive service agreement, equity pledge agreement, power of attorney, and exclusive option agreement and irrevocably agrees that they have rights or obligations under these agreements. In addition, each of them agrees not to assert any rights over the equity interest in the VIE held by their respective spouses or over the management of the VIE. In addition, in the event that any of them is required to enter into any agreements related to the equity interest in the VIE held by their respective spouses or the performance of the above mentioned VIE agreements for any reason, such spouses agree to authorize their respective spouses to enter into such agreements.

Risks in relation to the VIE structure

The Company believes that the contractual arrangements amongst the WFOEs, the VIEs and their respective shareholders are in compliance with the PRC law and are legally enforceable. The shareholders of the VIEs are also shareholders or affiliates of shareholders of the Company and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, the VIEs and their shareholders may fail to take certain actions required for the Company's business or to follow the Company's instructions despite their contractual obligations to do so. Furthermore, if the VIEs or their shareholders do not act in the best interests of the Company under the contractual arrangements and any dispute relating to these contractual arrangements remains unresolved, the Company will have to enforce its rights under these contractual arrangements through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. All of these contractual arrangements are governed by PRC law and provided for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. As a result, uncertainties in the PRC legal system could limit the Company's ability to enforce these contractual arrangements, which may make it difficult to exert effective control over the VIEs, and its ability to conduct the Company's business may be adversely affected.

2. PRINCIPAL ACCOUNTING POLICIES - continued

***2.2 Basis of consolidation* - continued**

VIE Arrangements - continued

Risks in relation to the VIE structure - continued

The following amounts and balances of the consolidated VIEs were included in the Group's consolidated financial statements after the elimination of intercompany balances and transactions.

	As of December 31,	
	2022	2023
	RMB	RMB
ASSETS		
Cash and cash equivalents	2,474,166	2,617,594
Restricted cash—current	12,095	13,801
Accounts receivable, net of allowance	8,577	12,088
Prepayments and other current assets	1,604,354	1,501,233
Restricted cash—non-current	—	10,000
Property and equipment, net	18,449	14,422
Long-term investments	—	228,400
Intangible assets, net	106,928	95,517
Goodwill	283,256	283,256
Deferred tax assets	6,570	786
Operating lease right-of-use assets and land use rights	74,820	82,120
Other non-current assets	5,960	3,482
TOTAL ASSETS	**4,595,175**	**4,862,699**
LIABILITIES		
Accounts payable	6,374	7,179
Prepaid for freight listing fees and other service fees	436,806	506,423
Income tax payable	8,082	3,032
Other tax payable	682,030	731,284
Operating lease liabilities — current	39,649	34,867
Accrued expenses and other current liabilities	883,965	1,113,559
Deferred tax liabilities	23,358	20,333
Operating lease liabilities — non-current	34,036	46,395
Other non-current liabilities	—	22,950
TOTAL LIABILITIES	**2,114,300**	**2,486,022**

2. PRINCIPAL ACCOUNTING POLICIES - continued

***2.2 Basis of consolidation* - continued**

VIE Arrangements - continued

Risks in relation to the VIE structure - continued

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Net Revenues	4,611,044	5,648,742	5,817,440
Net income	920,960	1,779,515	1,080,640
Net cash (used in) provided by operating activities(1)	(286,501)	615,584	137,792
Net cash used in investing activities	(815,721)	(69,854)	(240,125)
Net cash provided by (used in) financing activities	42,100	(9,000)	—

(1) It includes cash flows used in intercompany operating activities of RMB 76,198, RMB 2,316,618 and RMB 1,703,166 for the years ended December 31, 2021, 2022 and 2023, respectively.

The VIEs contributed 99%, 84% and 69% of the Group's consolidated net revenues for the years ended December 31, 2021, 2022 and 2023, respectively. As of December 31, 2022 and 2023, the VIEs accounted for 13% and 12% of the consolidated total assets, and 73% and 72% of the consolidated total liabilities, respectively.

There are no terms in any arrangements, considering both explicit arrangements and implicit variable interests that require the Group or its subsidiaries to provide financial support to the VIEs. However, if the VIEs were ever to need financial support, the Group or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to its VIEs through loans to the shareholders of the VIEs or entrustment loans to the VIEs.

The Group believes that there are no assets held in the consolidated VIEs that can be used only to settle obligations of the VIEs, except for the assets of the consolidated trusts presented below. As the consolidated VIEs are incorporated as limited liability companies under the PRC Company Law, creditors of the VIEs do not have recourse to the general credit of the Group for any of the liabilities of the consolidated VIEs.

Relevant PRC laws and regulations restrict the VIEs from transferring a portion of their net assets, equivalent to the balance of their paid-in capital, additional paid-in capital and PRC statutory reserve, to the Group in the form of loans and advances or cash dividends.

2.3 Consolidated Trusts

Loans funded by the institutional funding partners in the Group's loan facilitation business were typically disbursed to the borrowers directly from such partners. However, due to the need of certain institutional funding partners, loans from such funding partners were funded and disbursed indirectly through trusts. The trusts were invested by the Group and third-party trust companies. In March 2022, the Group terminated the consolidated trusts and assumed all liabilities in the trusts.

The borrowers were charged interests by the trusts. The Group determined that the residual profit or the guarantee represented a variable interest in the trusts through which the Group had the right to receive benefits or the obligation to absorb losses from the trusts that could potentially be significant to the trusts. As the trusts only invested in loans facilitated by the Group and the Group continued to service the loans post origination through a service agreement and had the ability to direct default mitigation activities, the Group had the power to direct the activities of the trusts that most significantly impact the economic performance of the trusts. As a result, the Group was considered the primary beneficiary of the trusts and consolidated the trusts' assets, liabilities, results of operations and cash flows. There were no terms in any arrangements, considering both explicit arrangements and implicit variable interests that required the Company to provide financial support to the consolidated trusts. The assets of the consolidated trusts can only be used to settle the obligations of the consolidated trusts.

For the years ended December 31, 2021 and 2022, the provision for loan losses of RMB21 million and RMB7 million was charged to the consolidated statements of operations and comprehensive (loss) income, respectively.

2. PRINCIPAL ACCOUNTING POLICIES - continued

***2.3 Consolidated Trusts* - continued**

The following financial statement amounts of the consolidated trusts were included in the consolidated information of VIEs presented above and in the accompanying consolidated financial statements after elimination of intercompany transactions and balances. There's no balance as of December 31, 2023 and December 31, 2022 since all trusts were terminated in March 2022.

	Years ended December 31,	
	2021	2022
	RMB	RMB
Net revenues	104,061	25,996
Net income	22,838	16,808

	Years ended December 31,	
	2021	2022
	RMB	RMB
Net cash (used in) provided by operating activities	(13,793)	5,115
Net cash used in financing activities	(31,400)	—

The consolidated trusts contributed 2% and 0% of the Group's consolidated revenue for the years ended 2021 and 2022, respectively.

2.4 Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, the Group's management reviews these estimates based on information that is currently available. Changes in facts and circumstances may cause the Group to revise its estimates. Significant accounting estimates reflected in the Group's financial statements include valuation of ordinary shares prior to the completion of USIPO.

2.5 Functional currency and foreign currency translation

The Group uses Renminbi as its reporting currency. The functional currency of the Company is the United States dollar ("US$" or "USD"). The functional currency of the Company's subsidiaries, VIEs and VIEs' subsidiaries is RMB or USD as determined based on the economic facts and circumstances.

Transactions denominated in other than the functional currencies are re-measured into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and liabilities are re-measured at the balance sheet date exchange rate. The resulting exchange differences are included in foreign exchange (loss) gain of the statements of operations and comprehensive (loss) income.

Assets and liabilities of the Company and its subsidiaries with functional currency other than RMB are translated into RMB at fiscal year-end exchange rates. Equity accounts other than earnings generated in current period are translated into RMB at the appropriate historical rates. Income and expense items are translated at average exchange rates during the fiscal year. Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a component of other comprehensive (loss) income.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.6 Cash and cash equivalents

Cash and cash equivalents primarily consist of cash on hand and cash in bank which is highly liquid and unrestricted as to withdrawal and use.

2.7 Restricted cash

The Group's restricted cash mainly consists of deposit pledged to commercial banks for payment channels, credit solutions and ETC service. Restricted cash with remaining term over one year is recorded in non-current restricted cash while others is included in current restricted cash.

2.8 Short-term investments

Short-term investments include (i) wealth management products issued by investment banks with maturities within one year; (ii) exchange traded fund products; (iii) time deposits with original maturities longer than three months but less than one year. The Group records exchange traded fund products and wealth management products at fair value at each reporting period end. Changes in fair values are included in unrealized gains (losses) from fair value changes of investments and derivative assets in the consolidated statements of operations and comprehensive (loss) income. The unrealized gains (losses) will be recorded as investment incomes (losses) when the investments are disposed.

2.9 Accounts receivable, net

Accounts receivable mainly consists of amounts due from the Group's customers, which are recorded net of allowance for credit losses. From January 1, 2022, the Group adopted Accounting Standards Update No. 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASC 326") using the modified retrospective transition method. ASC 326 replaces the incurred loss impairment model with a forward-looking current expected credit loss ("CECL") methodology, which results in more timely recognition of credit losses. The Group has developed a CECL model based on historical experience, the age of the accounts receivable balances, credit quality of its customers, forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The cumulative effect from the adoption as of January 1, 2022 was immaterial to the consolidated financial statements.

2.10 Loans receivable, net

Loans receivable represents loans provided directly by the Group or through the consolidated trusts and the related accrued interests. Loans receivable is reduced by a valuation allowance estimated as of the balance sheet date.

The allowance for loan losses is determined at a level believed to be reasonable to absorb probable losses inherent in each of the portfolios as of the balance sheet date. The portfolios are determined based on the loan type, the term of the loan, and the repayment schedule. The allowance is estimated for each portfolio based on an assessment of various factors such as historical delinquency rate, size, and other risk characteristics of the portfolio. From January 1, 2022, the Group adopted ASC 326 using the modified retrospective transition method. The cumulative effect from the adoption as of January 1, 2022 was immaterial to the consolidated financial statements.

The Group writes off loans receivable with a corresponding reduction of the allowance for loans receivable when the loan principal and interest are deemed to be uncollectible.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.11 Property and equipment, net

Property and equipment is stated at cost less accumulated depreciation and impairment. Property and equipment is depreciated at rates sufficient to write off its costs less impairment and residual value, if any, over the estimated useful lives on a straight-line basis. The estimated useful lives are as follows:

Category	Estimated useful lives
Office building	44 years
Furniture, fixtures and equipment	3-5 years
Motor vehicles	4 years
Leasehold improvement	Over the shorter of the expected useful life or the lease term

Repairs and maintenance costs are charged to operating expenses as incurred, whereas the costs of renewals and betterment that extend the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the costs, accumulated depreciation and impairment with any resulting gain or loss recognized in other income or expenses of the consolidated statements of operations and comprehensive (loss) income.

2.12 Intangible assets, net

Intangible assets purchased are recognized and measured at cost upon acquisition.

Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The identifiable intangible assets acquired are amortized on a straight-line basis over the respective useful lives as follows:

The identifiable intangible assets	Amortization Years
Software	5 to 8
Trademarks	5 to 15
Platform	5
Customer relationship	10
Non-compete commitment	8

2.13 Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the Group's acquisitions. The Goodwill is not amortized but is reviewed at least annually for impairment or earlier, if any indication of impairment exists.

Under U.S. GAAP, the Group has the option to choose whether it will apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly. If the Group chooses to apply a qualitative assessment first, it starts the goodwill impairment test by assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Group determines that it is more likely than not the fair value of a reporting unit is less than its carrying amount, the quantitative impairment test is mandatory. Otherwise, no further testing is required. A goodwill impairment will be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

Application of a goodwill impairment test requires significant management judgments, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. The judgment in estimating the fair value of reporting units includes estimating future cash flows, determining appropriate discount rates and making other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.14 Long-term investments

The Group's long-term investments include (i) equity method investments; (ii) investments in equity securities without readily determinable fair values; (iii) Investments in debt securities, (iv)long-term time deposits and (v)wealth management products with maturities more than one year.

(i) Equity method investments

The Group accounts for common stock or common-stock-equivalent equity investments in entities over which it has significant influence but does not own a majority voting interest or otherwise control using the equity method. The Group generally considers an ownership interest of 20% or higher represents significant influence. Under the equity method, the Group's shares of the post-acquisition profits or losses of the investees are recognized in the consolidated statements of operations and comprehensive (loss) income and its shares of post-acquisition movements in other comprehensive income are recognized in other comprehensive income. When the Group's shares of losses in an investee equals or exceeds its carrying amount of the investment in the investee, the Group does not recognize further losses, unless the Group has guaranteed the obligations of the investee or is otherwise committed to provide further financial support to the investee. An impairment loss is recorded when there has been a loss in value of the investment that is other than temporary.

(ii) Investments in equity securities without readily determinable fair values

The Group has elected to measure the investments in equity securities without readily determinable fair values at cost minus impairment, if any, adjusted up or down for observable price changes (i.e., prices in orderly transactions for the identical or similar investment of the same issuer). Any adjustment to the carrying amount is recorded in net income. At each reporting period end, the Group will make a qualitative assessment considering impairment indicators to evaluate whether any of these investments is impaired. If the assessment indicates that the fair value of an investment is less than the carrying value, the investment in equity securities will be written down to its fair value, with the difference between the fair value of the investment and its carrying amount as an impairment loss.

(iii) *Investments in debt* securities

Investments in debt securities consist of investments in preferred shares issued by private companies that are redeemable at the Group's option with no contractual maturity date. The investments are accounted at fair value, with unrealized gains or losses, net of taxes recorded in accumulated other comprehensive income or loss. Credit-related impairment is measured as an allowance on the balance sheet with a corresponding adjustment to earnings. The allowance should not exceed the amount by which the amortized cost basis exceeds fair value.

For long-term investments acquired through nonmonetary transaction, the Group initially measures the acquired investments at the fair value of the assets surrendered to obtain it or the fair value of the investments received if that fair value is more clearly evident than the fair value of the assets surrendered. A gain or loss is recognized on the exchange at an amount equal to the difference of the carrying amount of the assets surrendered and the initially cost of the investments.

(iv) *Long-term time deposits*

Long-term time deposits represent deposits placed with commercial banks with maturities more than one year. The Group accounts for the long-term time deposits at amortized cost less allowance for credit losses, with interests recognized as "interest income" in the consolidated statements of operations and comprehensive (loss) income over the expected lifetime of the time deposits using the effective interest method.

(v) Wealth management products

The wealth management products consist of product issued by commercial bank and other financial institutions with maturities greater than one year. The Group elected the fair value method at the date of initial recognition. Changes in the fair value of these investments are reflected on the consolidated statements of comprehensive income (loss) as fair value changes in investments.

2.15 Other non-current assets

Other non-current assets mainly consist of long-term prepayments for property and equipment, long-term deposits and long-term interest receivable.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.16 Fair value measurement

Fair value reflects the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it transacts and considers assumptions that market participants use when pricing the asset or liability.

The Group applies a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.

Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair value guidance describes three main approaches to measure the fair value of assets and liabilities: market approach, income approach and cost approach.

The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

2.17 Revenue recognition

The Group derives its revenues principally from shippers' and truckers' use of the Group's platforms in connection with freight matching services and value-added services.

Revenues from contracts with customers are recognized when control of the promised goods or services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services, after considering reductions by estimates for refund allowances and discount.

VAT is included in revenue on a gross basis as the Group determines that it is the principal of VAT in the PRC, based on the fact that the Group, as a seller of services, is primarily responsible for fulfilling the promise to pay VAT, which equals the sales amount multiplied by the applicable VAT rate, under the PRC Value Added Tax Provisional Regulations and the Pilot Implementation Measures for the Reform of Business Tax to Value-added Tax. The Group is subject to penalty or any other actions taken by tax authorities if it does not pay VAT assessed on its sales activities timely.

For the years ended December 31, 2021, 2022 and 2023, RMB2,620 million, RMB3,551 million and RMB4,173 million of VAT are included in net revenues, respectively, the majority of which was generated from freight brokerage services.

2. PRINCIPAL ACCOUNTING POLICIES - continued

***2.17 Revenue recognition* - continued**

The Group offers various forms of incentives to the platform shippers and truckers, who are both considered the customers of the Group. For incentives which are recorded as reduction of revenue (including deferred revenue, if any), if characterization of those amounts as a reduction of revenue results in negative revenue for a specific customer on a cumulative basis within a given period, the amount of the cumulative shortfall is re-characterized as selling and marketing expense. There is no explicit or implicit service agreements with the respective customer for a future period in relation to the negative amount. Consideration paid to customers is recorded as sales and marketing expenses if the Group receives distinct services in exchange and the consideration paid is at or below the fair value of the service received. For the years ended December 31, 2021, 2022 and 2023, RMB87,864, RMB785 and RMB63,659 of incentives were recorded in selling and marketing expenses, respectively.

Freight listing services

The Group charges the shippers membership fees for posting orders on the Group's platforms. Membership fee is prepaid by shippers registered on the Group's platforms for activating their rights of making orders on the platform. Revenue from membership fee is recognized on a straight-line basis over the term of the membership period or based on the number of orders posted depending on the specific terms in membership agreements.

Freight brokerage services

The Group provides freight brokerage services to shippers registered on its platform, assisting the shippers to identify appropriate truckers and enabling truckers to receive and fulfill on-demand requests from shippers. As a freight broker, the Group enters into a shipping contract with the shipper and a shipping contract with the trucker matched by the platform or designated by the shipper, as the case may be, to fulfill the shipping order.

The Group concludes that it acts as an agent in the provision of shipping services as it is not responsible for fulfilling the promise to provide the shipping services, nor does the Group have the ability to control the related services. Specifically, the Group does not have the ability to control the shipping services provided by truckers due to: (i) the Group does not pre-purchase or otherwise obtain control of the truckers' services prior to their transfer to the shippers; (ii) the Group does not guarantee a shipping order could be taken by a trucker; (iii) the Group cannot direct the truckers to accept, decline or disregard a shipping order. The service fee earned by the Group is the difference between the amount paid by the shipper and the amount earned by the trucker, which are both fixed at the time a transaction is entered into. The revenue is recognized on a net basis at the point of fulfillment of the shipping order as this is when control of the services provided by the Group is transferred to the shipper, considering the shipper has the right to cancel the shipping order at any point as long as the cancellation is agreed by the trucker with no payment to the Group, and the Group would need to reperform substantially all the activities completed prior to the cancellation if it is to fulfill the remaining performance obligation to the shipper, and the fulfillment of a shipping order generally takes no greater than three days.

Transaction commission

The Group charges commissions from truckers when they take orders originating from certain cities. The commission fee charged for an order is computed based on the shipping fee of such shipping order. The commission is recognized as revenue upon the shipper and the trucker reach an agreement.

Credit solutions

The Group provides loans using its own fund or through the consolidated trusts to the shippers and truckers registered on the Group's platform to cater to their essential needs and increase their stickiness and engagement on the Group's platform. The Group recognizes the fees and interests charged to the borrowers as "credit solutions revenue" over the lifetime of the loans using the effective interest method.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.17 Revenue recognition - continued

Other value-added services

Other services provided by the Group mainly comprise agency services provided to insurance companies, highway authorities, gas station operators and automakers and dealers in their businesses to meet various needs of shippers and truckers. Revenue is recognized when service is rendered.

Multiple performance obligations

When certain service contracts are combined as one arrangement for revenue recognition purposes and the entire arrangement contains more than one performance obligation, the Group allocates the total transaction price to each performance obligation in an amount based on the relative standalone selling prices of the promised services underlying each performance obligation. In these instances, as the Group frequently sells each type of service with observable standalone selling prices, the observable standalone sales are used to determine the standalone selling price of each performance obligation.

Disaggregation of revenues

For the years ended December 31, 2021, 2022 and 2023, all of the Group's revenues were generated in the PRC. The disaggregated revenues by revenue streams and timing of transfer of services were as follows:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Freight matching services(1)	**3,946,882**	**5,656,651**	**7,048,830**
Freight brokerage-satisfied at a point of time	2,497,779	3,360,313	3,916,409
Freight listings-satisfied over time	753,031	852,380	929,353
Transaction commission-satisfied at a point of time	696,072	1,443,958	2,203,068
Value-added services(1)	**710,137**	**1,076,993**	**1,387,329**
Credit solutions-satisfied over time	520,086	796,356	1,001,892
Other value-added services-satisfied at a point of time	190,051	280,637	385,437
Total net revenues	**4,657,019**	**6,733,644**	**8,436,159**

(1) RMB2,580 million and RMB40 million, RMB3,490 million and RMB61 million, RMB4,094 million and RMB79 million of net revenues were attributable to VAT for freight matching services and value-added services for the years ended December 31, 2021, 2022, and 2023, respectively. The VAT for freight matching services is primarily related to VAT incurred for freight brokerage services, which is assessed based on the total transaction price with the shipper, including the freight charge paid to the trucker (for which the Group is an agent) and the platform service fee earned by the Group.

Contract balances

Timing of revenue recognition may differ from the timing of invoicing to customers. For certain services, customers are required to pay before the services are delivered.

Accounts receivable represents amounts invoiced and revenues recognized prior to invoicing when the Group has satisfied its performance obligation and has the unconditional right to payment.

2. PRINCIPAL ACCOUNTING POLICIES - continued

***2.17 Revenue recognition* - continued**

Contract balances - continued

Contract liabilities are recognized if the Group receives consideration in advance of performance, which is mainly related to the freight listing services. The Group expects to recognize the majority of this balance as revenue over the next 12 to 24 months. The contract liabilities of the Group as of December 31, 2022 and 2023 are listed in the table below. The Group recognized revenues that were previously deferred as contract liabilities of RMB383,236 and RMB462,080 during the years ended December 31, 2022 and 2023, respectively.

