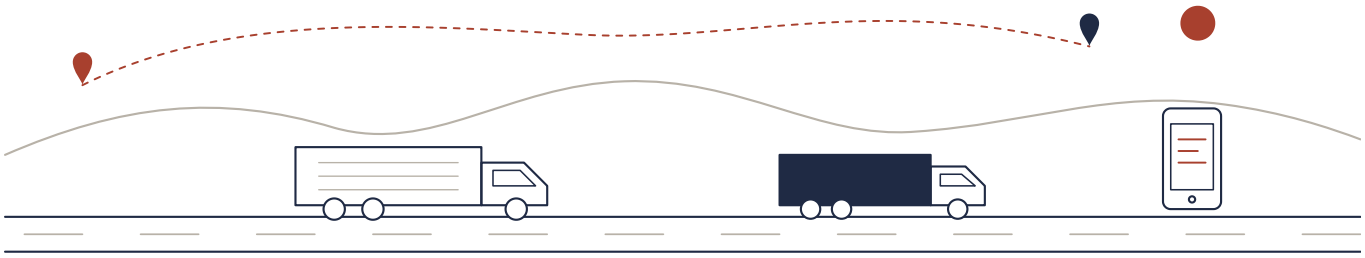
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INITIATION | CHINA COVERAGE

Full Truck Alliance

The quick follower that taught China's truckers to use an app, and then got them to pay for it



WHAT THIS IS	An initiation report on Full Truck Alliance (NYSE: YMM), one of the eight companies in the coverage that goes with *Who Built the Railroad*
PREPARED BY	Motomeru Strategies Inc. | Jordan Hiebert, BBA, CFA, Principal
DATE	October 2026. Prices at the close on October 22, 2026
MODEL STATUS	Clears the hurdle, narrowly. Price US$8.35 against a hurdle price of US$8.98
CLASSIFICATION	General information; not investment advice. See disclosures.

THE IDEA IN ONE SENTENCE

China's biggest freight app has spent five years turning a free noticeboard into a toll road, it holds almost half its market value in cash, and at today's price it should earn a little more than the risks require, as long as the cash keeps coming back to shareholders.

THE REPORT IN ONE PAGE

A toll road on China's trucks, with the cash still in the trunk

China moves most of its freight by road, and most of its trucks are owned by the people who drive them. For decades, a driver who'd dropped a load in Chengdu found the next one by standing around a freight yard, paying a broker, or scrolling through QQ and WeChat groups. Two start-ups, Huochebang in Guiyang and Yunmanman in Nanjing, put those noticeboards on a phone, fought each other with subsidies for four years, and merged in 2017. The combined company, Full Truck Alliance, listed in New York in June 2021 at US$19 a share. Two weeks later Beijing put it under a cybersecurity review.

Since then it has done what a good quick follower does once the market is won: it started charging. Commission on matched orders now covers 94.7% of eligible orders, transaction-service revenue was up 33% in the June quarter, and the company made RMB4.5 billion of net income in 2025, against a loss of RMB3.5 billion in 2020. It also deliberately shrank a low-margin brokerage business that leaned on local tax grants.

The shares are at US$8.35, down from US$13.40 at the 52-week high. That's a market value of US$8.7 billion, of which about US$4.9 billion is cash and investments. Take out the cash I think shareholders can count on and the rest of the business trades at about 7 times earnings, after treating share-based pay as a cost.

What the price pays for. My required return is 14.6% a year in US dollars. On a base case of 8% earnings growth, a 55% payout and an exit at 12 times core earnings, the model expects 16.4%. That gives a hurdle price of US$8.98, about 7% above the current price. The white paper's first pass had 20% against 14.6%. I've cut that back mainly because I now deduct stock-based pay and use a run-rate of earnings rather than the consensus, and because the easy part of the commission rollout is done.

What could go wrong. Regulators have already called the company in twice over what it charges drivers, in 2021 and 2022, and the next leg of growth depends on charging more per order. It trades only in New York, so a US delisting order would leave holders without a fallback. And the investment case leans on the cash: if half of it never came back to shareholders, the expected return would fall to about 13%, below the bar.