	As of December 31,	
	2022	2023
	RMB	RMB
Contract balances—current		
Freight listings	435,567	502,787
Others	26,513	46,130
Contract balances—non current		
Freight listings	—	22,950
Total contract balances	**462,080**	**571,867**

2.18 Cost of revenues

Cost of revenues primarily consists of VAT, related tax surcharges and other tax costs, net of the government grants, payroll and related expenses for employees involved in operating the Group's platforms, technology service fee, and commission fee paid to third party payment platform as well as funding costs related to credit solution services.

VAT cost is primarily related to freight brokerage services, and is assessed based on the total transaction price with the shipper, including the freight charge paid to the trucker (for which the Group is an agent) and the platform service fee earned by the Group. The Group operates its freight brokerage business with the road transportation license obtained from the government, which requires the Group to pay VAT at a rate of approximately 9% pursuant to the relevant VAT regulations for transportation service segment. The Group receives government grants from local financial bureaus as an incentive for developing the local economy and business, which is recorded as a reduction of the VAT cost.

Gross amount of VAT and the government grants from local financial bureaus included in cost of revenues are as the following:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Gross VAT	3,510,749	4,518,878	5,271,119
Less: government grants	(1,559,814)	(1,979,581)	(2,150,109)
VAT, net	**1,950,935**	**2,539,297**	**3,121,010**

2.19 Sales and marketing expenses

Sales and marketing expenses consist of advertising expenses, payroll and related expenses for employees involved in sales and marketing functions and amortization of trademarks. The advertising and marketing expenses amounted to RMB125,507, RMB107,575 and RMB315,716 for the years ended December 31, 2021, 2022 and 2023, respectively.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.20 Research and development expenses

Research and development expenses primarily consist of technology infrastructure expenses related to research and development activities, payroll and related expenses for employees involved in platform development and internal-use system support, charges for the usage of the server and computer equipment in relation to the research and development activities.

2.21 General and Administrative expenses

General and administrative expenses primarily consist of compensation costs for executive management and administrative employees, daily operating expenses and allowance for doubtful accounts.

2.22 Operating leases

The Company leases office space and lands in different cities in PRC under operating leases. Effective January 1, 2022, the Company adopted ASU No. 2016-02 "Leases" (ASC 842) using the modified retrospective approach. The Company elected the transition package of practical expedients permitted within the standard, which allowed it not to reassess initial direct costs, lease classification, or whether any expired or existing contracts prior to January 1, 2022 are or contain leases. The Company also elected the practical expedient not to separate lease and non-lease components of contracts and the short-term lease exemption for all contracts with lease terms of 12 months or less. Upon the adoption, the Company recognized operating lease right-of-use ("ROU") assets of RMB130 million, and the corresponding lease liabilities of RMB 119 million on the consolidated balance sheet, with the difference reclassified from other payable and prepayments. The operating lease ROU assets include adjustments for prepayments and accrued lease payments. The adoption did not impact the Company's beginning accumulated deficit, or the Company's prior year financial statements.

Under ASC 842, the Company determines whether an arrangement constitutes a lease and records lease liabilities and right-of-use assets on its consolidated balance sheet at the lease commencement. The Company measures the operating lease liabilities at the commencement date based on the present value of remaining lease payments over the lease term, which is computed using the Company's incremental borrowing rate, an estimated rate the Company would be required to pay for a collateralized borrowing equal to the total lease payments over the lease term. The Company measures the operating lease ROU assets based on the corresponding lease liability adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease. The Company begins recognizing operating lease expense based on lease payments on a straight-line basis over the lease term when the lessor makes the underlying asset available to the Company. Some of the Company's lease contracts include options to extend the leases for an additional period which has to be agreed with the lessors based on mutual negotiation. After considering the factors that create an economic incentive, the Company does not include renewal option periods in the lease term for which it is not reasonably certain to exercise. For contracts modified, the Group reassesses whether a contract is or contains a leasing arrangement and re-measures ROU assets and liabilities upon modification of the contract.

There is no private land ownership in China. Companies or individuals are authorized to possess and use the land only through land use rights granted by the PRC government. The Company determines its land use right agreement contains an operating lease of land under ASC 842. The full prepayment for the land use right is recognized as an asset and is amortized using the straight-line method over the lease term of 50 years. The weighted average remaining lease term is 48.4 years as of December 31, 2023. Amortization expense of land use rights for the years ended December 31, 2022 and 2023 amounted to RMB675 and RMB1,012, respectively.

2.23 Share-based compensation

The Group accounts for share options granted to employees and directors as a lability award or an equity award in accordance with ASC 718, Stock Compensation.

Options granted generally vest upon satisfaction of service conditions over the following several years. They are measured at the grant date and recognized as compensation cost over the vesting periods, with the corresponding credit recorded as additional paid-in capital ("APIC"). Certain options were subject to an exercisability clause where employees could only exercise vested options upon the occurrence of the public trading of the Company's ordinary shares, which substantially created a performance condition. The Group did not record any compensation expense for such options before the completion of USIPO.

2. PRINCIPAL ACCOUNTING POLICIES - continued

***2.23 Share-based compensation* - continued**

According to ASC 718, a change in any of the terms or conditions of equity-based awards shall be accounted for as a modification of the award. Therefore, the Group calculates incremental compensation cost of a modification as the excess of the fair value of the modified option over the fair value of the original option immediately before its terms are modified. For vested options, the Group would recognize incremental compensation cost on the date of modification and for unvested options, the Group would recognize, prospectively and over the remaining requisite service period, the sum of the incremental compensation cost and the remaining unrecognized compensation cost for the original award.

Options or similar instruments on shares are classified as liabilities instead of equity if either of the following conditions is met: the underlying shares are classified as liabilities; or the options or similar instruments must be settled in cash or the grantee can require the entity to settle in cash.

The Group measures a liability award under a share-based payment arrangement based on the award's fair value remeasured at each reporting date until the date of settlement. Compensation costs for each period until settlement are based on the change in the fair value of the instrument at each reporting date.

2.24 (Loss) earnings per share

Basic (loss) earnings per share is computed by dividing net (loss) income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The convertible redeemable preferred shares are participating securities as the preferred shares participate in undistributed earnings on an as-if-converted basis. Accordingly, the Company uses the two-class method of computing earnings per share, whereby undistributed net income is allocated on a pro rata basis to each participating share to the extent that each class may share net income for the period. Undistributed net loss is not allocated to preferred shares because they are not contractually obligated to participate in the loss of the Group.

Diluted (loss) earnings per ordinary share reflects the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Group had convertible redeemable preferred shares, share options and restricted shares, which could potentially dilute basic earnings per share in the future. To calculate the number of shares for diluted earnings per share, the effect of the convertible redeemable preferred shares is computed using the as-if-converted method; the effect of the stock options and restricted shares is computed using the treasury stock method. In addition, the Group adjusts its proportionate share of the subsidiaries' earnings by considering the hypothetical exercise of the stock options issued by subsidiaries and settled in subsidiaries' common shares in the calculation of income available to ordinary shareholders of the Company used in the diluted earnings per share calculation.

2.25 Government grants

Government grants include cash subsidies from local governments that the Group's entities in the PRC are entitled to receive as incentives for operating business in certain local districts. Such subsidies allow the Group full discretion in utilizing the funds and are used by the Group for general corporate purpose. Cash subsidies are included in other operating income or as a reduction of specific costs and expenses for which the grants are intended to compensate, and are recognized when received or when all relevant requirements have been met based on the Group's evaluation and it is probable that the grants will be received.

2.26 Taxation

The Group is subject to value-added taxes at the rate of 6%, 9% or 13% in PRC. The value-added tax payable is the balance of the taxes the Group is liable for, which is primarily incurred for freight brokerage services and assessed based on the total shipping transaction price, including the freight charge paid to the trucker (for which the Group is an agent) and the platform service fee earned by the Group. The VAT taxes are also from the Group's sales of other goods or services and primarily levied on the sales price the Group charges for such goods or services at applicable rates. Deductible input taxes that reduce the tax payable are from the Group's purchases of goods or services and based on the cost and expenses the Group incurs at their applicable rates. The VAT balances are recorded in prepayments and other assets or other tax payable on the consolidated balance sheets.

2. PRINCIPAL ACCOUNTING POLICIES - continued

***2.26 Taxation* - continued**

Deferred income taxes are recognized for temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statement, net loss carrying forward and credits. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided in accordance with the laws of the relevant taxing authorities. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in which temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the consolidated statement of operations and comprehensive (loss) income in the period of the enactment of the change.

2.27 Segment reporting

The Group uses management approach to determine operating segment. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker ("CODM") for making decisions about allocation of resource and assessing performance.

The Group's CODM has been identified as the Chief Executive Officer who reviews the consolidated results of operations when making decisions about allocating resources and assessing performance of the Group. The Group operates and manages its business as a single operating segment.

The Group's long-lived assets are all located in the PRC and all of the Group's revenues are derived from the PRC. Therefore, no geographic information is presented.

2.28 Comprehensive (loss) income

Comprehensive (loss) income is defined as the change in equity of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Comprehensive (loss) income is reported in the consolidated statement of operations and comprehensive (loss) income. Accumulated other comprehensive income, as presented on the accompanying consolidated balance sheet consists of accumulated foreign currency translation adjustments.

2.29 Recent accounting pronouncements

Recently issued accounting pronouncements not yet adopted

On November 27, 2023, the FASB issued ASU 2023-07, under which all public entities that are required to report segment information in accordance with Topic 280 are required to disclose significant segment expenses by reportable segment if they are regularly provided to the CODM and included in each reported measure of segment profit or loss. In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable "investors to better understand an entity's overall performance" and assess "potential future cash flows." The amendments in ASU 2023-07 are effective for all public entities for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Group does not expect the adoption of this ASU has a significant impact on its consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES - continued

2.29 Recent accounting pronouncements - continued

Recently issued accounting pronouncements not yet adopted - continued

On December 14, 2023, the FASB issued ASU 2023-09, which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. The ASU amends ASC 740-10-50-12 to require a public business entity to disclose a reconciliation between the amount of reported income tax expense (or benefit) from continuing operations and the amount computed by multiplying the income (or loss) from continuing operations before income taxes by the applicable statutory federal (national) income tax rate of the jurisdiction (country) of domicile. If the public business entities is not domiciled in the United States, the federal (national) income tax rate in such entity's jurisdiction (country) of domicile shall normally be used in the rate reconciliation. The amendments prohibit the use of different income tax rates for subsidiaries or segments. Further, public business entities that use an income tax rate in the rate reconciliation that is other than the U.S. income tax rate must disclose the rate used and the basis for using it. The ASU also adds ASC 740-10-50-12A, which requires entities to annually disaggregate the income tax rate reconciliation between the following eight categories by both percentages and reporting currency amounts: 1. State and local income tax, net of federal (national) income tax effect, 2. Foreign tax effects, 3. Effect of changes in tax laws or rates enacted in the current period, 4. Effect of cross-border tax laws, 5. Tax credits, 6. Changes in valuation allowances, 7. Nontaxable or nondeductible items, 8. Changes in unrecognized tax benefits. Public business entities must apply the ASU's guidance to annual periods beginning after December 15, 2024. Early adoption is permitted. Entities may apply the amendments prospectively or may elect retrospective application. The Group does not expect the adoption of this ASU has a significant impact on its consolidated financial statements.

2.30 Convenience translation

The Group's business is primarily conducted in China and almost all of its revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US dollars using the then current exchange rates, for the convenience of the readers. Translations of the consolidated balance sheet, consolidated statements of operations and comprehensive (loss) income and consolidated statements of cash flows from RMB into US dollars as of and for the year ended December 31, 2023 are solely for the convenience of the readers and were calculated at the rate of US$1.00=RMB7.0999 representing the noon buying rate set forth in the H.10 statistical release of the U.S as of December 29, 2023.

3. FAIR VALUE MEASUREMENTS

The short-term financial instruments, which consist of cash and cash equivalents, restricted cash, receivables, short-term investments, prepayments and other current assets, loan receivables, payables and amounts due to related parties, except for those subject to fair value measurement, are recorded at costs less credit loss allowance when applicable, which approximate their fair values due to the short-term nature of these financial instruments. The carrying values of non-current restricted cash, investments in debt securities, long-term time deposits, wealth management products with maturities more than one year and long-term receivables, except for those subject to fair value measurement, approximate their fair values as their interest rates are comparable to the prevailing interest rates in the market.

As of December 31, 2022 and 2023, information about inputs into the fair value measurement of the Group's assets and liabilities that are measured at a fair value on a recurring basis in periods subsequent to their initial recognition is as follows:

As of December 31, 2022	Fair Value Measurement at Reporting Date Using			
Description	Fair Value as of December 31	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	RMB	RMB	RMB	RMB
Exchange traded fund products	700,623	—	700,623	—
Wealth management products	483,807	—	483,807	—

3. FAIR VALUE MEASUREMENTS - continued

As of December 31, 2023	Fair Value Measurement at Reporting Date Using			
Description	Fair Value as of December 31	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	RMB	RMB	RMB	RMB
Wealth management products	1,111,873	—	1,111,873	—
Investments in debt securities	830,966	—	—	830,966

The fair value of wealth management products and exchange traded fund products are the suggested redemption price provided by the investment bank that sells such financial products. They are observable and market-based inputs but not quoted prices in active markets for identical assets. The total gain recognized for change in fair values are RMB23,967 and RMB12,938 for the years ended December 31, 2021 and 2023, respectively. And the total loss recognized for change in fair values is RMB63,390 for the year ended December 31, 2022.

Key assumptions used in determining the fair values of stock options include expected volatility, risk-free interest rate (per annum), exercise multiples, and fair values of underlying ordinary shares. (see note 17)

The investments in debt securities recorded in long-term investments are investments in redeemable preferred shares that are redeemable at the Group's option (see note 9). These investments in private companies are classified as Level 3 in fair value hierarchy and measured by market approach or income approach using various unobservable inputs. The market approach takes into consideration several factors including but not limited to market multiple and discount of lack of marketability. The income approach takes into consideration a number of factors including management projection of discounted future cash flow of the investee as well as an appropriate discount rate. These factors are inherently uncertain and subjective. Changes in any unobservable inputs may have a significant impact on fair values.

The Group measures equity method investments at fair value on a nonrecurring basis when they are deemed to be impaired. The fair values of these investments are determined based on valuation techniques using the best information available, and may include future performance projections, discount rate and other assumptions that are significant to the measurement of fair value. An impairment charge to these investments is recorded when the carry amount of the investment exceeds its fair value and this condition is determined to be other-than-temporary. The Group's equity investments without readily determinable fair values, which do not qualify for net asset value ("NAV") practical expedient and over which the Group does not have the ability to exercise significant influence through the investments in common stock or in substance common stock, are accounted for under the measurement alternative under ASU 2016-01, Recognition and Measurement of Financial Assets and Liabilities, (the "Measurement Alternative"). Under the Measurement Alternative, the carrying value is measured at cost, less any impairment, plus and minus changes resulting from observable price changes in orderly transactions for identical or similar investments. During the year ended December 31, 2021, the Group determined that certain of its equity investments were impaired based on future cash flows projection and recorded impairment charges of RMB111,567. During the years ended December 31, 2022 and 2023, the Group did not recognize any impairment loss relating to its equity investments.

Certain non-financial assets are measured at fair value on a nonrecurring basis, including property and equipment, goodwill, intangible assets and operating lease right-of-use assets and land use rights, and they are recorded at fair value only when impairment is recognized by applying unobservable inputs such as forecasted financial performance, discount rate, and other assumptions to the discounted cash flow valuation methodology. During the years ended December 31, 2021, 2022 and 2023, the Group did not recognize any non-financial assets impairment.

4. SHORT-TERM INVESTMENTS

Short-term investments as of December 31, 2022 and 2023 are as follows:

	As of December 31,	
	2022	2023
	RMB	RMB
Time deposits	19,902,659	11,082,298
Wealth management products	483,807	434,006
Exchange traded fund products	700,623	—
Total Short-term investments	**21,087,089**	**11,516,304**

5. ACCOUNTS RECEIVABLE, NET

Accounts receivable and the related expected credit loss provision as of December 31, 2022 and 2023 are as follows:

	As of December 31,	
	2022	2023
	RMB	RMB
Trade receivable	18,439	27,800
Less: allowance for expected credit losses	(5,424)	(4,382)
Total accounts receivable, net	13,015	23,418

Movement of the expected credit loss provision for accounts receivable is as follows:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Balance at beginning of year	(63,173)	(3,713)	(5,424)
Reversal (provision) for expected credit losses	5,213	(2,054)	360
Write-off	54,247	343	682
Balance at end of year	**(3,713)**	**(5,424)**	**(4,382)**

The Group performs ongoing credit evaluation of its customers, and assesses allowance for expected credit losses based on estimates, which incorporate historical experience and other factors surrounding the credit risk of specific type of customers.

6. LOANS RECEIVABLE, NET

The following table presents loan principal and accrued interests as of December 31, 2022 and 2023:

	As of December 31,	
	2022	2023
	RMB	RMB
Loans receivable	2,750,808	3,675,492
Less: allowance for loan losses	(102,359)	(154,420)
Loans receivable, net	2,648,449	3,521,072

6. LOANS RECEIVABLE, NET - continued

The following table presents the aging of loans as of December 31, 2022 and 2023:

	0-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total amount past due	Current	Total loans
December 31, 2022 (RMB)	31,206	21,398	20,817	60,353	133,774	2,617,034	2,750,808
December 31, 2023 (RMB)	39,609	21,041	17,651	81,659	159,960	3,515,532	3,675,492

Movement of allowance for loan losses is as follows:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Balance at beginning of year	(40,401)	(65,117)	(102,359)
Provisions for loan losses	(97,658)	(194,272)	(234,599)
Write-off	72,942	157,030	182,538
Balance at end of year	**(65,117)**	**(102,359)**	**(154,420)**

Loans receivable is recorded as receivable, reduced by an allowance for estimated losses as of the balance sheet date. Interest on loans receivable is accrued and credited to revenue as earned. The Group does not record any interest revenue on an accrual basis for the loans that are past due for more than 90 days. As of December 31, 2022 and 2023, the nonaccrual loan receivable (those over 90 calendar days past due excluding loans that were over 180 days past due and therefore charged off) was RMB54 million and RMB69million, respectively and the net nonaccrual loan receivable after deducting the provision was RMB1.9 million and RMB1.7 million, respectively. Loans are returned to accrual status if they are brought to non-delinquent status or have performed in accordance with the contractual terms for a reasonable period of time and, in the Group's judgment, will continue to make periodic principal and interest payments as scheduled. The Group determines a loan's past due status by the number of days that have elapsed since a borrower has failed to make a contractual loan payment.

In the years ended December 31, 2021, 2022 and 2023, the Group recorded RMB98 million, RMB194 million and RMB235 million of provision net with recoveries to loans receivables, respectively. The allowance for loan losses is determined at a level the Group believes to be reasonable to absorb probable losses inherent in the portfolio as of each balance sheet date, primarily based on the Group's historical delinquency rate, days past due and other risk characteristics on a portfolio basis.

The Group writes off the loans receivables that are past due for more than 180 days as they are not considered collectible based on the Group's historical experiences.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	As of December 31,	
	2022	2023
	RMB	RMB
Government grants receivable[1]	1,393,658	1,279,838
Funds receivable from third party payment channels	129,325	129,224
Advance to suppliers	81,530	291,413
Interest receivable	248,541	158,197
VAT recoverable and prepaid income taxes	145,423	127,097
Others	35,950	64,011
Total	**2,034,427**	**2,049,780**

(1) Government grants receivable represents the government grants from local governments to incentivize the freight brokerage service.

8. PROPERTY AND EQUIPMENT, NET

	As of December 31,	
	2022	2023
	RMB	RMB
Furniture, fixtures and equipment	74,515	64,977
Motor vehicles	4,503	5,959
Leasehold improvement	68,354	74,698
Office building	63,000	63,000
Construction in progress	5,424	89,042
Total cost	215,796	297,676
Less: Accumulated depreciation	(106,972)	(103,100)
Property and equipment, net	**108,824**	**194,576**

Depreciation expenses related to property and equipment were RMB17,465, RMB25,826 and RMB15,440 for the years ended December 31, 2021, 2022 and 2023, respectively.

9. LONG-TERM INVESTMENTS

The following table summarizes the Group's balances of long-term investments:

	As of December 31,	
	2022	2023
	RMB	RMB
Long-term time deposits(1)	—	8,540,152
Wealth management products(2)	—	677,867
Equity method investments		
Guizhou Yushi Digital Venture Capital Partnership ("Yushi Fund")(3)	317,363	315,947
Others	—	2,349
Subtotal	317,363	318,296
Equity investments without readily determinable fair values		
Plus Automation, Inc ("Plus (US)")(4)	—	648,458
Plus Corp ("Plus")(4)	1,100,407	—
Jiayibingding (Beijing) E-commerce Limited ("JYBD")(5)	350,000	—
Others	6,500	60,000
Subtotal	1,456,907	708,458
Investments in debt securities		
Plus PRC Holding Ltd. ("Plus (CN)")(4)	—	471,725
Jiayibingding (Beijing) E-commerce Limited ("JYBD")(5)	—	352,741
Others	—	6,500
Subtotal	—	830,966
Total long-term investments	**1,774,270**	**11,075,739**

(1) The Group's long-term time deposits are time deposits placed with banks with remaining maturities more than one year, and those matured date within one year is included in short-term investments. As of December 31, 2023, the Group's long-term time deposits were primarily denominated in USD, and they will be matured in 2025 at the amount equivalent to RMB8,371,752, with the remaining will be matured in 2026. The accrued and unpaid interests of the Group's long-term time deposits at the amount of RMB184,829 was included in other non-current assets.

(2) As part of the Group's cash management program, the Group invested in certain wealth management products issued by financial institutions. These wealth management products were with maturity of over one year, or can be redeemed through advance notice. As the Group intended to hold the investments for long term, all the wealth management products were classified as long-term investments and measured at fair value, and will be reclassified to short-term investments when their matured date becomes within one year.

9. LONG-TERM INVESTMENTS - continued

(3) Yushi fund (formerly known as Guizhou Fubao Digital Venture Capital Partnership) is a private equity fund incorporated in Guizhou, the PRC. The Group, as a limited partner, acquired 72.58% equity interest of the fund with a cash consideration of RMB323 million in 2021. The Group accounts for the investment as an equity method investment as it has significant influence over but does not own a controlling financial interest in the fund.

(4) Plus is a technology company devoted to the development of commercial vehicle autonomous driving technology. As of December 31, 2022, the Group made a total investment of US$158 million for preferred shares of Plus, representing 28.85% equity interest on an as-if converted basis and 56.15% voting rights. However, the Group had no control over Plus as it had no control over the board of directors that makes all significant decisions in relation to the operating and financing activities of Plus. As the preferred shares were not in substance common stock due to the liquidation preference and other preferential rights and had no readily determinable fair value, the Group had accounted for its investment in Plus as an equity investment without readily determinable fair value.

In the third quarter of 2023, Plus conducted a restructuring to split its business between PRC and United States. As a result of the restructuring, the Group's investment in Plus has been converted to the investment of preferred shares of Plus (CN) and Plus (US). The exchange was accounted for as a nonmonetary transaction, and the acquired preferred shares of Plus (CN) and Plus (US), valued at approximately US$66.6 million and US$91.6 million, were recorded in long-term investments as a non-cash investing activity. The exchange gain was reflected in investment income in the consolidated statements of operations and comprehensive (loss) income. The Company has involved an independent valuation firm for the valuation of the share exchange transaction.

As of December 31, 2023, the investment in preferred shares of Plus (US) amounted to approximately US$91.6 million, representing 19.83% equity interest on an as-if converted basis and 1.23% voting rights of Plus (US). As the investment in preferred shares in Plus(US) are not in substance common stock due to the liquidation preference and other preferential rights and have no readily determinable fair value, the Group has accounted for its investment in Plus (US) as an equity investment without readily determinable fair value.

As of December 31, 2023, the investment in preferred shares of Plus (CN) amounted to approximately US$66.6 million, representing 51% equity interest on an as-if converted basis and 61.88% voting rights. However, the Group has no control over Plus (CN) as it has no control over the board of directors that makes all significant decisions in relation to the operating and financing activities of Plus (CN). As the preferred shares held by the Group are redeemable merely by passage of time and are redeemable at the option of the Group, the Group accounted for its investment in Plus (CN) as available-for-sale investment in debt security which is measured at its fair value with the change of fair value recognized as other comprehensive income. The fair value of the Group's investment in Plus (CN) as at December 31, 2023 approximates the fair value as at the completion date of the exchange transaction, therefore no fair value change was recognized as other comprehensive income for the year ended December 31, 2023.

(5) JYBD is an E-commerce platform selling products related to vehicle maintenance and modification. As of December 31, 2022, the total investment in preferred shares of JYBD amounted to RMB350 million, representing 24.37% equity interest on an as-if converted basis. As the preferred shares were not in substance common stock due to the liquidation preference and other preferential rights and had no readily determinable fair value, the Group accounted for its investment in JYBD as an equity investment without readily determinable fair value as of December 31, 2022.

In the fourth quarter of 2023, the Group's investment in JYBD became redeemable within the control of the Group and was therefore reclassified to investment in available-for-sale debt security, and the investment was then measured at its fair value with the change of fair value recognized as other comprehensive income. The difference between the fair value of the new instrument and the carrying value of the Group's investment in JYBD as at the reclassification date was reflected in investment income in the consolidated statements of operations and comprehensive (loss) income, and was not material. The fair value of the Group's new instrument in JYBD as at December 31, 2023 approximates the fair value as at the reclassification date, therefore no fair value change was recognized as other comprehensive income for the year ended December 31, 2023.

10. INTANGIBLE ASSETS, NET

Gross carrying amount, accumulated amortization and net book value of the intangible assets are as follows:

	As of December 31,	
	2022	2023
	RMB	RMB
Software	46,961	52,657
Trademarks	621,856	621,856
Platform	24,000	24,000
Customer relationship	18,000	18,000
Non-compete commitment	40,000	40,000
Less: Accumulated amortization	(248,396)	(306,609)
Intangible assets, net	**502,421**	**449,904**

Amortization expenses related to intangible assets were RMB49,957, RMB61,842 and RMB58,290 for the years ended December 31, 2021, 2022 and 2023, respectively.

The estimated aggregate amortization expenses for each of the five succeeding fiscal years and thereafter are as follows:

	Future amortization expenses
	RMB
2024	58,014
2025	56,048
2026	54,377
2027	53,737
2028	52,449
Thereafter	175,279
Total	**449,904**

11. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

	As of December 31,	
	2022	2023
	RMB	RMB
Deposits	2,000	1,000
Prepayment for property and equipment	6,427	25,841
Long term interest receivable	—	184,829
Total	**8,427**	**211,670**

12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	As of December 31,	
	2022	2023
	RMB	RMB
Advance from shippers and truckers[1]	778,247	949,981
Salaries and welfare payables	338,281	349,966
Deposit from truckers for value added services	23,421	23,243
Accrued rental and other service fees	80,667	133,149
Accrual for construction in progress	27,505	55,743
Accrued liabilities for settlement in principle of class actions	—	72,598
Proceeds prepaid by investors of a subsidiary	—	90,000
Others	53,039	48,565
Total	**1,301,160**	**1,723,245**

(1) Representing the refundable prepayments from shippers and truckers for future shipping arrangements under freight brokerage services and value-added services.

13. MEZZANINE EQUITY

To develop its cold chain logistics business, in May 2022, the Company established Smart Cold Chain Freight Limited ("Smart Cold Chain") in Cayman Islands. Manyun Cold Chain, a former subsidiary of the Group's VIE, becomes a consolidated VIE of Smart Cold Chain through a reorganization under common control whereby the beneficial owners' interests in Manyun Cold Chain were exchanged into the convertible redeemable preferred shares of Smart Cold Chain at the same percentage. As the redemption of Smart Cold Chain's preferred shares is not solely within the Group's control, the non-controlling interests previously recorded for Manyun Cold Chain were reclassified as redeemable non-controlling interests at the carrying amount of RMB73,980, which approximated the fair value of convertible redeemable preferred shares on the issuance date. After the completion of the reorganization, Smart Cold Chain issued additional 12,498,880 convertible redeemable preferred shares to investors for a total consideration of RMB71 million in 2022.

In 2023, Smart Cold Chain issued 7,259,939 convertible redeemable preferred shares to certain investors for a total consideration of RMB112 million. Concurrently, three other investors agreed and were obliged to subscribe fixed numbers of convertible redeemable preferred shares once they complete the necessary registration for outbound investment. As of December 31, 2023, Smart Cold Chain received RMB90 million prepayment from such investors which was recorded in accrued expenses and other current liabilities.

The Company uses interest method to accrete the carrying value of the redeemable non-controlling interests to their maximum redemption price as if redemption were to occur at the end of the reporting period. The change in redemption value is recorded as measurement adjustment attributable to redeemable non-controlling interests in the consolidated statement of operations and comprehensive (loss) income. For the years ended December 31, 2022 and 2023, measurement adjustment attributable to redeemable non-controlling interests at the amount of RMB4,599 and RMB15,457 were recognized respectively.

14. ORDINARY SHARES AND TREASURY SHARES

In 2021, prior to the completion of USIPO, the Company repurchased 177,267,715 Class A ordinary shares from certain shareholders of the Group with an aggregate consideration of RMB1,077,505. The repurchases resulted in a reduction of ordinary shares by RMB12, a reduction of APIC by RMB1,038,564 and compensation expenses of RMB38,929 for the excess of the repurchase prices over the fair values of the ordinary shares repurchased as of the respective repurchase dates.

On June 22, 2021, upon the completion of USIPO, 1,650,000,000 Class A ordinary shares were issued to the public investors and 210,526,314 Class A ordinary shares were issued in the concurrent private placement. Total proceeds of the issuance were RMB11,059,043, net of the issuance cost. On the same date, all convertible redeemable preferred shares were converted into ordinary shares.

In 2021, 866,230,796 stock options were exercised into ordinary shares by employees, of which 351,972,260 were Class A ordinary shares and 514,258,536 were Class B ordinary shares. The Company repurchased 169,834,500 Class B ordinary shares for tax purpose upon the exercise of options, which resulted in a reduction of ordinary shares by RMB11 and a reduction of APIC by RMB626,431.

On April 14, 2022, the Group entered into a share surrender and loan repayment agreement with a shareholder and his certain affiliates in connection to the settlement plan of his subscription receivables. Pursuant to such agreement, the Group settled the US$200 million of subscription receivables from the shareholder by accepting the surrender of 560,224,090 Class A ordinary shares on May 7, 2022. The number of surrendered shares was determined based on US$0.36 per share, the fair value of the Company's ordinary shares on the date of the settlement notice. The settlement resulted in the pay-off of subscription receivable of RMB 1,310,140 with a reduction of ordinary shares by RMB 37 and a reduction of APIC by RMB 1,326,603.

On July 6, 2022, the Company repurchased and cancelled an aggregate of 259,095,756 Class A ordinary shares for an aggregate consideration of RMB822,373, based on the market closing price of Class A ordinary shares on July 5, 2022, which resulted in a reduction of ordinary shares by RMB17 and a reduction of APIC by RMB822,356.

In 2022, 318,299,998 stock options were exercised into ordinary shares by employees, of which 112,209,998 were Class A ordinary shares and 206,090,000 were Class B ordinary shares. The Company repurchased 710,080 Class A ordinary shares and 91,165,500 Class B ordinary shares for tax purpose upon the exercise of options, which resulted in a reduction of ordinary shares by RMB6 and a reduction of APIC by RMB257,891. In addition, 1,121,670,655 Class B ordinary shares were reclassified into the same number of Class A ordinary shares during 2022.

In 2023, the Company repurchased 455,039,640 Class A ordinary shares from the open market with an aggregate purchase price of US$147,689 including commission under the share repurchase program. The repurchased shares were recorded in the treasury shares account using cost method upon repurchase. At retirement of the treasury shares, the ordinary shares account is charged only for the aggregate par value of the shares. The excess of the acquisition cost of treasury shares over the aggregate par value is allocated between additional paid-in capital and retained earnings. In 2023, 201,197,520 Class A ordinary shares were retired, which resulted in a reduction of ordinary shares by RMB 14 and a reduction of APIC by RMB 439,354.

In 2023, 131,869,359 stock options were exercised into class A ordinary shares by employees. The Company repurchased 14,166,880 Class A ordinary shares for tax purpose upon the exercise of options, which resulted in a decrease of ordinary shares by RMB1 and a reduction of APIC by RMB35,046. In addition, 185,179,040 Class B ordinary shares were reclassified into the same number of Class A ordinary shares during the year ended December 31, 2023.

15. INCOME TAXES

Cayman Islands

Under the current laws of the Cayman Islands, the Companies incorporated in the Cayman Islands are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax. Under the current Hong Kong Inland Revenue Ordinance, the profits tax rate for the first HK dollar 2,000 of profits of corporations is 8.25%, while profits above that amount are subject to the tax rate of 16.5%.

15. INCOME TAXES - continued

China

On March 16, 2007, the National People's Congress of the PRC introduced a Corporate Income Tax Law ("CIT Law"), under which Foreign Investment Enterprises ("FIEs") and domestic companies are subject to corporate income tax at a uniform rate of 25%. Certain enterprises benefit from a preferential tax rate of 15% under the CIT Law if they qualify as high and new technology enterprises ("HNTE"). Software enterprises encouraged by the PRC government ("Software Enterprise") will be exempted from corporate income tax from the first to the second year from the profit-making year and will be subject to corporate income tax at a half statutory tax rate of 25% from the third to the fifth year. An enterprise enjoying the tax incentive of Software Enterprise adopts the method of "self assessment, declaration of incentives enjoyed, retention of the relevant materials for future inspection".

According to the relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction").

The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2020, which was subsequently announced in March 2021 to be further extended to December 31, 2023. In September 2022, the State Taxation Administration of the PRC further announced that for the enterprises entitled to the current pre-tax deduction ratio of 175% for research and development expenses, such ratio is raised to 200% during the period from October 1, 2022 to December 31, 2022. In March 2023, the Ministry of Finance and State Taxation Administration announced to implement the policy of raising pre-tax deduction ratio for R&D expense from 175% to 200% for eligible industry enterprises on a long-term basis starting from January 1, 2023.

Income (loss) by tax jurisdictions:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Net income from PRC operations	56,957	1,047,102	1,760,139
Net (loss) income from non-PRC operations	(3,697,294)	(539,167)	573,758
Total net (loss) income before tax	**(3,640,337)**	**507,935**	**2,333,897**

The current and deferred portion of income tax expenses included in the consolidated statements of operations and comprehensive income (loss) are as follows:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Current tax expenses	27,018	131,186	227,415
Deferred tax benefits	(12,827)	(35,151)	(120,611)
Total	**14,191**	**96,035**	**106,804**

Reconciliation of the differences between PRC statutory income tax rate and the Group's effective income tax rate for the years ended December 31, 2021, 2022 and 2023 are as follows:

	Years ended December 31,		
	2021	2022	2023
PRC statutory tax rate	25.00%	25.00%	25.00%
Effect of different tax rates of entities operating in other jurisdictions	0.96%	(5.15%)	(9.38%)
Preferential tax rates	0.00%	0.00%	(3.69%)
PRC Withholding taxes	(0.44%)	5.73%	2.79%
Expenses/losses not deductible for tax purposes	(0.91%)	4.02%	0.07%
Research and development expenses super deduction	2.65%	(24.39%)	(6.86%)
Share-based compensation cost not deductible for tax purposes	(26.36%)	45.24%	4.73%
True up	(0.04%)	(1.24%)	(7.07%)
Effect of change of valuation allowance	(1.25%)	(30.30%)	(1.01%)
Effective tax rate	**(0.39%)**	**18.91%**	**4.58%**

15. INCOME TAXES - continued

Deferred tax assets and deferred tax liabilities

	As of December 31,	
	2022	2023
	RMB	RMB
Deferred tax assets		
—Advertising and business promotion expenditure	11,571	5,260
—Impairment loss	177,368	177,368
—Allowance for expected credit losses	58,843	69,076
—Accrued expense	10,891	142,878
—Net loss carrying forward	423,025	363,929
—Others	12,402	9,555
Less: valuation allowance	(652,610)	(618,985)
Net deferred tax assets	**41,490**	**149,081**
Deferred tax liabilities		
—Identifiable intangible assets from business combination	121,611	108,591
Total deferred tax liabilities	**121,611**	**108,591**

Movement of valuation allowance

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Balance at beginning of the year	747,354	811,324	652,610
Addition (reversal)	63,970	(158,714)	(33,625)
Total	**811,324**	**652,610**	**618,985**

As of December 31, 2022 and 2023, the Group had net loss carrying forward of approximately RMB1,692 million and RMB1,456 million, which arose from the subsidiaries, VIEs and VIEs' subsidiaries established in the PRC, respectively. The losses expired were approximately RMB23 million, RMB3 million and RMB39 million during the years ended December 31, 2021, 2022 and 2023, respectively, and were provided full valuation allowances in prior years. The remaining loss carrying forward will expire during the period from 2024 to 2032.

In assessing the ability to realize the deferred tax assets, the Group has considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Group evaluates the potential realization of deferred tax assets on an entity-by-entity basis.

The Group believes that for most of its entities, it is more likely than not that the net accumulated losses and other deferred tax assets will not be utilized in the future based on an evaluation of a variety of factors including the Group's operating history, accumulated deficit, existence of taxable temporary differences and reversal periods. Therefore, the Group provided a valuation allowance of RMB653 million and RMB619 million for these entities' deferred tax assets as of December 31, 2022 and 2023, respectively.

15. INCOME TAXES - continued

The CIT Law provides that an enterprise established under the laws of a foreign country or region but whose "de facto management body" is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The implementing rules of the CIT Law merely define the location of the "de facto management body" as "the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, property, etc., of a non-PRC company is located". Based on a review of surrounding facts and circumstances, the Group does not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes.

The CIT law also imposes a withholding income tax of 10% on dividends distributed by an foreign investment enterprise ("FIE") to its immediate holding company outside of China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between the Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). No deferred tax liability has been recognized for the undistributed profits of PRC subsidiaries as the Company has sufficient evidence to demonstrate that the undistributed dividends will be reinvested indefinitely.

Under applicable accounting principles, a deferred tax liability should be recorded for taxable temporary differences attributable to the excess of financial reporting basis over tax basis in a consolidated affiliate. However, recognition is not required in situations where the tax law provides a means by which the reported amount of that investment can be recovered tax-free and the enterprise expects that it will ultimately use that means. The Group VIEs are in an accumulated deficit position and therefore not subject to this deferred tax liability.

16. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021, 2022 and 2023, other than disclosed elsewhere, the Group had the following material related party transactions and balances.

The table below sets forth the major related parties and their relationships with the Group:

Related Party	Relationship with the Group
JYBD	An affiliate of the Group
Plus	An affiliate of the Group
Plus(US)	An affiliate of the Group
Plus(CN)	An affiliate of the Group
Dai WJ Holding limited (DWJ)	An entity controlled by a shareholder of the Group
Liu XF Holdings Limited (LXF)	An entity controlled by a shareholder of the Group
Tang TG Holdings Limited (TTG)	An entity controlled by a shareholder of the Group
Geng XF Holding Limited (GXF)	An entity controlled by a shareholder of the Group

For the years ended December 31, 2021, 2022 and 2023, services provided to related parties were nil, RMB300 and RMB104, respectively:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Value-added service revenue from JYBD	—	300	104
Total	**—**	**300**	**104**

16. RELATED PARTY TRANSACTIONS - continued

For the years ended December 31, 2021, 2022 and 2023, services provided by related parties were RMB12,500, RMB7,500 and nil, respectively:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Service fee to JYBD	12,500	7,500	—
Total	**12,500**	**7,500**	**—**

As of December 31, 2022 and 2023, amounts due to related parties were RMB122,152 and nil, respectively, and details are as follows:

	As of December 31,	
	2022	2023
	RMB	RMB
Current liabilities:		
Consideration payable for repurchase of ordinary shares from DWJ	62,953	—
Consideration payable for repurchase of ordinary shares from LXF	17,412	—
Consideration payable for repurchase of ordinary shares from TTG	27,858	—
Consideration payable for repurchase of ordinary shares from GXF	13,929	—
Total	**122,152**	**—**

In addition, the Group has made equity or debt investments to related parties during the years ended December 31, 2021, 2022 and 2023. The agreements for equity or debt investments were entered into by the parties involved and conducted on fair value basis. These transactions with related parties were included in Note 9.

17. SHARE-BASED COMPENSATION

Employee options

In November 2018, the Company adopted the 2018 Incentive Compensation Plan ("2018 Plan"). As of December 31, 2022 and 2023, the Company granted in total of 2,300,588,991 share options under the 2018 Plan. The options granted will expire in ten years from the date of grant.

In April 2021, the board approved the 2021 Incentive Compensation Plan ("2021 Plan"). As of December 31, 2022 and 2023, 813,513,695 and 986,820,279 share options were granted under 2021 Plan, respectively. The options granted will expire in ten years from the date of grant.

During the year ended December 31, 2022, 285,050,115 options were granted to employees under the 2021 Plan, of which 207,458,573 options were vested immediately upon grant while 71,251,482 and 6,340,060 were subject to a four-year and one-year service condition, respectively.

During the year ended December 31, 2023, 173,306,584 options were granted to employees under the 2021 Plan, and all options were subject to a four-year or one-year service condition.

17. SHARE-BASED COMPENSATION - continued

Employee options - continued

The following table summarized the activities of the Group's share options classified as equity:

	Number of options	Weighted average exercise price per share	Weighted average remaining contract life	Weighted average grant date fair value per share	Aggregate intrinsic value
		US$		US$	US$
Outstanding at December 31, 2022	**377,059,533**	**0.000010**	**8.23**	**0.4874**	**150,820**
Granted	173,306,584	0.000010		0.3553	
Exercised	(131,869,359)	0.000010		0.5082	
Forfeited	(20,070,480)	0.000010		0.4841	
Outstanding at December 31, 2023	**398,426,278**	**0.000010**	**8.25**	**0.4233**	**139,644**
Vested and expected to vest at December 31, 2023	**398,426,278**	**0.000010**	**8.25**	**0.4233**	**139,644**
Exercisable at December 31, 2023	**77,187,431**	**0.000010**	**6.71**	**0.3453**	**27,053**

The unrecognized compensation costs related to unvested options is RMB782 million as of December 31, 2023. It is expected to be recognized over a weighted-average period of 2.1 years.

In determining the fair value of the stock options, the Company applied the binomial option pricing model before the completion of its USIPO in June 2021 and the Black-Scholes model for the options granted thereafter. The change of valuation model does not result in any difference in valuation results as the exercise price of the options granted is significantly below the spot price (deemed as "deep in the money") and the fair value of the options approximates the closing price of the ordinary shares on the grant date. The key assumptions used to determine the fair value of the options for the years ended December 31, 2021, 2022 and 2023 were as follows:

	Years ended December 31,		
	2021	2022	2023
Expected volatility	37.2%~38.1%	35.2%~44.2%	36.7%~38.7%
Risk-free interest rate (per annum)	1.00%~1.96%	1.44%~3.97%	3.40%~4.89%
Exercise multiples	2.8(1)	2.8(1)	2.8(1)
Expected dividend yield	0.00%	0.00%	0.00%
Fair value of underlying ordinary shares	$0.370~1.050	$0.302~0.461	$0.290~0.400
Fair value of share option	$0.370~1.050	$0.302~0.461	$0.290~0.400

(1) Exercise multiples defines the early exercise strategy of the grantees and only applies to binomial option pricing model.