US$8.35	US$8.98
PRICE, OCT 22, 2026	HURDLE PRICE (BASE CASE)
14.6%	16.4%
REQUIRED RETURN, US$	EXPECTED RETURN, 5 YEARS
46%	4.6%
EXCESS CASH / MARKET VALUE	2026 CASH RETURN YIELD

Bear / base / bull	**4.2% / 16.4% / 25.6%**
Weighted 25/50/25	**15.7%**
Hurdle, bear / bull	**US$5.41 / US$12.83**
SBC added back	**17.9%, hurdle US$9.54**
Model status	**Clears, narrowly**

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Required and expected returns are annual, in US dollars, over five years, with the yuan held flat. A hurdle price is a model output, not a price target or a recommendation.

1 | THE BUSINESS

Matching a load in Guangzhou with a driver going the right way

China has been trying to make freight cheaper for a very long time. The Sui emperors dug the Grand Canal between 605 and 610 to move grain from the Yangtze to the armies and capital in the north, and for most of the next thirteen centuries the state's biggest logistics job was getting the tribute grain up that canal. The problem today is the same one in a different form: an enormous country with goods in one place and demand in another, and a transport system that has never been as efficient as the economy around it. China's logistics costs came to 13.9% of GDP in 2025, a record low but still well above the roughly 8% usual in the United States, and Beijing has set itself the goal of bringing them down.

Most of China's long-haul trucking is done by owner-operators with one or two trucks. Shippers are just as fragmented: factories, wholesalers and small logistics firms with a load that needs to go somewhere tomorrow. Before the apps, the matching happened in freight yards and through layers of brokers, and trucks drove a lot of empty kilometres. Full Truck Alliance runs the two apps, Yunmanman and Huochebang, where shippers post loads and truckers find them. In the June 2026 quarter it fulfilled 68.5 million orders, up 12.7%, for 3.57 million monthly active shippers, and its fulfilment rate reached a record 47%. The median time to match an order with a truck is now about five minutes.

68.5m	3.57m	47%	94.7%
ORDERS FULFILLED, Q2 2026, +12.7%	MONTHLY ACTIVE SHIPPERS, +12.8%	FULFILMENT RATE, A RECORD	OF ELIGIBLE ORDERS PAYING COMMISSION

How it makes money

LINE	WHAT IT IS	H1 2026, RMB M	CHANGE
Transaction services	Commission charged to truckers on orders matched through the app, plus technical service fees. Almost all of the growth	3,160	+33%
Freight brokerage	The company takes the load itself and issues the VAT invoice shippers need. Revenue is large and margins thin; being reshaped into an asset-light model	1,823	−15%
Freight listing	Membership fees paid by shippers to post loads. The original business	503	+5%
Value-added services	Mostly credit to truckers and shippers, plus fuel, tolls and insurance. Being run down toward a lighter, distribution-only model	745	−22%
Total		6,230	+5%

Sources: company results for Q1 and Q2 2026. Changes are against the first half of 2025.

The headline revenue growth of 4 to 5% hides what's going on. The part of the business that carries the margin, commissions on matched orders, grew by a third. The part that doesn't, brokerage, is shrinking on purpose. Brokerage depended on local government grants that refund part of the VAT the company pays on the freight it invoices, and those grants fell from RMB2.15 billion in 2023 to RMB0.90 billion in 2025. Rather than wait to see whether they'd disappear entirely, management raised its brokerage fees in the second half of 2025, accepted that volume would fall, and is now moving much of the business to a model where partners handle the invoicing and

FTA collects a low single-digit channel fee. It costs revenue but takes out a tax risk that never belonged in a software business.

The newer bets are smaller. There's an overseas freight app, Qmove, that management says is growing quickly from a small base, a push into less-than-truckload freight, and pilots of autonomous delivery vehicles in several cities. None of these is in my numbers.

2 | THE QUICK FOLLOWER

America had the idea first. China made it pay

The idea of "Uber for trucks" was mostly an American one, and it mostly didn't work there. Convoy, founded in Seattle in 2015 with Jeff Bezos and Bill Gates among its backers, was valued at US$3.8 billion in 2022 and shut down in October 2023 after the freight market turned. Uber Freight has spent most of its life losing money. The US market was already served by large trucking companies and well-established brokers, and an app had to take business away from them.