The Group estimated expected volatility by reference to the historical price volatilities of ordinary shares of comparable companies over a period close to the contract term of the options. The Group estimated the risk-free interest rate based on the yield to maturity of U.S. government bonds as at each valuation date with a maturity period close to the contract term of options. The exercise multiple was estimated based on empirical research on typical employee stock option exercising behavior. The dividend yield was estimated as zero based on the plan to retain profit for corporate expansion and no dividend will be distributed in the near future. Prior to the completion of USIPO, the Group determined the fair value of ordinary shares underlying each share option granted based on estimated equity value and allocation of it to each element of its capital structure. After the completion of USIPO in June 2021, the Group uses the stock market closing price as the fair value of the ordinary shares. The assumptions used in share-based compensation expenses recognition represent the Group's best estimates, but these estimates involve inherent uncertainties and the application of judgment. If factors change or different assumptions are used, the share-based compensation expenses could be materially different for any period.

For the years ended December 31, 2021, 2022 and 2023, share-based compensation expenses of RMB3,837,913, RMB896,982 and RMB419,551 were recognized in connection with options granted, respectively.

17. SHARE-BASED COMPENSATION - continued

Subsidiary's Plan

The Group acquired Beijing Bang Li De Network Technology Co., Ltd. ("TYT"), a private company, in December 2021. Upon the completion of the acquisition, ordinary shares held by non-controlling interest holders, who are also management of TYT, are restricted and subject to a four-year vesting period since July 1, 2022.

	Number of restricted shares	Weighted average grant date fair value per share
		RMB
Unvested at December 31, 2022	**968,198**	**99.91**
Vested	(242,049)	99.91
Unvested at December 31, 2023	**726,149**	**99.91**

The Group recorded nil, RMB22,273, RMB21,282 share-based compensation expenses for the years ended December 31, 2021, 2022 and 2023, respectively.

In 2023, Smart Cold Chain, the subsidiary of the Group adopted share incentive plan to grant options to certain employees of Smart Cold Chain. The awards are vested immediately, or subject to a one-year, three-year or four-year service condition. During the year ended December 31, 2023, the subsidiary granted 471,550 options, of which 44,504 options were vested immediately upon grant while 427,046 were subject to a one-year to four-year service condition. The subsidiary recorded RMB994 share-based compensation for year ended December 31, 2023.

Share-based compensation for all share options and restricted shares

The Group recorded share based compensation expense of RMB3,837,913, RMB919,255 and RMB441,827 for the years ended December 31, 2021, 2022 and 2023, respectively, which were classified in the accompanying consolidated statements of operations and comprehensive (loss) income as follows:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
General and administrative expenses	3,728,421	809,194	297,469
Selling and marketing expense	56,975	39,771	55,503
Research and development expense	48,777	63,884	80,279
Cost of revenues	3,740	6,406	8,576
Total	**3,837,913**	**919,255**	**441,827**

18. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share is computed by dividing net (loss) income available to ordinary shareholders by the weighted average number of ordinary shares outstanding for the years ended December 31, 2021, 2022 and 2023:

	Years ended December 31,		
	2021	2022	2023
	RMB	RMB	RMB
Numerator			
Net (loss) income available to Full Truck Alliance Co. Ltd.	(3,654,448)	406,762	2,212,888
Deemed dividend	(518,432)	—	—
Net (loss) income available to ordinary shareholders—basic	(4,172,880)	406,762	2,212,888
Dilutive effect arising from stock options of a subsidiary	—	—	(23)
Net (loss) income available to ordinary shareholders—diluted	(4,172,880)	406,762	2,212,865
Denominator			
Weighted average number of ordinary shares outstanding—basic	13,445,972,280	21,517,856,981	21,111,924,886
Adjustments for dilutive share options of the Group	—	61,759,408	50,426,575
Weighted average number of ordinary shares outstanding—diluted	13,445,972,280	21,579,616,389	21,162,351,461
(Loss) earnings per share—basic	(0.31)	0.02	0.10
(Loss) earnings per share—diluted	(0.31)	0.02	0.10

Diluted (loss) earnings per share is computed using the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the respective year. The restricted shares issued by the Group's subsidiary were not considered in the calculation of diluted (loss) earnings per share as their effect would have been anti-dilutive. In addition, for the year ended December 31, 2021, 428,577,773 share options of the Company were excluded from the computation of diluted (loss) earnings per share as their effects would have been anti-dilutive.

Both Class A ordinary shares and Class B ordinary shares are entitled to the same dividend right, as such, this dual class share structure has no impacts to the (loss) earnings per share calculation. Basic and diluted (loss) earnings per share are the same for each Class A ordinary share and Class B ordinary share.

19. Operating Leases

The Group leases office space under non-cancellable operating lease agreements that expire at various dates through December 2026. The Group also purchased a land use right, which expires at April 2072. The prepayment for land use right is included in right-of-use assets and amortized over the period of the land use right (see note 2.22). As the Group incurs no lease liability in relation to the land use right, the amounts related to land use right are excluded from the following disclosure.

Supplemental information related to leases and location within the consolidated balance sheet are as follows:

	As of December 31,	
	2022	2023
	RMB	RMB
Operating lease right-of-use assets	82,055	85,934
Current operating lease liabilities	44,590	37,758
Non-current operating lease liabilities	35,931	46,709
Total operating lease liabilities	80,521	84,467
Weighted average remaining lease term (in years)	2.30	2.86
Weighted average discount rate	4.6%	3.8%

	Year ended December 31,	
	2022	2023
	RMB	RMB
Lease cost*:		
Operating fixed lease cost	16,289	13,218
Lease cost related to short-term leases not capitalized	8,869	9,243
Total lease cost	25,158	22,461

Supplemental cash flow information related to leases for the years ended December 31, 2022 and 2023 is as follows:

	Year ended December 31,	
	2022	2023
	RMB	RMB
Cash paid for amounts included in measurement of liabilities*:		
Operating cash flows payment from operating leases	12,604	12,451
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	2,796	7,998
Right-of-use assets increased due to lease modification:		
Operating leases	—	33,987

As of December 31, 2023, the maturities of lease liabilities in accordance with ASC 842 in each of the following years are as follows:

	Total operating lease
	RMB
2024	38,489
2025	29,185
2026	21,207
Total minimum lease payments*	88,881
Less: amount representing interest	(4,414)
Present value of minimum lease payments	84,467

* The lease agreement of the Group's headquarter office is subsidized and paid by a local government authority subject to certain performance targets which the Group met for the past years and believes it will continue to meet for the remaining lease period. RMB81,147 of the lease liabilities included above will be paid by the subsidies. The above lease cost and operating cash flows from operating leases are presented net of the subsidy impact.

20. EMPLOYEE BENEFIT

As stipulated by the regulations of the PRC, full-time employees of the Group are entitled to various government statutory employee benefit plans, including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to make contributions to the plan based on certain percentages of employees' salaries. The total expenses the Group incurred for the plan were RMB217,783, RMB315,179 and RMB332,402 for the years ended December 31, 2021, 2022 and 2023, respectively, which are recorded in expenses based on the function of employees.

21. RISKS AND CONCENTRATIONS

Financial instruments that potentially expose the Group to concentration of credit risk consist primarily of cash and cash equivalents, restricted cash, short-term and long-term time deposits and wealth management products, which are placed with financial institutions with high-credit ratings and quality.

Foreign currency risk

RMB is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The RMB-denominated cash and cash equivalents, restricted cash, short-term investments and long-term time deposits and wealth management products of the Group included an aggregated amount of RMB5,298,304 and RMB6,648,474 as of December 31, 2022 and 2023, respectively.

22. RESTRICTED NET ASSETS

Pursuant to the laws applicable to the PRC's Foreign Investment Enterprises and local enterprises, the Group's entities in the PRC must make appropriation from after-tax profit to non-distributable reserve funds as determined by the Board of Directors of the Company.

PRC laws and regulations permit payments of dividends by the Company's subsidiaries and VIE incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with the PRC accounting standards and regulations. In addition, the Company's subsidiaries, VIEs and VIEs' subsidiaries incorporated in the PRC are required to annually appropriate 10% of their net income to the statutory reserve prior to payment of any dividends, unless such reserve has reached 50% of their respective registered capital. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in the PRC.

As a result of these PRC laws and regulations and the requirement that distributions by the PRC entities can only be paid out of distributable profits computed in accordance with the PRC accounting standards and regulations, the PRC entities are restricted from transferring a portion of their net assets to the Group. Amounts restricted include paid-in capital, APIC and the statutory reserves of the Company's PRC subsidiaries, VIEs and VIEs' subsidiaries. As of December 31, 2022 and 2023, the total of restricted net assets was RMB18,981,392 and RMB20,667,864, respectively.

23. COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group's capital commitments primarily relate to commitments on construction of office building. Total capital commitments contracted but not yet reflected in the consolidated financial statements amounted to RMB46 million and RMB328 million as of December 31, 2022 and 2023, respectively. All of these capital commitments will be fulfilled in the following years according to the construction progress.

23. COMMITMENTS AND CONTINGENCIES - continued

Contingencies

On July 7, 2021, the Group, together with certain of its current and former directors and officers and others, were named as defendants in a putative shareholder class action lawsuit filed in the Supreme Court of the State of New York. Since then, two additional class actions have been filed in the Eastern District of New York and the Supreme Court of the State of New York. The class actions are brought on behalf of a putative class of persons who purchased or acquired the Group's securities pursuant or traceable to the Group's US IPO. All the complaints allege violations of Sections 11 and 15 of the Securities Act of 1933 based on allegedly false and misleading statements or omissions in the Group's Registration Statement issued in connection with the US IPO for the disclosure of CRO's review. On September 17, 2023, the Company entered into a binding term sheet that agrees in principle to settle both of the class action lawsuits described above. On or around February 27, 2024, the Company and other parties to the lawsuits executed a stipulation of settlement that resolves the lawsuits for $10.25 million. On March 8, 2024, the parties submitted the stipulation to the Supreme Court of the State of New York and the Court preliminarily approved the settlement on April 3, 2024. The settlement amount is an all-in amount that covers all attorneys' fees, administrative costs, expenses, class member benefits, class representative awards, and costs of any kind associated with the resolution of the lawsuits. By agreeing to settle the lawsuits, the Company does not admit any allegations in the lawsuits or violation of any law or regulations. The settlement is still subject to final approval by the Court and various customary conditions. There can be no assurance that a settlement will be finalized and approved on the terms to which the parties currently agreed or at all. The Group accrued the provision for settlement in principle in "General and administrative expenses" in the consolidated statements of operations and comprehensive (loss) income. As of December 31, 2023, the balance of accrued settlement relating to class action lawsuits amounted to RMB72,598 and was recorded in "Accrued expenses and other current liabilities". The amount has been paid as of April 15, 2024.

The Group is subject to a number of legal or administrative proceedings that generally arise in the ordinary course of its business. The Group does not believe that any currently pending legal or administrative proceeding to which the Group is a party will have a material adverse effect on the financial statements.

24. SUBSEQUENT EVENT

In February 2024, the Company entered into a loan agreement with plus (CN), under which the loan principal amount is US$3,500 with an original term of two months, which was further extended to four months, and the interest rate is 12% per annum. In April 2024, an additional loan agreement were entered by the same parties, the loan principal amount is US$1,500 with a term of two months and the interest rate is 12% per annum.

On March 13, 2024, the Board of Directors approved to extend the term of the share repurchase program such that the Company may repurchase up to approximately US$300 million through March 12, 2025. The Company expects to fund the repurchases with its existing cash balance.

On March 13, 2024, the Board of Directors declared an annual cash dividend for the year ended December 31, 2023, of US$0.0072 per ordinary share, or US$0.1444 per American depositary shares to holders of record of the Company's ordinary shares at the close of business on April 5, 2024. The aggregate amount of the dividend is expected to be approximately US$150 million. Cash dividends are expected to be paid to holders of the Company's American depositary shares around April 19, 2024, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder.

ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY
FINANCIAL STATEMENTS SCHEDULE I
FULL TRUCK ALLIANCE CO. LTD. FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	As of December 31,		
	2022	2023	2023
	RMB	RMB	USD (Note 2)
ASSETS			
Current assets:			
Cash and cash equivalents	273,112	59,957	8,445
Short-term investments	16,581,019	9,377,702	1,320,822
Prepayments and other current assets	193,771	279,541	39,373
Total current assets	**17,047,902**	**9,717,200**	**1,368,640**
Investment in and amount due from subsidiaries/VIEs	15,678,895	19,491,063	2,745,258
Long-term investments	1,100,407	6,415,971	903,671
Other non-current assets	—	121,280	17,082
Total non-current assets	**16,779,302**	**26,028,314**	**3,666,011**
TOTAL ASSETS	**33,827,204**	**35,745,514**	**5,034,651**
LIABILITIES			
Accounts payable	2	—	—
Amounts due to related parties	122,152	—	—
Income tax payable	18,303	24,952	3,514
Other tax payable	—	8,932	1,258
Accrued expenses and other current liabilities	29,514	107,124	15,089
TOTAL LIABILITIES	**169,971**	**141,008**	**19,861**
SHAREHOLDERS' EQUITY			
Class A Ordinary shares (US$0.00001 par value, 40,000,000,000 and 40,000,000,000 shares authorized, 18,919,468,156 and 19,021,152,078 shares issued, 18,919,468,156 and 18,767,309,958 shares outstanding as of December 31, 2022 and 2023, respectively)	1,222	1,229	173
Class B Ordinary shares (US$0.00001 par value, 10,000,000,000 and 10,000,000,000 shares authorized, 2,317,044,668 and 2,131,865,628 shares issued and outstanding as of December 31, 2022 and 2023, respectively)	155	142	20
Treasury stock, at cost	—	(608,117)	(85,651)
Additional paid-in capital	47,758,178	47,713,985	6,720,374
Accumulated other comprehensive income	2,511,170	2,897,871	408,157
Accumulated deficit	(16,613,492)	(14,400,604)	(2,028,283)
TOTAL SHAREHOLDERS' EQUITY	**33,657,233**	**35,604,506**	**5,014,790**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**33,827,204**	**35,745,514**	**5,034,651**

ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY
FINANCIAL STATEMENTS SCHEDULE I
FULL TRUCK ALLIANCE CO. LTD. FINANCIAL
INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE
(LOSS) INCOME
(Amounts in thousands, except share and per share data)

	Years ended December 31,			
	2021	2022	2023	
	RMB	RMB	RMB	USD (Note 2)
Cost and operating expenses	(3,959,299)	(1,033,444)	(526,819)	(74,201)
Interest income	153,749	326,699	771,606	108,678
Investment (loss) income	(379)	23,405	52,177	7,349
Unrealized gains (loss) from fair value changes of investments	18,333	(39,131)	12,852	1,810
Other income, net	2,277	228,955	116,546	16,416
Impairment loss and others	(46,625)	(1,646)	1,152	162
Equity in losses of equity investees	(5,696)	—	—	—
Income tax expenses	(14,090)	(96,032)	(93,914)	(13,228)
Equity in income of subsidiaries, VIEs and VIEs' subsidiaries	197,282	997,956	1,879,288	264,694
Net (loss) income	**(3,654,448)**	**406,762**	**2,212,888**	**311,680**
Other comprehensive (loss) income				
Foreign currency translation adjustments, net of tax of nil	(533,657)	1,972,520	386,701	54,466
Total comprehensive (loss) income	**(4,188,105)**	**2,379,282**	**2,599,589**	**366,146**

ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY
FINANCIAL STATEMENTS SCHEDULE I
FULL TRUCK ALLIANCE CO. LTD. FINANCIAL INFORMATION OF PARENT COMPANY CONDENSED STATEMENTS OF CASH FLOWS
(Amounts in thousands, except for share and per share data)

	Years ended December 31,			
	2021 RMB	2022 RMB	2023 RMB	2023 USD (Note 2)
Cash flows from operating activities:				
Net (loss) income	**(3,654,448)**	**406,762**	**2,212,888**	**311,680**
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities				
Equity in income of subsidiaries, VIEs and VIEs' subsidiaries	(197,282)	(997,956)	(1,879,288)	(264,694)
Share-based compensation	3,628,602	919,255	419,551	59,093
Modification of share options	209,311	—	—	—
Equity in loss of unconsolidated investees	5,696	—	—	—
Net loss (gain) from disposal and deemed disposal of investment in equity investees	379	—	(1,110)	(156)
Unrealized (gains) loss from fair value changes of investments	(18,333)	39,131	(12,852)	(1,810)
Foreign exchange loss (gain)	2,917	1,646	(1,152)	(162)
Impairment loss	43,708	—	—	—
Changes in operating assets and liabilities:				
Prepayments and other current assets	(108,119)	(80,171)	92,424	13,018
Accounts payable	42	(40)	(2)	(0)
Amounts due to related parties	(31,213)	(6,252)	(6,066)	(854)
Income tax payable and other tax payable	9,084	9,219	15,581	2,194
Accrued expenses and other current liabilities	(78,313)	18,749	69,385	9,773
Other non-current assets	—	—	(121,280)	(17,082)
Net cash (used in) provided by operating activities	**(187,969)**	**310,343**	**788,079**	**111,000**
Cash flows from investing activities:				
Purchases of short-term investments	(19,376,170)	(77,533,178)	(9,431,226)	(1,328,360)
Maturity of short-term investments	7,464,384	80,368,017	16,951,360	2,387,549
Purchases of long-term investments	—	—	(5,306,075)	(747,345)
Payment for investment in equity investees	(580,888)	—	—	—
Return from dissolution of an equity investment	11,929	—	—	—
Investment in subsidiaries and VIEs	(2,081,323)	(2,538,846)	(1,833,910)	(258,301)
Net cash (used in) provided by investing activities	**(14,562,068)**	**295,993**	**380,149**	**53,543**
Cash flows from financing activities:				
Cash paid for repurchase of ordinary shares and convertible redeemable preferred shares	(2,208,791)	(884,360)	(1,168,301)	(164,552)
Taxes paid for employees through repurchase of ordinary shares	(376,646)	(508,015)	(26,741)	(3,766)
Cash prepaid for repurchase of ordinary shares	—	—	(179,784)	(25,322)
Proceeds from issuing preferred shares, net of issuance cost	385,788	—	—	—
Proceeds from initial public offerings, net	11,059,043	—	—	—
Proceeds from exercise of share options	20	8	1	0
Net cash provided by (used in) financing activities	**8,859,414**	**(1,392,367)**	**(1,374,825)**	**(193,640)**
Effect of exchange rate changes on cash and cash equivalents	**(102,804)**	**26,603**	**(6,558)**	**(925)**
Net decrease in cash and cash equivalents	**(5,993,427)**	**(759,428)**	**(213,155)**	**(30,022)**
Cash and cash equivalents, beginning of the year	7,025,967	1,032,540	273,112	38,467
Cash and cash equivalents, end of the year	1,032,540	273,112	59,957	8,445

ADDITIONAL FINANCIAL INFORMATION OF PARENT COMPANY
FINANCIAL STATEMENTS SCHEDULE I
FULL TRUCK ALLIANCE CO. LTD. FINANCIAL INFORMATION OF PARENT COMPANY NOTES TO SCHEDULE I

1) Schedule I has been provided pursuant to the requirements of Rule 12-04(a) and 5-04(c) of Regulation S-X, which require condensed financial information as to the financial position, changes in financial position and results of operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of condensed consolidated net assets as of the end of the most recently completed fiscal year. The Company does not include financial information as to the changes in equity as such financial information is the same as the consolidated statements of changes in shareholders' equity.

2) The condensed financial information has been prepared using the same accounting policies as set out in the consolidated financial statements except that the equity method has been used to account for investments in its subsidiaries and VIEs. For the parent company, the Company records its investments in subsidiaries and VIEs under the equity method of accounting as prescribed in ASC 323, Investments—Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheets as "Investment in subsidiaries and VIEs" and the subsidiaries and VIE's profit or loss as "Equity in losses of subsidiaries, VIEs and VIEs' subsidiaries" on the Condensed Statements of Operations and Comprehensive Loss. Ordinarily under the equity method, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule I, the parent company has continued to reflect its share, based on its proportionate interest, of the losses of subsidiaries and VIE in investment in and amount due from subsidiaries and VIEs even though the parent company is not obligated to provide continuing support or fund losses.

3) For the years ended December 31, 2021, 2022 and 2023, there were no material contingencies, significant provisions of long-term obligations, or guarantees of the Company.

Exhibit 1.1

THE COMPANIES ACT (As Revised)
EXEMPTED COMPANY LIMITED BY SHARES

SIXTH AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

Full Truck Alliance Co. Ltd.

(Adopted by way of a special resolution passed on April 14, 2021 and effective immediately prior to the completion of the Company's initial public offering of Class A Ordinary Shares represented by American Depositary Shares on the Designated Stock Exchange)

1. The name of the Company is Full Truck Alliance Co. Ltd.

2. The Registered Office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands or at such other place as the Directors may from time to time decide.

3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted and shall include, but without limitation:

   (a) to act and to perform all the functions of a holding company in all its branches and to coordinate the policy and administration of any subsidiary company or companies wherever incorporated or carrying on business or of any group of companies of which the Company or any subsidiary company is a member or which are in any manner controlled directly or indirectly by the Company;

   (b) to act as an investment company and for that purpose to subscribe, acquire, hold, dispose, sell, deal in or trade upon any terms, whether conditionally or absolutely, shares, stock, debentures, debenture stock, annuities, notes, mortgages, bonds, obligations and securities, foreign exchange, foreign currency deposits and commodities, issued or guaranteed by any company wherever incorporated, or by any government, sovereign, ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, by original subscription, tender, purchase, exchange, underwriting, participation in syndicates or in any other manner and whether or not fully paid up, and to meet calls thereon.

4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Act (As Revised).

5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.

6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.

8. The share capital of the Company is US$500,000 divided into 50,000,000,000 ordinary shares of a par value of US$0.00001 each comprising (a) 40,000,000,000 Class A Ordinary Shares of a par value of US$0.00001 each, (b) 10,000,000,000 Class B Ordinary Shares of a par value of US$0.00001 each, with the power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said share capital subject to the provisions of the Companies Act (As Revised) and the Articles of Association of the Company and to issue any part of its capital, whether original, redeemed or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.

9. The Company may exercise the power contained in the Companies Act (As Revised) to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.

10. Capitalized terms that are not defined in this Memorandum bear the same meanings as those given in the Articles of Association of the Company.

The Companies Act (As Revised)
Company Limited by Shares

SIXTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

Full Truck Alliance Co. Ltd.

(Adopted by way of a special resolution passed on April 14, 2021 and effective immediately prior to the completion of the Company's initial public offering of Class A Ordinary Shares represented by American Depositary Shares on the Designated Stock Exchange)

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INTERPRETATION

TABLE A

1. The regulations in Table A in the Schedule to the Companies Act (Revised) do not apply to the Company.

INTERPRETATION

2. (1) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

WORD	MEANING
"Act"	The Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.
"Affiliate"	with respect to any person, means another person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the specified person. The term "control" shall mean the ownership, directly or indirectly, of shares possessing more than fifty per cent (50%) of the voting power of the corporation, partnership or other entity (other than, in the case of a corporation, securities having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity. With respect to a natural person, "Affiliate" shall also mean such person's spouse, parents, children and siblings, whether by blood, marriage or adoption or anyone residing in such person's home.
"Audit Committee"	the audit committee of the Company formed by the Board pursuant to Article 121 hereof, or any successor audit committee.
"Auditor"	the independent auditor of the Company which shall be an internationally recognized firm of independent accountants.
"Articles"	these Articles in their present form or as supplemented or amended or substituted from time to time.
"Board" or "Directors"	the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present.
"capital"	the share capital from time to time of the Company.

"Class A Ordinary Shares"	class A ordinary shares of par value US$0.00001 each of the Company having the rights set out in these Articles.
"Class B Ordinary Shares"	class B ordinary shares of par value US$0.00001 each of the Company having the rights set out in these Articles.
"clear days"	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
"clearing house"	a clearing house recognised by the laws of the jurisdiction in which the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such jurisdiction.
"Company"	Full Truck Alliance Co. Ltd.
"competent regulatory authority"	a competent regulatory authority in the territory where the shares of the Company (or depositary receipts therefor) are listed or quoted on a stock exchange or interdealer quotation system in such territory.
"Conversion Date"	in respect of a Conversion Notice means the day on which that Conversion Notice is delivered.
"Conversion Notice"	a written notice delivered to the Company at its Office (and as otherwise stated therein) stating that a holder of Class B Ordinary Shares elects to convert the number of Class B Ordinary Shares specified therein pursuant to Article 9.
"Conversion Number"	in relation to any Class B Ordinary Shares, such number of Class A Ordinary Shares as may, upon exercise of the Conversion Right, be issued at the Conversion Rate.
"Conversion Rate"	means, at any time, on a 1 : 1 basis.
"Conversion Right"	in respect of a Class B Ordinary Share means the right of its holder, subject to the provisions of these Articles and to any applicable fiscal or other laws or regulations including the Act, to convert all or any of its Class B Ordinary Shares, into the Conversion Number of Class A Ordinary Shares in its discretion.
"debenture" and "debenture holder"	include debenture stock and debenture stockholder respectively.
"Designated Stock Exchange"	New York Stock Exchange.

"dollars" and "$"	dollars, the legal currency of the United States of America.
"Exchange Act"	the Securities Exchange Act of 1934, as amended.
"head office"	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
"Member"	a duly registered holder from time to time of the shares in the capital of the Company.
"month"	a calendar month.
"Notice"	written notice unless otherwise specifically stated and as further defined in these Articles.
"Office"	the registered office of the Company for the time being.
"ordinary resolution"	a resolution shall be an ordinary resolution when it has been (a) passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days' Notice has been duly given; or (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;
"Ordinary Shares"	Class A Ordinary Shares and Class B Ordinary Shares collectively.
"paid up"	paid up or credited as paid up.
"Register"	the principal register and where applicable, any branch register of Members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.
"Registration Office"	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.
"SEC" Commission.	the United States Securities and Exchange

"Seal"	common seal or any one or more duplicate seals of the Company (including a securities seal) for use in the Cayman Islands or in any place outside the Cayman Islands.
"Secretary"	any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
"special resolution"	a resolution shall be a special resolution when it has been (a) passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than ten (10) clear days' Notice, specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given, provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than two-thirds (2/3rd) in voting rights of the shares giving that right and in the case of an annual general meeting, if it is so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than ten (10) clear days' Notice has been given or (b) a written resolution passed by unanimous consent of all Members entitled to vote; a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.
"Statutes"	the Act and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its Memorandum of Association and/or these Articles.
"year"	a calendar year.

(2) In these Articles, unless there be something within the subject or context inconsistent with such construction:

(a) words importing the singular include the plural and vice versa; (b) words importing a gender include both gender and the neuter;

(c) words importing persons include companies, associations and bodies of persons whether corporate or not;

(d) the words:

(i) "may" shall be construed as permissive;

(ii) "shall" or "will" shall be construed as imperative;

(e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, *provided* that both the mode of service of the relevant document or notice and the Member's election comply with all applicable Statutes, rules and regulations;

(f) references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;

(g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context;

(h) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;

(i) Section 8 and Section 19 of the Electronic Transactions Act (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles.

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Articles come into effect shall be US$500,000 divided into 50,000,000,000 ordinary shares of a par value of US$0.00001 each comprising (a) 40,000,000,000 Class A Ordinary Shares of a par value of US$0.00001 each, (b) 10,000,000,000 Class B Ordinary Shares of a par value of US$0.00001 each.

(2) Subject to the Act, the Company's Memorandum and Articles of Association and, where applicable, the rules of the Designated Stock Exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit.

(3) No share shall be issued to bearer.

ALTERATION OF CAPITAL

4. (1) The Company may from time to time by ordinary resolution in accordance with the Act alter the conditions of its Memorandum of Association to:

(a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;

(b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(c) without prejudice to the powers of the Board under Article 12, divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Board may determine *provided* always that, for the avoidance of doubt, where a class of shares has been authorized by the Members no resolution of the Members in general meeting is required for the issuance of shares of that class and the Board may issue shares of that class and determine such rights, privileges, conditions or restrictions attaching thereto as aforesaid, and further *provided* that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

(e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.

(2) No alteration may be made of the kind contemplated by Article 4(1), or otherwise, to the par value of the Class A Ordinary Shares or the Class B Ordinary Shares unless an identical alteration is made to the par value of the Class B Ordinary Shares or the Class A Ordinary Shares, as the case may be.

5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under Article 4 and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some persons to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Act, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by the Act.

7. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. (1) Subject to the provisions of the Act, the rules of the Designated Stock Exchange and the Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, and without prejudice to Article 12 hereof, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Board may determine, including without limitation on terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.

(2) Subject to the Act and the rules of the Designated Stock Exchange, any preferred shares may be issued or converted into shares that, at a designated date or at the option of the Company or the holder if so authorised by its Memorandum of Association, are liable to be redeemed on such terms and in such manner as the Members before the issue or conversion may by ordinary resolution of the Members determine. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Board, either generally or with regard to specific purchases. If purchases are by tender, tenders shall comply with applicable laws and the rules of the Designated Stock Exchange.

9. Subject to Article 8(1), the Memorandum of Association and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into shares of two classes, Class A Ordinary Shares and Class B Ordinary Shares immediately upon the effectiveness of these Articles. Class A Ordinary Shares and Class B Ordinary Shares shall carry equal rights and rank pari passu with one another other than as set out below.

(a) *As regards conversion*

(i) Subject to the provisions hereof and to compliance with all fiscal and other laws and regulations applicable thereto, including the Act, a holder of Class B Ordinary Shares shall have the Conversion Right in respect of each Class B Ordinary Share. For the avoidance of doubt, a holder of Class A Ordinary Shares shall have no rights to convert Class A Ordinary Shares into Class B Ordinary Shares under any circumstances.

(ii) Each Class B Ordinary Share shall be converted at the option of the holder, at any time after issue and without the payment of any additional sum, into one fully paid Class A Ordinary Share calculated at the Conversion Rate. Such conversion shall take effect on the Conversion Date. A Conversion Notice shall not be effective if it is not accompanied by the share certificates in respect of the relevant Class B Ordinary Shares and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right (or, if such certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may reasonably require). Any and all taxes and stamp, issue and registration duties (if any) arising on conversion shall be borne by the holder of Class B Ordinary Shares requesting conversion.

(iii) On the Conversion Date, every Class B Ordinary Share to be converted shall automatically be re-designated and re-classified as a Class A Ordinary Share with such rights and restrictions attached thereto and shall rank pari passu in all respects with the Class A Ordinary Shares then in issue and the Company shall enter or procure the entry of the name of the relevant holder of Class B Ordinary Shares as the holder of the same number of Class A Ordinary Shares resulting from the conversion of the Class B Ordinary Shares in, and make any other necessary and consequential changes to, the Register of Members and shall procure that certificates in respect of the relevant Class A Ordinary Shares, together with a new certificate for any unconverted Class B Ordinary Shares comprised in the certificate(s) surrendered by the holder of the Class B Ordinary Shares, are issued to the holders thereof.

(iv) Until such time as the Class B Ordinary Shares have been converted into Class A Ordinary Shares, the Company shall:

(1) at all times keep available for issue and free of all liens, charges, options, mortgages, pledges, claims, equities, encumbrances and other third-party rights of any nature, and not subject to any pre-emptive rights out of its authorised but unissued share capital, such number of authorised but unissued Class A Ordinary Shares as would enable all Class B Ordinary Shares to be converted into Class A Ordinary Shares and any other rights of conversion into, subscription for or exchange into Class A Ordinary Shares to be satisfied in full; and

(2) not make any issue, grant or distribution or take any other action if the effect would be that on the conversion of the Class B Ordinary Shares to Class A Ordinary Shares it would be required to issue Class A Ordinary Shares at a price lower than the par value thereof.

(b) *As regards Voting Rights*

Holders of Ordinary Shares have the right to receive notice of, attend, speak and vote at general meetings of the Company. Holders of shares of Class A Ordinary Shares and Class B Ordinary Shares shall, at all times, vote together as one class on all matters submitted to a vote for Members' consent. Each Class A Ordinary Share shall be entitled to one (1) vote on all matters subject to the vote at general meetings of the Company, and each Class B Ordinary Share shall be entitled to thirty (30) votes on all matters subject to the vote at general meetings of the Company.

(c) *As regards Transfer*

Upon any sale, transfer, assignment or disposition of Class B Ordinary Shares by a holder thereof to any person or entity which is not an Affiliate of such holder, such Class B Ordinary Shares validly transferred to the new holder shall be automatically and immediately converted into an equal number of Class A Ordinary Shares.

For the avoidance of doubt, (i) a sale, transfer, assignment or disposition shall be effective upon the Company's registration of such sale, transfer, assignment or disposition in the Company's Register of Members; and (ii) the creation of any pledge, charge, encumbrance or other third party right of whatever description on any of Class B Ordinary Shares to secure a holder's contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in the third party holding legal title to the related Class B Ordinary Shares, in which case all the related Class B Ordinary Shares shall be automatically converted into the same number of Class A Ordinary Shares upon the Company's registration of the third party or its designee as a Member holding that number of Class A Ordinary Shares in the Register of Members.

VARIATION OF RIGHTS

10. Subject to the Act and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:

(a) separate general meetings of the holders of a class or series of shares may be called only by (i) the Chairman of the Board, or (ii) a majority of the Board (unless otherwise specifically provided by the terms of issue of the shares of such class or series). Nothing in this Article 10 shall be deemed to give any Member or Members the right to call a class or series meeting;

(b) the necessary quorum (whether at a separate general meeting or at its adjourned meeting) shall be a person or persons (or in the case of a Member being a corporation, its duly authorized representative) together holding or representing by proxy not less than one-third of the voting power of the issued shares of that class;

(c) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and

(d) any holder of shares of the class present in person or by proxy or authorised representative may demand a poll.

11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (1) Subject to the Act, these Articles and, where applicable, the rules of the Designated Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount to par value. In particular and without prejudice to the generality of the foregoing, the Board is hereby empowered to authorize by resolution or resolutions from time to time the issuance of one or more classes or series of preferred shares and to fix the designations, powers, preferences and relative, participating, optional and other rights, if any, and the qualifications, limitations and restrictions thereof, if any, including, without limitation, the number of shares constituting each such class or series, dividend rights, conversion rights, redemption privileges, voting powers, full or limited or no voting powers, and liquidation preferences, and to increase or decrease the size of any such class or series (but not below the number of shares of any class or series of preferred shares then outstanding) to the extent permitted by the Act. Without limiting the generality of the foregoing, the resolution or resolutions providing for the establishment of any class or series of preferred shares may, to the extent permitted by the Act, provide that such class or series shall be superior to, rank equally with or be junior to the preferred shares of any other class or series.

(2) Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever. Except as otherwise expressly provided in the resolution or resolutions providing for the establishment of any class or series of preferred shares, no vote of the holders of preferred shares or ordinary shares shall be a prerequisite to the issuance of any shares of any class or series of the preferred shares authorized by and complying with the conditions of the Memorandum and Articles of Association.

(3) The Board may issue options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

14. Except as required by the Act, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Articles or by the Act) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

15. Subject to the Act and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the Member, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

16. A share certificate may be issued under the Seal or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Board may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.

18. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the payment of such reasonable out-of-pocket expenses as the Board from time to time determines, provided however, the Company is not obligated to issue a share certificate to a Members unless the Member requests it from the Company..

19. Upon request by a Member, a share certificates shall be issued within the relevant time limit as prescribed by the Act or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.

20. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate may be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Article 20. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance may be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.

(2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine *provided* that the Board may at any time determine a lower amount for such fee.

21. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company *provided* always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Board has determined that the original has been destroyed.

LIEN

22. The Company shall have a first and paramount lien on every share that is not a fully paid share, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share that is not a fully paid share registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the payment or discharge of the same shall have actually become due or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member of the Company or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article 22.

23. Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a Notice, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall, subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale, be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Articles and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.

27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest in whole or in part.

29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:

(a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and

(b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.

(2) If the requirements of any such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such notice.

36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Articles to forfeiture will include surrender.

37. Any share so forfeited shall be deemed the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with, if the Board shall in its discretion so requires, interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Article 38 any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTER OF MEMBERS

43. (1) The Company shall keep in one or more books a Register of its Members and shall enter therein the following particulars, that is to say:

(a) the name and address of each Member, the number and class of shares held by him and the amount paid or agreed to be considered as paid on such shares;

(b) the date on which each person was entered in the Register; and

(c) the date on which any person ceased to be a Member.

(2) The Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.

44. The Register and branch register of Members, as the case may be, shall be open to inspection for such times and on such days as the Board shall determine by Members without charge or by any other person, upon a maximum payment of $2.50 or such other sum specified by the Board, at the Office or Registration Office or such other place at which the Register is kept in accordance with the Act. The Register including any overseas or local or other branch register of Members may, after compliance with any notice requirement of the Designated Stock Exchange, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

RECORD DATES

45. For the purpose of determining the Members entitled to notice of or to vote at any general meeting, or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board may fix, in advance, a date as the record date for any such determination of the Members, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.

If the Board does not fix a record date for any general meeting, the record date for determining the Members entitled to a notice of or to vote at such meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if in accordance with these Articles notice is waived, at the close of business on the day next preceding the day on which the meeting is held. The record date for determining the Members for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of the Members of record entitled to notice of or to vote at a meeting of the Members shall apply to any adjournment of the meeting; *provided*, *however*, that the Board may fix a new record date for the adjourned meeting.

TRANSFER OF SHARES

46. Subject to these Articles, including, without limitation, in the case of Class B Ordinary Shares, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or a central depository house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

47. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee *provided* that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so.

Without prejudice to Article 46, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Articles shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

48. (1) The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share that is not a fully paid up share to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four joint holders or a transfer of any share that is not a fully paid up share on which the Company has a lien.

(2) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the Member requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.

(3) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place at which the Register is kept in accordance with the Act.

49. Without limiting the generality of Article 48, the Board may decline to recognise any instrument of transfer unless:-

(a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;

(b) the instrument of transfer is in respect of only one class of share;

(c) the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and

(d) if applicable, the instrument of transfer is duly and properly stamped.

50. If the Board refuses to register a transfer of any share, it shall, within three months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.

51. The registration of transfers of shares or of any class of shares may, after compliance with any notice requirement of the Designated Stock Exchange, be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

TRANSMISSION OF SHARES

52. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Article will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.

53. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or the Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Articles relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.

54. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 75(2) being met, such a person may vote at meetings.

UNTRACEABLE MEMBERS

55. (1) Without prejudice to the rights of the Company under paragraph (2) of this Article 55, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

(2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

(a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares sent during the relevant period in the manner authorised by these Articles have remained uncashed;

(b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and

(c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers to be made in accordance with the requirements of the Designated Stock Exchange of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) of this Article and ending at the expiry of the period referred to in that paragraph.

(3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article 55 shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

56. The Company may hold an annual general meeting and shall specify the meeting as such in the notices calling it. An annual general meeting of the Company shall be held at such time and place as may be determined by the Board.

57. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held at such times and in any location in the world as may be determined by the Board.

58. A majority of the Board may call general meetings, which general meetings shall be held at such times and locations (as permitted hereby) as such person or persons shall determine.

NOTICE OF GENERAL MEETINGS

59. (1) An annual general meeting and any extraordinary general meeting may be called by not less than ten (10) clear days' Notice but a general meeting may be called by shorter notice, subject to the Act, if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than two-thirds (2/3rd) in voting rights of the shares giving that right.

(2) The notice shall specify the time and place of the meeting and the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors.

60. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the notice) to send such instrument of proxy to, or the non-receipt of such notice or such instrument of proxy by, any person entitled to receive such notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

61. No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. At any general meeting of the Company, one or more Members entitled to vote and present in person or by proxy or (in the case of a Member being a corporation) by its duly authorised representative representing a majority of all the voting power of the Company's share capital in issue throughout the meeting shall form a quorum for all purposes.

62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

63. The Chairman of the Board shall preside as chairman at every general meeting. If at any meeting the chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their members to be chairman.

64. The chairman may adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

65. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

WRITTEN RESOLUTIONS

65A. (1) Subject to these Articles, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may be done without a meeting by written resolution in accordance with this Article.

(2) A written resolution is passed when it is signed by (or in the case of a Member that is a corporation, on behalf of) all the Members, or all the Members of the relevant class thereof, entitled to vote thereon and may be signed in as many counterparts as may be necessary.

(3) A resolution in writing made in accordance with this Article is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Article to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.

(4) A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Act.

(5) For the purposes of this Article, the date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last Member to sign and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

VOTING

66. (1) Holders of Ordinary Shares have the right to receive notice of, attend, speak and vote at general meetings of the Company. Except as required by applicable law and subject to these Articles, holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all matters submitted to a vote of the Members.

(2) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a show of hands:

(a) every Member holding Class A Ordinary Shares present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have one (1) vote for every fully paid Class A Ordinary Share of which he is the holder and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one (1) vote for every fully paid Class A Ordinary Share of which he is the holder; and

(b) every Member holding Class B Ordinary Shares present in person (or being a corporation, is present by a duly authorised representative), or by proxy shall have thirty (30) votes for every fully paid Class B Ordinary Share of which he is the holder and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have thirty (30) votes for every fully paid Class B Ordinary Share of which he is the holder.

(3) No amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

(4) Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Member which is a clearing house or a central depository house (or its nominee(s)), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by the chairman of such meeting or by any one or more Members who together hold not less than ten percent (10%) in nominal value of the total issued voting shares in the Company, present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting. A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

67. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

68. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. There shall be no requirement for the chairman to disclose the voting figures on a poll.

69. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.

70. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

71. On a poll votes may be given either personally or by proxy.

72. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

73. All questions submitted to a meeting shall be decided by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, by proxy or, in the case of a Member being a corporation, by its duly authorised representative except where a greater majority is required by these Articles or by the Act. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.

74. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.

75. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, *provided* that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

(2) Any person entitled under Article 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, *provided* that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

76. No Member shall, unless the Board otherwise determines, be entitled to attend and *vo*te and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

77. If:

(a) any objection shall be raised to the qualification of any voter; or

(b) any votes have been counted which ought not to have been counted or which might have been rejected; or

(c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

78. Any Member entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.

79. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

80. The instrument appointing a proxy and, if required by the Board, the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places, if any, as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting or, if no place is so specified at the Registration Office or the Office, as may be appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

81. Instruments of proxy shall be in any common form or in such other form as the Board may approve (*provided* that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

82. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, *provided* that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

83. Anything which under these Articles a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Articles relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

84. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) If a clearing house (or its nominee(s)) or a central depository entity, being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members *provided* that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house or central depository entity (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house or a central depository entity (or its nominee(s)) including the right to vote individually on a show of hands.

(3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

BOARD OF DIRECTORS

85. (1) Unless otherwise determined by the Members in general meeting, the number of Directors shall not be less than three (3). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting. The Directors shall be elected or appointed in the first place by the subscribers to the Memorandum of Association or by a majority of them and shall hold office until their successors are elected or appointed or their office is otherwise vacated.

(2) Subject to the Articles and the Act, the Members may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Board.

(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board.

(4) No Director shall be required to hold any shares of the Company by way of qualification and a Director who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company. Each Director shall hold office until the expiration of his term, or his removal or resignation from the Board, or until his successor shall have been elected and qualified.

(5) Subject to any provision to the contrary in these Articles, a Director may be removed by way of an ordinary resolution of the Members at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

(6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (5) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.

(7) The Members may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than three (3).

DISQUALIFICATION OF DIRECTORS

86. The office of a Director shall be vacated if the Director:

(1) resigns his office by Notice delivered to the Company at the Office or tendered at a meeting of the Board;

(2) becomes of unsound mind or dies;

(3) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive times and the Board resolves that his office be vacated; or

(4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(5) is prohibited by law from being a Director; or

(6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Articles.

EXECUTIVE DIRECTORS

87. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Article 87 shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.

88. Notwithstanding Articles 93, 94, 95 and 96, an executive director appointed to an office under Article 87 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

89. Any Director may at any time by Notice delivered to the Office or head office or at a meeting of the Directors appoint any person (including another Director) to be his alternate Director. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative *provided* that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the body which appointed him and, subject thereto, the office of alternate Director shall continue until the happening of any event which, if he were a Director, would cause him to vacate such office or if his appointer ceases for any reason to be a Director. Any appointment or removal of an alternate Director shall be effected by Notice signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.

90. An alternate Director shall only be a Director for the purposes of the Act and shall only be subject to the provisions of the Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct.

91. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

92. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director *provided* always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Articles which was in force immediately before his retirement shall remain in force as though he had not retired.

DIRECTORS' FEES AND EXPENSES

93. The Directors shall receive such remuneration as the Board may from time to time determine.

94. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

95. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

96. The Board shall determine any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTERESTS

97. A Director may:

(a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Article;

(b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;

(c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and, unless otherwise agreed, no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these Articles the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such other company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Notwithstanding the foregoing, no "Independent Director" as defined in the rules of the Designated Stock Exchange or in Rule 10A-3 under the Exchange Act, and with respect of whom the Board has determined constitutes an "Independent Director" for purposes of compliance with applicable law or the rules of the Designated Stock Exchange, shall take any of the foregoing actions or any other action that would reasonably be likely to affect such Director's status as an "Independent Director" of the Company without the consent of the Audit Committee.

98. Subject to the Act and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established *provided* that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Article 99 herein. Any such transaction that would reasonably be likely to affect a Director's status as an "Independent Director", or that would constitute a "related party transaction" as defined under applicable law or the rules of the Designated Stock Exchange, shall require the approval of the Audit Committee.

99. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Article, a general Notice to the Board by a Director to the effect that:

(a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or

(b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement, *provided* that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

100. Following a declaration being made pursuant to the last preceding two Articles, subject to any separate requirement for Audit Committee approval under applicable law or the listing rules of the Company's Designated Stock Exchange, and unless disqualified by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum at such meeting.

GENERAL POWERS OF THE DIRECTORS

101. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Articles required to be exercised by the Members in a general meeting, subject nevertheless to the provisions of the Statutes and of these Articles and to such regulations being not inconsistent with such provisions, as may be prescribed by the Members in a general meeting, but no regulations made by the Members in a general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

(2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.

(3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:

(a) To give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed.

(b) To give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.

(c) To resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the Act.

102. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

103. The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Company’s Seal.

104. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

105. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

106. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.

(2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement, and may be subject or not subject to any terms or conditions as the Board may determine.

BORROWING POWERS

107. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

108. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

109. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Members, appointment of Directors and otherwise.

110. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.

(2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Act in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

111. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

112. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the chief executive officer or chairman, as the case may be, or any Director.

113. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be a majority of the Directors then in office, including the Chairman of the Board. An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate *provided* that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.

(2) Directors may participate in any meeting of the Board by means of a conference telephone, electronic or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

(3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

114. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles as the quorum, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.

115. The Chairman of the Board shall be the chairman of all meetings of the Board. If the Chairman of the Board is not present at any meeting within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

116. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

117. (1) The Board may delegate any of its powers, authorities and discretions to committees (including, without limitation, the Audit Committee), consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.

(2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board (or if the Board delegates such power, the committee) shall have power to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.

118. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Article, indicating, without limitation, any committee charter adopted by the Board for purposes or in respect of any such committee.

119. A resolution in writing signed by all the Directors except such as are temporarily unable to act due to ill-health or disability shall (*provided* that such number is sufficient to constitute a quorum and further *provided* that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors and for this purpose a facsimile signature of a Director shall be treated as valid.

120. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

COMMITTEES

121. Without prejudice to the freedom of the Directors to establish any other committees, for so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Board shall establish and maintain an Audit Committee as a committee of the Board, the composition and responsibilities of which shall comply with the rules of the Designated Stock Exchange and the rules and regulations of the SEC.

122. (1) The Board shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis.

(2) The Audit Committee shall meet at least once every financial quarter, or more frequently as circumstances dictate.

123. For so long as the shares of the Company (or depositary receipts therefor) are listed or quoted on the Designated Stock Exchange, the Company shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the Audit Committee for the review and approval of potential conflicts of interest. Specially, the Audit Committee shall approve any transaction or transactions between the Company and any of the following parties: (i) any shareholder owning an interest in the voting power of the Company or any subsidiary of the Company that gives such shareholder significant influence over the Company or any subsidiary of the Company, (ii) any director or executive officer of the Company or any subsidiary of the Company and any relative of such director or executive officer, (iii) any person in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (i) or (ii) or over which such a person is able to exercise significant influence, and (iv) any affiliate (other than a subsidiary) of the Company.

OFFICERS

124. (1) The officers of the Company shall consist of the Chairman of the Board, the Directors and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Articles. In addition to the officers of the Company, the Board may also from time to time determine and appoint managers and delegate to the same such powers and duties as are prescribed by the Board.

(2) The Directors shall elect, by a majority of the Directors then in office, amongst the Directors a chairman.

(3) The officers shall receive such remuneration as the Directors may from time to time determine.

125. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.

(2) The Secretary shall perform such duties as are prescribed by the Act or these Articles or as may be prescribed by the Board.

126. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.

127. A provision of the Act or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

REGISTER OF DIRECTORS AND OFFICERS

128. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the Act or as the Directors may determine. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of any change that takes place in relation to such Directors and Officers as required by the Act.

MINUTES

129. (1) The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of officers;

(b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;

(c) of all resolutions and proceedings of each general meeting of the Members, meetings of the Board and meetings of committees of the Board and where there are managers, of all proceedings of meetings of the managers.

(2) Minutes shall be kept by the Secretary at the Office.

SEAL

130. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the word "Securities" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in manner provided by this Article 130 shall be deemed to be sealed and executed with the authority of the Board previously given.

(2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

AUTHENTICATION OF DOCUMENTS

131. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee thereof which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

DESTRUCTION OF DOCUMENTS

132. (1) The Company shall be entitled to destroy the following documents at the following times:

(a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;

(b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;

(c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;

(d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and

(e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. *Provided* always that: (1) the foregoing provisions of this Article 132 shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Article 132 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Article to the destruction of any document include references to its disposal in any manner.

(2) Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (e) of paragraph (1) of this Article 132 and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf *provided* always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.

DIVIDENDS AND OTHER PAYMENTS

133. Subject to the Act and any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Board may from time to time declare dividends in any currency to be paid to the Members and other distributions on shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor. Subject to the Act, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board. At any and every time the Board or the Company in general meeting declare dividends, Class A Ordinary Shares and Class B Ordinary Shares shall have identical rights in the dividends so declared.

134. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. The Board may also declare and pay dividends out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Act.

135. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide,

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and

(b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

136. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment. The Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights

137. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

138. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

139. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

140. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

141. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

142. (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

(a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, *provided* that the Members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Board;

(ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

(iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or

(b) that the Members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Board;

(ii) the Board, after determining the basis of allotment, shall give not less than ten (10) days' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

(iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("the elected shares") and in satisifaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account, share premium account, capital redemption reserve other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.

(2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Article 142 shall rank *pari passu* in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Article 142 in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Article shall rank for participation in such distribution, bonus or rights.

(b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article 142 , with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(3) The Board may resolve or the Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Article 142 a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to Members to elect to receive such dividend in cash in lieu of such allotment.

(4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Article 142 shall not be made available or made to any Member with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Article shall *mutatis mutandis* apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

143. (1) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the Act. The Company shall at all times comply with the provisions of the Act in relation to the share premium account.

(2) Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

144. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the basis that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution *provided* that, for the purposes of this Article 144, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.

145. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under Article 144 and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

SUBSCRIPTION RIGHTS RESERVE

146. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Act:

(1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:

(a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Article 146) maintain in accordance with the provisions of this Article 146 a reserve (the "Subscription Rights Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;

(b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by the Act;

(c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrantholder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:

(i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and

(ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrantholders; and

(d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrantholder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by the Act, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrantholder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrantholder upon the issue of such certificate.

(2) Shares allotted pursuant to the provisions of this Article shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Article, no fraction of any share shall be allotted on exercise of the subscription rights.

(3) The provision of this Article as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrantholder or class of warrantholders under this Article without the sanction of a special resolution of such warrantholders or class of warrantholders.

(4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrantholders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrantholders and Members.

ACCOUNTING RECORDS

147. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

148. The accounting records shall be kept at the Office or, at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by the Act or authorised by the Board or the Members in general meeting.

149. Subject to Article 150, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by the Act to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least ten (10) days before the date of the general meeting and laid before the Company at the annual general meeting held in accordance with Article 56 *provided* that this Article 150 shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

150. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 149 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, *provided* that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by Notice served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

151. The requirement to send to a person referred to in Article 149 the documents referred to in that article or a summary financial report in accordance with Article 150 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 149 and, if applicable, a summary financial report complying with Article 150, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

AUDIT

152. Subject to applicable law and rules of the Designated Stock Exchange, the Board may appoint an Auditor, who shall hold office until removed from office by a resolution of the Board, to audit the accounts of the Company. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.

153. Subject to the Act the accounts of the Company shall be audited at least once in every year.

154. The remuneration of the Auditor shall be determined by the Audit Committee or, in the absence of such an Audit Committee, by the Board.

155. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and determine the remuneration of such Auditor.

156. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.

157. The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Audit Committee. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

NOTICES

158. Any Notice or document, whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

159. Any Notice or other document:

(a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;

(b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;

(c) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and

(d) may be given to a Member in the English language or such other language as may be approved by the Directors, subject to due compliance with all applicable Statutes, rules and regulations.

160. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

(2) A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

(3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

SIGNATURES

161. For the purposes of these Articles, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director in the terms in which it is received. The signature to any notice or document to be given by the Company may be written, printed or made electronically.

WINDING UP

162. (1) The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

(2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

163. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

(2) If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

164. (1) The Directors, Secretary and other officers for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, *provided* that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

(2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company, *provided* that such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

165. No Article shall be rescinded, altered or amended and no new Article shall be made until the same has been approved by a special resolution of the Members. A special resolution shall be required to alter the provisions of the Memorandum of Association or to change the name of the Company.

INFORMATION

166. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the Company to communicate to the public.

FORUM SELECTION

167. Save for any proceedings, actions, claims or complaints however so called, which rely on the provisions of the Securities Act of 1933 or the Exchange Act (as amended or superseded from time to time), and, in relation to which, such cause of action can only be determined by the courts within the United States of America ("US Actions"), the courts of the Cayman Islands ("Cayman Courts") shall have exclusive jurisdiction to hear, settle and/or determine any dispute, controversy or claim (including any non-contractual dispute, controversy or claim) whether arising out of or in connection with these Articles or otherwise, including any question regarding their existence, validity, formation or termination, unless otherwise agreed by the Company, at its option, in writing. For the avoidance of doubt and without limiting the jurisdiction of the Cayman Courts to hear, settle and/or determine disputes related to the Company, the Cayman Courts shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any Director, officer or other employee of the Company to the Company or the Members, (iii) any action asserting a claim arising pursuant to any provision of the Act or these Articles including but not limited to any purchase or acquisition of shares, security or guarantee provided in consideration thereof, or (iv) any action asserting a claim against the Company which if brought in the United States of America would be a claim arising under the internal affairs doctrine (as such concept is recognised under the laws of the United States of America from time to time). The federal courts of the United States of America shall have exclusive jurisdiction to hear, settle and/or determine any dispute, controversy or claim in relation to any US Actions, unless otherwise agreed by the Company in writing. Without prejudice to the foregoing, if any part of this Article is held to be illegal, invalid or unenforceable under applicable law, the illegal, invalid or unenforceable portion of this Article shall not affect or impair the legality, validity or enforceability of the rest of the Articles and this Article shall be interpreted and construed to the maximum extent possible to apply in the relevant jurisdiction with whatever modification or deletion may be necessary so as best to give effect to the intention of the Company. Any person or entity purchasing or otherwise acquiring any share in or of the Company or other security of the Company whether by transfer, sale, operation of law or otherwise, shall be deemed to have notice of and have irrevocably agreed and consented to the provisions of this Article.

Exhibit 4.3

Amended and Restated Equity Interest Pledge Agreement

This Amended and Restated Equity Interest Pledge Agreement (this "**Agreement**") is signed by the following parties on May 9, 2023:

Party A: Jiangsu Manyun Logistics Information Co., Ltd. (originally Beijing Manyun Logistics Information Co., Ltd.), a wholly foreign-owned enterprise established and validly existing under Chinese laws, with its registered address at 3F, Building A, Wanbo Science & Technology Park, No.66

Huashen Avenue, Yuhuatai District, Nanjing;

Party B:

1. Hui Zhang, ID Number **********;
2. Guizhen Ma, ID Number **********;

Party C: Jiangsu Manyun Software Technology Co., Ltd., a limited liability company established and validly existing under Chinese law, with its registered address at 3-6F, Building 3 (Building A), Wanbo Science & Technology Park, No. 20 Fengxin Road, Yuhuatai District, Nanjing.

(Party A, Party B and Party C are individually referred to as a "**Party**" and collectively referred to as the "**Parties**".) Whereas:

(1) An Equity Interest Pledge Agreement (the "**Original Agreement**") was signed by Party A, Party B and Party C on October 25, 2021. Party A has agreed that Party B will increase the registered capital of Party C. Upon the completion of the capital increase, Party C has a registered capital of RMB100 million, and Party B still holds totally 100% equity of Party C;

(2) Party A, Party B and Party C have respectively signed the agreements listed in the annex to this Agreement and the annexes to such agreements (collectively referred to as the "**Master Contract**");

(3) Party B intends to unconditionally and irrevocably pledge its equity of Party C to Party A as a guarantee for Party B and Party C to perform all their obligations under the Master Contract. Party A also agrees to accept the aforementioned secured interest (the "**Pledge Right**").

Whereas, after friendly negotiation, Party A, Party B and Party C have agreed the following agreement for joint compliance:

1. Pledge

Party B agrees to unconditionally and irrevocably pledge all 100% equity of Party C (the "**Pledged Equity**") to Party A as a guarantee for Party B and Party C to perform all their obligations under the Master Contract. The amount and ratio of capital contribution pledged by each shareholder are as follows:

	Pledge capital contribution (RMB: 10,000)	Pledge capital contribution ratio (%)
Name of shareholders		
Hui Zhang	7,000	70%
Guizhen Ma	3,000	30%
Total	10,000	100%

2. Scope of Warranty

The scope of warranty of the pledged equity under this Agreement includes all the obligations of Party B and Party C under the Master Contract (including but not limited to any payment due but yet not paid to Party A, liquidated damages, damage awards, etc.), the costs for the realization of the principal creditor's right and the pledge right, and all other related costs.

3. Pledge Period

The equity pledge under this Agreement shall be established from the date when it is registered in the administrative department for industry and commerce of Party C, and shall be terminated when all the master contracts have been fulfilled, expired or terminated (whichever is later). Within the pledge period, if Party B, Party C, and/or their legal assignees or successors fail to fulfill any of their obligations under any master contract, or any event of default under Article 8.1 of this Agreement occurs, Party A shall have the right to dispose of the pledge equity according to the provisions of this Agreement.

4. Registration

4.1 Party B and C undertake to Party A that they will (i) record the equity pledge issue under this Agreement on the register of shareholders of Party C on the signing date of this Agreement and will submit the register of shareholders after the equity pledge is recorded to Party A; (ii) deliver the capital contribution certificate issued by Party C to Party B to Party A on the signing date of this Agreement; and (iii) within ten working days since the signing date of this Agreement or with other feasible shortest period, register the aforementioned equity pledge to the relevant industrial and commercial registration authority for filing, and obtain the relevant registration and filing written certificates from the registration authority. On the premise of abiding by other provisions of this Agreement, during the term of this Agreement, except for registration and amendment required by Party C's operation, Party C's register of shareholders will be kept by Party A or its designated personnel.

4.2 Party B and Party C further undertake that after the signing of this Agreement, with Party A's prior written consent, Party B can increase the capital on Party C; after the capital increase, Party B and Party C shall sign an Equity Interest Pledge Agreement with Party A additionally, and shall pledge all equity after capital increase to Party A; at the same time, carry out necessary amendments to the register of shareholders and the amount of equity contribution of the relevant company immediately, and perform the pledge procedure stipulated in Article 4.1.

4.3 All costs and actual expenses related to this Agreement, including but not limited to registration fee, cost of production, stamp duty, and any other taxes and expenses, shall be borne by each party respectively according to the relevant laws and regulations.

5. Representations and Warranties of Party B and Party C

Party B and Party C hereby separately and jointly represent and warrant to Party A as follows:

5.1 Party B, as the legal owner of the pledge equity, has no dispute about the ownership of the pledge equity that has or may occur. Party B has the right to dispose of part and/or all of the pledge equity, and such right to dispose of is not restricted by any third party.

5.2 Except for the pledge right stipulated in this Agreement, the power of attorney stipulated in the Power of Attorney and the call option stipulated in the Amended and Restated Exclusive Option Agreement, Party B has not set any other security rights or third party rights and other encumbrances on the pledge equity.

5.3 This Agreement is properly signed between Party B and Party C, constituting legal, effective and binding obligations on them.

5.4 Party B and Party C sign and fulfill this Agreement and all applicable laws, any agreement with them as one party or with binding force on their assets, any court decision, any arbitration organ's arbitrament, and any administrative organ's decision (if any), without any violation or conflict.

5.5 On the premise of permitted by Chinese law, the pledge under this Agreement constitutes the security interest of the first order for the pledge equity.

5.6 Party B and Party C fully understand the content of this Agreement, and their signing and performance of this Agreement are voluntary, with all the meanings true. Party B and Party C have taken all necessary measures according to Party A's reasonable requirements, obtained all internal authorizations required by the signing and performance of this Agreement, and signed all necessary documents to ensure that the equity pledge under this Agreement is legal and effective.

5.7 In the duration of this Agreement, Party B and Party C shall abide by and implement all Chinese laws and regulations related to the pledge of rights. Upon receipt of notices, instructions or suggestions issued by the relevant competent authorities on pledge equity, they shall show the above notices, instructions or suggestions to Party A within five (5) working days, and at the same time abide by the above notices, instructions or suggestions, or raise objections and statements on the above matters according to Party A's reasonable requirements or with Party A's written consent.

5.8 Party B and Party C will not implement, nor promote or allow other parties to conduct any behaviors that may detract, harm or otherwise damage the value of the pledge equity or the pledge right of Party A. Party B and Party C shall notify Party A in writing within five (5) working days from the date when they have known any events and behaviors that may affect the value of the pledge equity or the pledge right of Party A. Party A shall take no responsibility for any decrease in the value of the pledge equity, and Party B and Party C shall have no right to recourse or make any request to Party A in any form.

5.9 Under the condition of complying with the relevant Chinese laws and regulations, the equity pledge under this Agreement is a continuing guaranty and remains fully effective in the duration of this Agreement. Even if Party B or Party C is insolvent, liquidated, incapacitated, or has changes in organization or status, or has any capital offset between the parties, or any other event, the equity pledge under this Agreement will not be affected.

5.10 For the purpose of implementing this Agreement, Party A has the right to dispose of the pledge equity in the way stipulated in this Agreement, and Party A shall not be subject to any interruption or impairment through the legal process by Party B or Party C, or the successor of Party B or Party C, or the consignor of Party B or Party C or anyone else, when Party A exercises its rights according to the terms of this Agreement.

5.11 In order to protect or improve this Agreement's guarantee for Party B and Party C to fulfill the obligations under the Master Contract, Party B and Party C will sign in good faith, and urge other interested parties related to the pledge equity to sign all the certificates and contracts of rights related to the implementation of this Agreement and required by Party A, and/or perform or urge other interested parties to fulfill behaviors required by Party A and related to the implementation of this Agreement, and provide convenience for the exercise of the rights and authorizations granted to Party A under this Agreement.

In order to guarantee the interests of Party A, Party B and Party C will abide by and perform all warranties, undertakings, agreements, representations and conditions. If Party B and/or Party C fails to perform or incompletely performs their warranties, undertakings, agreements, representations and conditions, causing damages to Party A, Party B and/or Party C shall compensate Party A for all losses incurred thereby.

6. Undertakings by Party B

Party B hereby undertakes to Party A as follows:

6.1 Without Party A's prior written consent, Party B shall not re-establish or allow to establish any new pledge or any other security interest on the pledge equity, and any fully or partly established pledge on the pledge equity without Party A's prior written consent or any other security interest will be invalid.

6.2 Without prior written notice to Party A and obtaining its prior written consent, Party B shall not transfer the pledge equity, and all of Party B's actions of transferring the pledge equity without Party A's prior written consent will be invalid.

6.3 When any lawsuit, arbitration or other request occurs, and may adversely affect Party A's rights and interests or pledge equity under this Agreement, Party B shall warrant to immediately notify Party A in writing and shall take all necessary measures according to Party A's reasonable requirements, to ensure Party A's pledge rights and interests on pledge equity.

6.4 Party B shall not conduct or allow any behavior that may adversely affect Party A's interests and rights or pledge equity under the Master Contract and this Agreement.

6.5 Party B shall warrant to take all necessary measures and sign all necessary documents (including but not limited to the supplementary agreement of this Agreement) according to Party A's reasonable requirements to ensure Party A's pledge rights and interests on the pledge equity and the exercise and realization of such rights.

6.6 If any transfer of pledge equity is caused by the exercise of the pledge right under this Agreement, Party B shall warrant to take all measures to realize such transfer.

6.7 Party B will provide Party A with Party C's financial statements of the previous Gregorian calendar quarter within the first month of each Gregorian calendar quarter, including (but not limited to) balance sheet, income statement and cash flow statement.

7. Undertakings by Party C

Party C hereby further undertakes to Party A as follows:

7.1 Without Party A's prior written consent, Party C will not assist or allow Party B to re-establish any new pledge or any other security interest on the pledge equity.

7.2 Without the prior written consent of Party A, Party C will not assist or allow Party B to transfer the pledge equity.

7.3 When any lawsuit, arbitration or other request occurs, and may adversely affect the pledge equity or Party A's rights and interests under this Agreement, Party C shall warrant to immediately notify Party A in writing and shall take all necessary measures according to Party A's reasonable requirements, to ensure Party A's pledge rights and interests on pledge equity.

7.4 Party C shall not conduct or allow any behavior that may adversely affect Party A's interests and rights or pledge equity under the Master Contract and this Agreement.

7.5 Party C shall warrant to take all necessary measures and sign all necessary documents (including but not limited to the supplementary agreement of this Agreement) according to Party A's reasonable requirements to ensure Party A's pledge rights and interests on the pledge equity and the exercise and realization of such rights.

7.6 If any transfer of pledge equity is caused by the exercise of the pledge right under this Agreement, Party C shall warrant to take all reasonable measures to realize such transfer.

8. Event of Exercise and Exercise of Pledge

8.1 In case of any of the following events (the "**Event of Exercise**"), Party A may choose to request Party B or Party C to immediately and fully perform all of its obligations under this Agreement, and the pledge right established under this Agreement can also be exercised immediately:

(a) Any representations, warranties or undertakings made by Party B and Party C in this Agreement or the Master Contract are inconsistent, incorrect, untrue or no longer correct or true in any respect; or Party B, Party C or their legal assignees or successors violate or fail to abide by any of its obligations under this Agreement or the Master Contract or any undertakings and warranties that made; or

(b) Any one or more of the obligations of Party B, Party C or their legal assignees or successors under this Agreement or any master contract are deemed as illegal or invalid transactions; or

(c) Party B or Party C or their legal assignees or successors seriously violate their obligations under this Agreement.

8.2 In case of any of the above exercise events, Party A may exercise the pledge right by purchasing at a discount, appointing other party to purchase at a discount, auction or sell the pledge equity according to the relevant Chinese laws and regulations. Party A can exercise the pledge right under this Agreement without needing to first exercise other guarantees or rights, or take other measures or procedures against Party B and/or Party C or anyone else.

8.3 Upon the request of Party A, Party B and Party C shall take all legal and appropriate actions required by Party A to enable it to exercise the pledge right according to this Agreement. For this purpose, Party B and Party C shall sign all the documents and materials reasonably required by Party A, and shall implement and handle all actions and issues reasonably required by Party A.

9. Transfer

9.1 Unless with the prior written consent of Party A, Party B and Party C shall have no right to grant or transfer any of their rights and obligations under this Agreement to any third party, but not including the Amended and Restated Exclusive Option Agreement signed between Party B and Party A.

9.2 This Agreement is binding upon Party B and its legal assignees or successors, and is valid for Party A and each legal assignee or successor.

9.3 Party A may transfer all or any of its rights and obligations under the Master Contract to its designated party (which may be a natural person/legal person) at any time, in this case, the assignee shall enjoy and assume the rights and obligations that Party A enjoys and assumes under this Agreement, just as it shall enjoy and assume as a party to this Agreement. When Party A transfers the rights and obligations under the Master Contract, upon the request of Party A, Party B and/or Party C shall sign relevant agreements and documents with regard to such transfer.

9.4 If any change of Party in this Agreement is caused by the above transfer of Party A, both parties to the new pledge shall sign another pledge agreement, and Party B and Party C shall assist the assignee in handling all the equity pledge registration changes (if applicable).

10. Fundamental Change of Circumstances

10.1 As a supplement, and without violating other terms of the Master Contract and this Agreement, if at any time, due to the promulgation or change of any Chinese laws, regulations or rules, or due to the change of interpretation or application of such laws, regulations or rules, or due to the change of related registration procedures, Party A deems that it becomes illegal to keep this Agreement effective and/or dispose of the pledge equity in the way stipulated in this Agreement or violates such laws, regulations or rules, Party B and C Party shall immediately take any action, and/or sign any agreements or other documents following Party A's written instructions and according to Party A's reasonable requirements, so as to:

(a) Maintain this Agreement effective;

(b) Facilitate to dispose of the pledge equity in the way stipulated in this Agreement; and/or

(c) Maintain or realize the guarantee established or intended to be established in this Agreement.

11. Confidentiality

The existence and terms of this Agreement are confidential information. Without the prior written consent of the other parties, any party shall not disclose the confidential information to any third party, except the senior staff, directors, employees, agents and professional consultants related to the project, unless all parties shall disclose the information about this Agreement to the government, the public or shareholders according to law, or submit this Agreement to relevant institutions for filing. This article shall survive any change, cancelation or termination of this Agreement.

12. Default Liability

If one party fails to perform any of its obligations under this Agreement, or any statement or guarantee made by it under this Agreement is untrue or inaccurate, the party is in violation of this Agreement and should compensate for the actual losses caused to the other parties.

13. Force Majeure

Force Majeure refers to events (including but not limited to earthquake, typhoon, flood, fire, strike, war or riot) that any party cannot foresee and cannot avoid, control and overcome when this Agreement is signed. If the performance of the Agreement is affected by force majeure, the party suffering from force majeure shall immediately (i) notify the other parties by telegraph, fax or other electronic form and provide corresponding documentary evidence within fifteen (15) working days; (ii) take all reasonable measures to eliminate or mitigate the impact caused by the force majeure, and resume the performance of relevant obligations after the impact caused by the force majeure is eliminated or mitigated. According to the degree of impact on the performance of this Agreement, all parties shall decide through negotiation whether to cancel the Agreement, or whether to partially waive the responsibility for the performance of the Agreement, or whether to delay the performance of the Agreement.

14. Notice

Any notice, consent, contract or other communication issued under or in connection with this Agreement shall be in written form and shall be sent to the following address or other address known by all parties.

Party A: Jiangsu Manyun Logistics Information Co., Ltd.

Address: 3F, Building A, Wanbo Science & Technology Park, No.66 Huashen Avenue, Yuhuatai District, Nanjing

Party B: Hui Zhang

Address: **********

Party B: Guizhen Ma

Address: **********

Party C: Jiangsu Manyun Software Technology Co., Ltd.

Address: 3-6F, Building 3 (Building A), Wanbo Science & Technology Park, No. 20 Fengxin Road, Yuhuatai District, Nanjing

Unless otherwise specified in this Agreement, the notice or communication delivered in person shall be deemed to have been delivered at the time of delivery. Any notice or communication sent in the form of prepaid envelope shall be deemed to have been delivered forty-eight (48) hours after being posted.

15. Supplementary Provisions

15.1 This Agreement shall be governed by the laws of China in all respects. All disputes arising from the performance of this Agreement shall be settled by all parties through friendly negotiation. If all parties fail to reach consensus within thirty (30) days after the disputes arise, the disputes shall be submitted to Shanghai Branch of China International Economic and Trade Arbitration Commission for arbitration in accordance with the arbitration rules then in effect. The seat of arbitration shall be Shanghai. The arbitration shall be made in Chinese. The arbitration award shall be final and binding on all parties. Except for the part being submitted for arbitration, other parts of this agreement shall remain valid. During the arbitration, all parties have the right to apply to the people's court where the Party C is located for property preservation or take other measures permitted by law, so as to support the arbitration.

15.2 This Agreement shall take effect since the date of signing by all parties and will be terminated after all obligations under the Master Contract are fully implemented or terminated for any reason.

15.3 This Agreement and its annexes constitute the entire agreement concerning the transactions under this Agreement, and shall replace the Original Agreement and any and all oral or written communications, commitments, memos or any other discussions made by all parties on matters related to this Agreement. If all parties are required to conclude a separate equity pledge agreement for the purpose of completing the registration of equity pledge at the administrative department for industry and commerce, the validity of this Agreement shall prevail in full.

15.4 Each article of this Agreement shall be separable and independent from other articles. If any one or more articles of this Agreement become invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other articles will not be affected.

15.5 All parties shall bear and pay the taxes involved in this Agreement according to law.

15.6 Any amendment or supplement to this Agreement must be made in written form, and shall come into effect only after being effectively signed by all parties to this Agreement.

15.7 This Agreement is written in Chinese. The original is made in quadruplicate. Party A and Party C hold one copy for each; Party B holds two copies.

(No text below)

(Signature page to Amended and Restated Equity Interest Pledge Agreement)

Party A (stamp): **Jiangsu Manyun Logistics Information Co., Ltd.**

Legal Representative
(signature): /s/ Zhengju Qian

Party B:

Hui Zhang
(signature): /s/ Hui Zhang

Guizhen Ma
(signature): /s/ Guizhen Ma

Party C (stamp): **Jiangsu Manyun Software Technology Co., Ltd.**

Legal Representative
(signature): /s/ Qiang Fu

[This page is an annex to the Amended and Restated Equity Interest Pledge Agreement]

List of Agreements

1. Exclusive Service Agreement (signed October 25, 2021)

2. Amended and Restated Exclusive Option Agreement (signed May 9, 2023 and replaced the Exclusive Option Agreement signed by all parties on October 25, 2021)

3. Power of Attorney (signed October 25, 2021)

Exhibit 4.4

Spousal Consent Letter

To: Jiangsu Manyun Logistics Information Co., Ltd.

I am [Name of Covenantor] (ID No.:_____, the spouse of [Name of Shareholder], a shareholder of Jiangsu Manyun Software Technology Co., Ltd. (the "**Manyun Software**"). [Name of Shareholder] currently holds _____% of equity in Manyun Software. Manyun Software and your company signed the *Exclusive Service Agreement* on October 25, 2021. Manyun Software, shareholders of Manyun Software, and your company signed the *Amended and Restated Exclusive Option Agreement* on May 9, 2023, signed the *Power of Attorney* on October 25, 2021, and signed the *Amended and Restated Equity Interest Pledge Agreement* on May 9, 2023 (collectively referred to as the "**Control Agreements**"). [Name of Shareholder] issued the *Power of Attorney* on October 25, 2021 (the **"*Power of Attorney***"), in order to protect the benefits of your company in the control agreements, I hereby irrevocably make the following undertakings to your company:

1. I fully understand and agree to the above control agreements and the *Power of Attorney* signed by [Name of Shareholder]. Such control agreements and the *Power of Attorney* are solely owned by [Name of Shareholder], who shall assume the relevant rights and obligations, and I do not enjoy nor assume any rights and obligations that stipulated or agreed;

2. I confirm that the equity of Manyun Software held by [Name of Shareholder] and all the rights and interests attached to it are not the common property of myself and my spouse [Name of Shareholder];

3. I will not and shall not participate in the operation, management, liquidation, dissolution and other business of Manyun Software in the future, and will not claim any rights and interests related to the equity and assets of Manyun Software; my spouse [Name of Shareholder] can independently make any decision related to Manyun Software, and its effect will not be limited or affected by my decision, even if I and my spouse [Name of Shareholder] are divorced;

4. In order to protect Manyun Software's equity under the structural contract and achieve the purpose involved, if I need to sign the relevant documents or perform the relevant procedures with regard to the held equity of Manyun Software or the fulfillment of the control agreements, I hereby authorize my spouse [Name of Shareholder] from time to time to sign all necessary documents or perform all necessary procedures for me and on my behalf, and I hereby confirm and agree all the relevant documents signed or procedures performed by my spouse [Name of Shareholder];

5. My confirmation, consent, undertakings and authorization in this letter will not be revoked, damaged, invalidated or otherwise adversely affected by Manyun Software's registered capital increase, decrease, bankruptcy, reorganization, merger, division, shareholder change or other similar events, and will not be revoked, damaged, invalidated or otherwise adversely affected by my loss of capacity for civil conduct, demise, qualification loss of spouse, divorce or other similar events.

I signed this *Spousal Consent Letter* on _____, and this *Spousal Consent Letter*, after signed by me, will take effect on the date when the control agreements come into force.

(Signature page to Spousal Consent Letter)

By: _____

Name: [Name of Covenantor]

Schedule of Material Differences

One or more spouse consent letters using this form were executed. Pursuant to Instruction ii to Item 601 of Regulation S-K, the Registrant may only file this form as an exhibit with a schedule setting forth the material details in which the executed agreements differ from this form:

No	Name of Variable Interest Entity	Name of Shareholder	Name of Covenantor	% of Shareholder's Equity Interest in the VIE
1	Manyun Software	Hui Zhang	Li Hou	70%
2	Manyun Software	Guizhen Ma	Erxia Xu	30%

Exhibit 4.7

Amended and Restated
Exclusive Option Agreement

This Amended and Restated Exclusive Option Agreement ("**this Agreement**") was signed by the following parties on May 9, 2023:

Party A: Jiangsu Manyun Logistics Information Co., Ltd. (originally Beijing Manyun Logistics Information Co., Ltd.), a wholly foreign-owned enterprise established and validly existing under Chinese laws, with its registered address at 3F, Building A, Wanbo Science & Technology Park, No.66 Huashen Avenue, Yuhuatai District, Nanjing;

Party B:

1. Hui Zhang, ID Number **********;
2. Guizhen Ma, ID Number **********;

Party C: Jiangsu Manyun Software Technology Co., Ltd., a limited liability company established and validly existing under Chinese law, with its registered address at 3-6F, Building 3 (Building A), Wanbo Science & Technology Park, No. 20 Fengxin Road, Yuhuatai District, Nanjing.

(Party A, Party B and Party C are individually referred to as a **"Party"** and collectively referred to as the **"Parties"**.) Whereas:

(1) An Exclusive Option Agreement (the "**Original Agreement**") was signed by all parties on October 25, 2021. As Party B increases its registered capital of Party C (the "**Capital Increase**"), and Party A agrees to the Capital Increase, Party B remains as a registered shareholder of Party C upon the completion of the Capital Increase, and holds 100% equity of Party C in total. Upon the completion of the Capital Increase, its capital contribution and shareholding ratio in the registered capital of Party C are shown in Annex I of this Agreement.

(2) Party B agrees to grant Party A an irrevocable call option exclusively. According to such call option, Party B shall transfer the underlying equity to Party A and/or any other third party designated by Party A according to the requirements of Party A under the premise permitted by Chinese laws.

In witness whereof, all parties have reached the following agreement through consensus:

1. Call Option

1.1 During the validity period of this Agreement, Party A has the right to request all natural persons of Party B to transfer all or part of the equity of Party C ("**Underlying Equity**") according to the specific requirements of Party A at any time under the following circumstances, and Party B shall transfer the underlying equity to Party A and/or the third party designated by Party A according to Party A's requirements:

(1) According to Chinese laws, Party A and/or the third party designated by Party A may hold all or part of the underlying equity; or

(2) Other circumstances deemed appropriate or necessary by Party A.

The call options obtained by Party A under this Agreement are exclusive, unconditional and irrevocable.

1.2 All parties agree that Party A has the right to exercise all or part of the call options and obtain all or part of the underlying equity at its own discretion. All parties further agree that when Party A exercises the call option according to the provisions of this Agreement, the time, manner, quantity and frequency are not limited.

1.3 All parties agree that Party A may designate any third party to receive all or part of the underlying equity, and Party B shall not refuse to transfer all or part of the underlying equity to the designated third party except in cases explicitly prohibited by Chinese laws.

1.4 Before the underlying equity is transferred to Party A or the third party designated by Party A according to the provisions of this Agreement, Party B shall not transfer the underlying equity to any third party without the prior written consent of Party A, otherwise such transfer will be invalid.

2. Procedure

2.1 Party B shall sign the Equity Transfer Contract in the format specified in Annex II of this Agreement while signing this Agreement, and submit this document to Party A.

2.2 If Party A decides to exercise the call option in accordance with Article 1.1 above, it shall send a written exercise notice to Party B (in the format specified in Annex III of this Agreement), and shall state the proportion or quantity of the underlying equity to be transferred and the name and identity of the transferee in the notice. Party B and Party C shall provide all necessary information and documents for handling the equity transfer procedures within seven days after receiving the notice from Party A.

2.3 Except for the conditions mentioned in Article 1.1 and the notice mentioned in Article 2.2 of this Agreement, when Party A transfers the underlying equity, there are no other prerequisite or incidental conditions or procedures.

2.4 Party B shall provide necessary and timely support to Party C, and assist Party C to handle the approval procedures in the approval authority in accordance with applicable Chinese laws (if required by law) and handle the equity transfer procedures in the administrative department for industry and commerce.

2.5 The date when the transfer procedures for the underlying equity are completed is the date when the exercise of the call option is completed.

3. Transfer Price

3.1 The total transfer price of the underlying equity shall be the lowest price allowed by Chinese laws and regulations when the equity is transferred. If the underlying equity is transferred by stages or in batches, the corresponding transfer price shall be determined according to the specific transfer time and transfer ratio.

3.2 The taxes arising from the transfer of the underlying equity shall be borne by each party according to law.

3.3 Party B agrees that all the exercise price (if any) obtained by Party B when Party A or the third party designated by Party A exercises the right will be freely given to Party C in a manner permitted by law.

4. Representations, Warranties and Undertakings

4.1 Any party hereby represents and warrants to the other parties as follows:

(1) The party has complete and independent legal status and legal ability to sign, deliver and perform this Agreement, and can independently act as the litigation subject;

(2) The party has all necessary rights, capabilities and authority to sign this Agreement and perform all obligations and responsibilities under this Agreement;

(3) The party has handled all necessary internal procedures for signing this Agreement and obtained all necessary internal and external authorizations and approvals;

(4) When signing and performing this Agreement, the party will not violate any major contract or agreement that binds the party or its assets; and

(5) This Agreement shall be legally and properly signed and delivered by the party. This Agreement constitutes a legal and binding obligation of the party.

4.2 Party B and Party C jointly make further representations and guarantees to Party A as follows:

(1) On the effective date of this Agreement, Party B legally owns the equity of Party C, and has complete and effective right to dispose of the equity. Except for the pledge right stipulated in the relevant Equity Interest Pledge Agreement, the authority stipulated in the Voting Agreement, the call option stipulated in this Agreement and other rights agreed by Party A in writing, the equity of Party C

owned by Party B shall be free from any mortgage, pledge, guarantee or other third party right, and shall not be subject to any third party recourse; and any third party has no right to allocate, issue, sell, transfer or convert any equity of Party C according to any Call Option Agreement, Equity Replacement Agreement, Stock Option Agreement or other agreements.

(2) Within the validity period of this Agreement, Party B shall not transfer any equity held by Party C to any third party, or the transferred equity shall be free and clean of any mortgage, pledge, any other types of encumbrances without the prior written consent of Party A.

(3) Where permitted by relevant Chinese laws, Party B and Party C will extend the operating period of Party C according to the approved operating period of Party A, so that the operating period of Party C is equal to the operating period of Party A (if applicable).

(4) Within the validity period of this Agreement, without the written consent of Party A, Party B:

(i) shall not increase or decrease the registered capital of Party C, or cause Party C to merge with any other entity; (ii) shall not dispose of or urge the management of Party C to dispose of any major assets of Party C;

(iii) shall not terminate or urge the management of Party C to terminate any major agreement signed by Party C, or sign any other agreement that conflicts with the existing major agreement.

(iv) shall not appoint or replace any director, supervisor or other management personnel of Party C;

(v) shall not urge Party C to announce the distribution or actually distribute any distributable profits or dividends; (vi) shall ensure that Party C effectively survives and is not terminated, liquidated or dissolved;

(vii) shall not amend the articles of association of Party C; and

(viii) shall ensure that Party C will not lend or borrow loans, provide guarantees or issue the guarantees in other forms, or undertake any substantive obligations besides the normal business activities.

(5) Once Party A issues a written exercise notice:

(i) Party B shall immediately convene the shareholders' meeting, pass the resolutions of the shareholder meeting and take other necessary actions, and agree to transfer the underlying equity to Party A and/or its designated third party at the agreed share price, and waive its first refusal right;

(ii) According to the signed Equity Transfer Contract, Party B shall immediately transfer the underlying equity to Party A and/or its designated third party at the agreed transfer price, and provide necessary support (including providing and signing all relevant legal documents, performing all government approval and registration procedures and undertaking all relevant obligations) to Party A and/or its designated third party to obtain the underlying equity, and the underlying equity shall be free of any legal defects and free from encumbrances and rights such as security interests, third party restrictions or any other restrictions on the equity.

(6) If Party C is dissolved or liquidated in accordance with the laws and regulations of the PRC, all remaining assets attributable to Party B will be transferred to Party A or a third party designated by Party A in accordance with the minimum purchase price permitted by the laws and regulations of the PRC. Each of Party B and Party C undertakes that it will return the consideration received in respect of such transfer to Party A or a third party designated by it in full in accordance with the laws of the PRC;

(7) If the bankruptcy, reorganization or merger of Party C, the disappearance, death, incapacity, divorce, marriage or any other event of Party B results in a change in the equity in Party C held by Party B or results in circumstances affecting the exercise by Party B of its shareholder rights in Party C, then:

(i) the successor of the equity in Party C held by Party B or any other person entitled to claim rights or benefits in respect of the equity in Party C held by Party B and any interest attached thereto shall be bound by this Agreement; and

(ii) unless otherwise agreed by Party A in writing, the sale of the equity in Party C shall also be bound by this Agreement.

5. Confidentiality

The existence and terms of this Agreement are confidential information. Without the prior written consent of the other parties, any party shall not disclose the confidential information to any third party, except the senior staff, directors, employees, agents and professional consultants related to the project, unless all parties shall disclose the information about this Agreement to the government, the public or shareholders according to law, or submit this Agreement to relevant institutions for filing. This article shall survive any change, cancelation or termination of this Agreement.

6. Notice

Any notice, consent, contract or other communication issued under or in connection with this Agreement shall be in written form and shall be sent to the following address or other address known by all parties.

Party A: Jiangsu Manyun Logistics Information Co., Ltd.

Address: 3F, Building A, Wanbo Science & Technology Park, No.66 Huashen Avenue, Yuhuatai District, Nanjing

Party B: Hui Zhang

Address: **********

Party B: Guizhen Ma

Address: **********

Party C: Jiangsu Manyun Software Technology Co., Ltd.

Address: 3-6F, Building 3 (Building A), Wanbo Science & Technology Park, No. 20 Fengxin Road, Yuhuatai District, Nanjing

Unless otherwise specified in this Agreement, the notice or communication delivered in person shall be deemed to have been delivered at the time of delivery. Any notice or communication sent in the form of prepaid envelope shall be deemed to have been delivered forty-eight (48) hours after being posted.

7. Default Liability

If one party fails to perform any of its obligations under this Agreement, or any statement or guarantee made by it under this Agreement is untrue or inaccurate, the party is in violation of this Agreement and should compensate for the actual losses caused to the other parties.

8. Force Majeure

Force Majeure refers to events (including but not limited to earthquake, typhoon, flood, fire, strike, war or riot) that any party cannot foresee and cannot avoid, control and overcome when this Agreement is signed. If the performance of the Agreement is affected by force majeure, the party suffering from force majeure shall immediately (i) notify the other parties by telegraph, fax or other electronic form and provide corresponding documentary evidence within fifteen (15) working days; (ii) take all reasonable measures to eliminate or mitigate the impact caused by the force majeure, and resume the performance of relevant obligations after the impact caused by the force majeure is eliminated or mitigated. According to the degree of impact on the performance of this Agreement, all parties shall decide through negotiation whether to cancel the Agreement, or whether to partially waive the responsibility for the performance of the Agreement, or whether to delay the performance of the Agreement.

9. Supplementary Provisions

9.1 This Agreement shall be governed by the laws of China in all respects. All disputes arising from the performance of this Agreement shall be settled by all parties through friendly negotiation. If all parties fail to reach consensus within thirty (30) days after the disputes arise, the disputes shall be submitted to Shanghai Branch of China International Economic and Trade Arbitration Commission for arbitration in accordance with the arbitration rules then in effect. The seat of arbitration shall be Shanghai. The arbitration shall be made in Chinese. The arbitration award shall be final and binding on all parties. Except for the part being submitted for arbitration, other parts of this agreement shall remain valid. During the arbitration, all parties have the right to apply to the people's court where the Party C is located for property preservation or take other measures permitted by law, so as to support the arbitration.

9.2 This Agreement shall come into force from the date of its execution by all parties, and shall be terminated after Party A exercises its call option according to this Agreement and obtains all the underlying equity of Party C or when all parties reach any agreement on dissolution of this Agreement.

9.3 The Annexes to this Agreement shall be an integral part of this Agreement and have the same effect as the text of this Agreement.

9.4 Each article of this Agreement shall be separable and independent from other articles. If any one or more articles of this Agreement become invalid, illegal or unenforceable at any time, the validity, legality and enforceability of other articles will not be affected.

9.5 This Agreement shall be binding on the legal assignees or successors of all parties.

9.6 All parties shall bear and pay the taxes involved in this Agreement according to law.

9.7 This Agreement and its annexes constitute the entire agreement concerning the transactions under this Agreement, and shall replace the Original Agreement and any and all oral or written communications, commitments, memos or any other discussions made by all parties on matters related to this Agreement.

9.8 Any amendment or supplement to this Agreement must be made in written form, and shall come into effect only after being effectively signed by all parties to this Agreement.

9.9 This Agreement shall be made in Chinese and in quadruplicate. Party A and Party C shall hold one copy respectively; and Party B shall hold two copies.

(No text below)

(Signature page to Amended and Restated Exclusive Option Agreement)

Party A (stamp): **Jiangsu Manyun Logistics Information Co., Ltd.**

Legal Representative
(signature): /s/ Zhengju Qian

Party B:

Hui Zhang
(signature): /s/ Hui Zhang

Guizhen Ma
(signature): /s/ Guizhen Ma

Party C (stamp): **Jiangsu Manyun Software Technology Co., Ltd.**

Legal Representative
(signature): /s/ Qiang Fu

[This page is Annex I to the Amended and Restated Exclusive Option Agreement]

Basic information

Company name: Jiangsu Manyun Software Technology Co., Ltd. Registered capital: RMB 100,000,000

Paid-in capital: RMB 0

Legal representative: Zhengju Qian

Equity structure:

Name of shareholders	Amount of contribution (RMB 10,000)	Ratio of contribution (%)	Method of contribution
Hui Zhang	7,000	70%	Currency
Guizhen Ma	3,000	30%	Currency

[This page is Annex II to the Amended and Restated Exclusive Option Agreement]

Equity Transfer Contract

This Equity Transfer Contract (the "**Contract**") is signed by both parties on MM/DD/YY:

Transferor:

1. Hui Zhang, ID Number **********;

2. Guizhen Ma, ID Number **********;

Transferee:

_____

(Party A and Party B are individually referred to as "**one party**" and collectively as "**both parties**".)

Through friendly negotiation, the two parties have reached the following agreement on matters regarding the equity transfer:

1. The Transferor agrees to transfer ___% of its equity in Jiangsu Manyun Software Technology Co., Ltd. (the "**Target Equity**") to the Transferee at RMB ___, and the Transferee agrees to accept the Target Equity.

2. After the equity transfer, the Transferor shall no longer enjoy shareholder's rights or assume shareholder's obligations of the Target Equity, and the Transferee shall enjoy shareholder's rights and assume shareholder's obligations of the Target Equity.

3. For matters not mentioned herein, a supplementary agreement may be signed by both parties.

4. This Contract shall come into force on the date of signature of both parties hereto.

5. This Contract shall be made in _ copies. Party A and Party B shall each hold one copy and the rest shall be used for industrial and commercial registration of changes.

(No text below)

[This page is the signature page of the Equity Transfer Contract]

Transferor:

Hui Zhang
(signature): /s/ Hui Zhang

Guizhen Ma
(signature): /s/ Guizhen Ma

Transferee:

[This page is Annex III to the Amended and Restated Exclusive Option Agreement]

NOTICE OF EXERCISE

To: Jiangsu Manyun Software Technology Co., Ltd. ("**you**") and your shareholders

Whereas we signed an Amended and Restated Exclusive Option Agreement with you and your shareholders on (MM/DD/YY), it is agreed that under the conditions permitted by the relevant laws and regulations of China, your shareholders shall, at the request of us, sell the equity they hold in you to us or the transferee designated by us.

Therefore, we hereby sends this notice to you and your shareholders as follows:

We hereby request to exercise the call option under the Amended and Restated Exclusive Option Agreement at a price of RMB ___. We/the transferee designated by us shall purchase the equity held by your shareholders that accounts for __% of your registered capital (the "**equity to be transferred**"). Upon receipt of this notice, you and your shareholders shall, in accordance with the terms of the Amended and Restated Exclusive Option Agreement , go through the necessary procedures for selling all the equity to be transferred to us/the transferee designated by the us within _____workdays.

Jiangsu Manyun Logistics Information Co., Ltd.

(Stamp)

Signature: _____

Name: _____

Position: _____

Date: _____

Exhibit 8.1

PRINCIPAL SUBSIDIARIES OF THE REGISTRANT (as of December 31, 2023)

Subsidiaries	Jurisdiction of Incorporation
FTA MOVE LIMITED	British Virgin Islands
Smart Logistics Information Limited	British Virgin Islands
AMH Logistics Infrastructure Co., Ltd.	British Virgin Islands
Lianyun Logistics Infrastructure Co., Ltd.	British Virgin Islands
Lianhe Logistics Infrastructure Co., Ltd.	British Virgin Islands
AMH Lianyun Logistics Infrastructure Co., Ltd.	British Virgin Islands
Liancang Logistics Infrastructure Co., Ltd.	British Virgin Islands
Full Truck Alliance (HK) Limited	Hong Kong
Lucky Logistics Information Limited	Hong Kong
Full Truck Alliance Infrastructure (HK) Limited	Hong Kong
Full Truck Alliance Liancang Logistics Infrastructure (HK) Limited	Hong Kong
FTA Move International Logistics Information Limited	Hong Kong
Smart Logistics Information (HK) Limited	Hong Kong
FTA International (SG) PTE.LTD.	Singapore
Smart Cold Chain Freight Limited	Cayman Islands
Smart Cold Chain Freight (HK) Limited	Hong Kong
Jiangsu Manyun Logistics Information Co., Ltd.*	PRC
Nanjing Yun Man Man Investment Co., Ltd.*	PRC
Tianjin Manbang Financing Assurance Co., Ltd.*	PRC
Full Truck Alliance Information Technology Co., Ltd.* (formerly known as Full Truck Alliance Information Consulting Co., Ltd.*)	PRC
Shandong Full Truck Alliance Energy Co., Ltd. *	PRC
Guiyang Bang Man Commercial Information Consulting Co., Ltd. * (formerly known as Guiyang Bang Man Financial Leasing Co., Ltd.*)	PRC
Tianjin Fu Man Chuang Information Technology Co., Ltd. *	PRC
Shan'en Energy (Dalian) Co., Ltd*	PRC
Nanjing Yunmanman Supply Chain Management Co., Ltd.*	PRC
Tianjin Manyun Financial Leasing Co., Ltd.*	PRC
Tianjin Manyun Commercial Factoring Co., Ltd.*	PRC
Nanjing Fu Man Chuang Enterprise Management Consultancy Co., Ltd.*	PRC
Tianjin Manyun Network Technology Co., Ltd*	PRC
Jiangsu Manchebang Logistics Technology Co., Ltd*	PRC
Tianjin Manyun Logistics Technology Co., Ltd*	PRC
Guizhou FTA Logistics Technology Co., Ltd.*	PRC
Shanghai Chenghu Logistics Technology Co., Ltd*	PRC
Guiyang Huochebang Technology Co., Ltd.*	PRC
Guangzhou Lanqiao Software Technology Co., Ltd*	PRC
Beijing Zhihui Yunli Technology Co., Ltd. * (formerly known as Beijing Huochebang Technology Co., Ltd.*)	PRC
Shanghai Jiansheng Management Consulting Co., Ltd.*	PRC
Guiyang Huochebang Xinshiqi Technology Co., Ltd.*	PRC
Guizhou Huochebang Internet Information Service Co., Ltd.*	PRC
Chengdu Yunli Technology Co., Ltd.*	PRC
Guizhou Huochebang Logistics Consulting Co., Ltd.*	PRC
Guizhou Banghuoche Financing Assurance Co., Ltd.*	PRC
Guizhou Huochebang Microfinance Co., Ltd.*	PRC
Nanjing Manyun Software Information Consulting Co., Ltd*	PRC
Full Truck Alliance Tanlu (Tianjin) Technology Co., Ltd*	PRC
Nanjing Manyun non-Financing Guarantee Co., Ltd.*	PRC
Jiangsu Fu Man Chuang Innovative Investment Co., Ltd. *	PRC
Tianjin Fu Man Chuang Chuang Qi Technology Co., Ltd. *	PRC

Tianjin Full Truck Alliance Energy Technology Co., Ltd.*	PRC
Beijing Manxin Technology Co., Ltd.* (formerly known as Beijing Yunmanman Technology Co., Ltd.*)	PRC
Shanghai Xiwei Information Consulting Co., Ltd.*	PRC
Yixing Manxian Information Technology Co., Ltd. *	PRC
Yixing Full Truck Alliance Logistics Technology Co., Ltd. *	PRC
Sichuan Yundao Vehicle Sales Co., Ltd.*	PRC
Henan Shan'en Yunmeng Logistics Co., Ltd.*	PRC
Guizhou Huochebang Supply Chain Management Co., Ltd.*	PRC
Chongqing Zhuojie Logistics Service Co., Ltd.*	PRC
Shaanxi Shan'en Yunmeng Logistics Service Co., Ltd.*	PRC
Ningxia Shan'en Yunmeng Logistics Service Co., Ltd.*	PRC
Jiangsu Manyun Industrial Technology Co., Ltd*	PRC
Nanjing Fumanchuang Equity Investment Partnership (Limited Partnership)*	PRC
Tianjin Manyun Technology Service Co., Ltd.*	PRC
Nanjing Manxianxian Cold Chain Technology Co., Ltd*	PRC

Group VIEs	**Jurisdiction of Incorporation**
Jiangsu Manyun Software Technology Limited*	PRC
Guiyang Shan'en Technology Co., Ltd.*	PRC
Nanjing Manyun Cold Chain Technology Co., Ltd. *	PRC

Subsidiaries of the Group VIEs	**Jurisdiction of Incorporation**
Jiangsu Yunmanman Intra-city Information Technology Co., Ltd. * (formerly known as Nanjing Manyun Business Information Consultation Co., Ltd.*)	PRC
Huainan Manyun Software Technology Co., Ltd. *	PRC
Mingguang Manyun Software Technology Co., Ltd. *	PRC
Suzhou Manyun Software Technology Co., Ltd. *	PRC
Huainan Manyun Software Technology Co., Ltd. *	PRC
Nanjing Yunmanman Logistics Technology Co., Ltd.*	PRC
Taiyuan Manyun Software Technology Co., Ltd.*	PRC
Beijing Banglide Internet Technology Co., Ltd.*	PRC
Hebei Banglide Vehicle Service Co., Ltd.*	PRC
Guiyang Shan'en Insurance Brokerage Co., Ltd.*	PRC
Guangzhou Huitouche Information Technology Co., Ltd. *	PRC
Gui'an New District FTA Logistics Technology Co., Ltd*	PRC
Tianjin Manyun Software Technology Co., Ltd. *	PRC
Jiangsu Manyun Geographic Information Technology Co., Ltd.*	PRC
Suqian Manyun Software Technology Co., Ltd.*	PRC
Tianjin Manyun Software Technology Co., Ltd.*	PRC
Shanghai Yun Zhang Gui Electronic Technology Co., Ltd.*	PRC

* The English name of this subsidiary, Group VIE or subsidiary of Group VIE, as applicable, has been translated from its Chinese name.

Exhibit 12.1

Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Peter Hui Zhang, certify that:

1. I have reviewed this annual report on Form 20-F of Full Truck Alliance Co. Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 15, 2024

By: /s/ Peter Hui Zhang
Name: Peter Hui Zhang
Title: Chairman and Chief Executive Officer

Exhibit 12.2

Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Simon Chong Cai, certify that:

1. I have reviewed this annual report on Form 20-F of Full Truck Alliance Co. Ltd. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 15, 2024

By: /s/ Simon Chong Cai
Name: Simon Chong Cai
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Full Truck Alliance Co. Ltd. (the "Company") on Form 20-F for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter Hui Zhang, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2024

By: /s/ Peter Hui Zhang
Name: Peter Hui Zhang
Title: Chairman and Chief Executive Officer

Exhibit 13.2

Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Full Truck Alliance Co. Ltd. (the "Company") on Form 20-F for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Simon Chong Cai, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2024

By: /s/ Simon Chong Cai
Name: Simon Chong Cai
Title: Chief Financial Officer

Exhibit 15.1

Deloitte.

德勤

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
30/F Bund Center
222 Yan An Road East
Shanghai 200002, PRC

Tel: +86 21 6141 8888
Fax: +86 21 6335 0003
www.deloitte.com/cn

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements Nos.333-264873 and 333-257735 on Form S-8 of our reports dated April 15, 2024, relating to the financial statements of Full Truck Alliance Co. Ltd. and the effectiveness of Full Truck Alliance Co. Ltd.'s internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2023.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Shanghai, China
April 15, 2024

Exhibit 15.2

CM LAW 澄明律师 CM Law Firm
021-52526819 www.cm-law.com.cn
2805, Phase II, Plaza 66, 1366 West Nanjing Road, Shanghai

Date: April 15, 2024

Full Truck Alliance Co. Ltd.

6 Keji Road

Huaxi District,

Guiyang, Guizhou

People's Republic of China

or

Wanbo Science and Technology Park, 20 Fengxin Road

Yuhuatai District, Nanjing, Jiangsu

People's Republic of China

Dear Sir/Madam:

We hereby consent to the reference to our firm and the summary of our opinion under the headings, "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry", "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Corporate Structure", "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the Group VIEs" in Full Truck Alliance Co. Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2023 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") in the month of April 2024. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours Sincerely,

/s/ CM Law Firm

CM Law Firm

Exhibit 97.1

FULL TRUCK ALLIANCE CO. LTD.

Incentive Compensation
Clawback Policy
(As Adopted on November 15, 2023 Pursuant to NYSE Rule 303A.14)

1. Overview. The Compensation Committee (the "***Committee***") of the Board of Directors (the "***Board***") of Full Truck Alliance Co. Ltd. (the "***Company***") has adopted this Incentive Compensation Clawback Policy (the "***Policy***") which requires the recoupment of certain incentive-based compensation in accordance with the terms herein and is intended to comply with Section 303A.14 of The New York Stock Exchange Listed Company Manual, as such section may be amended from time to time (the "***Listing Rules")***. Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms under Section 12 of this Policy.

2. Interpretation and Administration. The Committee shall have full authority to interpret and enforce the Policy; provided, however, that the Policy shall be interpreted in a manner consistent with its intent to meet the requirements of the Listing Rules. As further set forth in Section 10 below, this Policy is intended to supplement any other clawback policies and procedures that the Company may have in place from time to time pursuant to other applicable law, plans, policies or agreements.

3. Covered Executives. The Policy applies to each current and former Executive Officer of the Company who serves or served as an Executive Officer at any time during a performance period in respect of which Incentive Compensation is Received, to the extent that any portion of such Incentive Compensation is (a) Received by the Executive Officer during the last three completed Fiscal Years or any applicable Transition Period preceding the date that the Company is required to prepare a Restatement (regardless of whether any such Restatement is actually filed) and (b) determined to have included Erroneously Awarded Compensation. For purposes of determining the relevant recovery period referenced in the preceding clause (a), the date that the Company is required to prepare a Restatement under the Policy is the earlier to occur of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. Executive Officers subject to this Policy pursuant to this Section 3 are referred to herein as "***Covered Executives***."

4. Recovery of Erroneously Awarded Compensation. If any Erroneously Awarded Compensation is Received by a Covered Executive, the Company shall reasonably promptly take steps to recover such Erroneously Awarded Compensation in a manner described under Section 5 of this Policy.

5. Forms of Recovery. The Committee shall determine, in its sole discretion and in a manner that effectuates the purpose of the Listing Rules, one or more methods for recovering any Erroneously Awarded Compensation hereunder in accordance with Section 4 above, which may include, without limitation: (a) requiring cash reimbursement; (b) seeking recovery or forfeiture of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards; (c) offsetting the amount to be recouped from any compensation otherwise owed by the Company to the Covered Executive; (d) cancelling outstanding vested or unvested equity awards; or (e) taking any other remedial and recovery action permitted by law, as determined by the Committee. To the extent the Covered Executive refuses to pay to the Company an amount equal to the Erroneously Awarded Compensation, the Company shall have the right to sue for repayment and/or enforce the Covered Executive's obligation to make payment through the reduction or cancellation of outstanding and future compensation. Any reduction, cancellation or forfeiture of compensation shall be done in compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

6. No Indemnification. The Company shall not indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation for which the Committee has determined to seek recoupment pursuant to this Policy.

7**. Exceptions to the Recovery Requirement.** Notwithstanding anything in this Policy to the contrary, Erroneously Awarded Compensation need not be recovered pursuant to this Policy if the Committee (or, if the Committee is not composed solely of Independent Directors, a majority of the Independent Directors serving on the Board) determines that recovery would be impracticable as a result of any of the following:

(a) the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;

(b) recovery would violate home country law where that law was adopted prior to November 28, 2022; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or

(c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

8. Committee Determination Final. Any determination by the Committee with respect to the Policy shall be final, conclusive and binding on all interested parties.

9. Amendment. The Policy may be amended by the Committee from time to time, to the extent permitted under the Listing Rules.

10. Non-Exclusivity. Nothing in the Policy shall be viewed as limiting the right of the Company or the Committee to pursue additional remedies or recoupment under or as required by any similar policy adopted by the Company or under the Company's compensation plans, award agreements, employment agreements or similar agreements or the applicable provisions of any law, rule or regulation which may require or permit recoupment to a greater degree or with respect to additional compensation as compared to this Policy (but without duplication as to any recoupment already made with respect to Erroneously Awarded Compensation pursuant to this Policy). This Policy shall be interpreted in all respects to comply with the Listing Rules.

11. Successors. The Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

12. Defined Terms.

"***Covered Executives***" shall have the meaning set forth in Section 3 of this Policy.

"***Erroneously Awarded Compensation***" shall mean the amount of Incentive Compensation actually Received that exceeds the amount of Incentive Compensation that otherwise would have been Received had it been determined based on the restated amounts, and computed without regard to any taxes paid. For Incentive Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Incentive Compensation is not subject to mathematical recalculation directly from the information in a Restatement:

(A) The calculation of Erroneously Awarded Compensation shall be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was Received; and

(B) The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

"***Exchange***" shall mean The New York Stock Exchange.

"***Executive Officer***" shall mean the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries shall be deemed executive officers of the Company if they perform such policy-making functions for the Company.

"***Financial Reporting Measures***" shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, including, without limitation, stock price and total shareholder return (in each case, regardless of whether such measures are presented within the Company's financial statements or included in a filing with the Securities and Exchange Commission).

"***Fiscal Year***" shall mean the Company's fiscal year; provided that a Transition Period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

"***Incentive Compensation***" shall mean any compensation (whether cash or equity-based) that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure, and may include, but shall not be limited to, performance bonuses and long-term incentive awards such as stock options, stock appreciation rights, restricted stock, restricted stock units, performance share units or other equity-based awards. For the avoidance of doubt, Incentive Compensation does not include (i) awards that are granted, earned and vested exclusively upon completion of a specified employment period, without any performance condition, and (ii) bonus awards that are discretionary or based on subjective goals or goals unrelated to Financial Reporting Measures. Notwithstanding the foregoing, compensation amounts shall not be considered "Incentive Compensation" for purposes of the Policy unless such compensation is Received (1) while the Company has a class of securities listed on a national securities exchange or a national securities association and (2) on or after October 2, 2023, the effective date of the Listing Rules.

"***Independent Director***" shall mean a director who is determined by the Board to be "independent" for Board or Committee membership, as applicable, under the rules of the Exchange, as of any determination date.

"***Listing Rules***" shall have the meaning set forth in Section 1 of this Policy.

Incentive Compensation shall be deemed "***Received***" in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

"***Restatement***" shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the Company's previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"***Transition Period***" shall mean any transition period that results from a change in the Company's Fiscal Year within or immediately following the three completed Fiscal Years immediately preceding the Company's requirement to prepare a Restatement.