China's trucking industry had nobody to take business away from. The incumbents were freight yards and WeChat groups. Huochebang started in Guiyang in 2011, Yunmanman in Nanjing a few years later under Zhang Hui, who had spent years at Alibaba's B2B business. Both did what Chinese start-ups did in that period: they raised money, put ground teams into freight yards across the country, signed up drivers for free and fought for every city. Tencent led a round in Huochebang in 2015 and put money into its US$115 million round the following year. Yunmanman was backed by Lightspeed, Sequoia China and Jack Ma's Yunfeng Capital.

> *The pattern is the one that produced Didi and Meituan: a subsidy war between two well-funded rivals, ended by a merger once both sides' investors had had enough.*

Didi and Kuaidi merged in February 2015 and Meituan and Dianping in October of the same year. Huochebang and Yunmanman announced theirs in November 2017, and the combined company raised US$1.9 billion the next spring from SoftBank's Vision Fund and Alphabet's CapitalG, among others, and another US$1.7 billion in late 2020. By the time it listed, it had most of China's online long-haul freight matching and no serious rival in it. The intra-city delivery apps, Huolala, Didi Freight and Kuaigou, compete at the edges but mostly serve shorter, smaller jobs.

Getting paid, slowly

What I like about FTA's history is how patiently it has monetized. It ran at a loss for years while it built the network, charged shippers a modest membership fee to post loads, and only started taking commissions from truckers city by city, adjusting rates by route, truck type and user. The rollout is now essentially finished. Management talks a lot about protecting trucker income, and it has reason to, because drivers have complained to regulators before. In May 2021 eight ministries led by the Ministry of Transport called in FTA with nine ride-hailing and freight platforms and told them to lower commissions and membership fees. In January 2022 the regulators called in FTA, Huolala, Didi Freight and Kuaigou again after truckers complained about rising membership fees and changing pricing rules, and told them to consult drivers and give a month's notice before changing their rules.

That's the trade-off in this business. A network with no real competitor can raise its prices, but in China a platform that thousands of working people depend on for their living has to raise them carefully, and the state is watching the drivers' side of the ledger as closely as the shareholders'.

THE LISTING, AND THE REVIEW

FTA priced its IPO at US$19 and started trading on June 22, 2021, raising about US$1.6 billion. On July 5 the Cyberspace Administration of China announced cybersecurity reviews of Yunmanman, Huochebang and the recruitment app Boss Zhipin, days after it had done the same to Didi, and the apps had to stop signing up new users. The review was about data: an app that knows where several million trucks are going every day holds a detailed map of China's supply chains. New registrations didn't resume until June 29, 2022. By then the shares had fallen below US$10. The episode is a reminder that the risk here comes from both capitals, not only Washington.

Sources: Global Venturing (Nov 2017); TechCrunch (Nov 2020); Yicai Global (June 2021); China Securities Journal (May 15, 2021 and Jan 21, 2022); TechNode (June 30, 2022).

3 | THREE YEARS OF NUMBERS

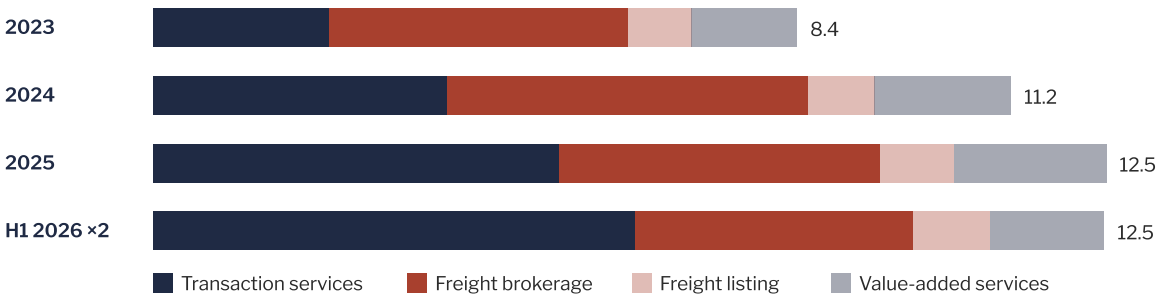
From a loss of RMB3.5 billion to a profit of RMB4.5 billion

RMB MILLIONS, YEARS TO DECEMBER	2023	2024	2025	H1 2026
Total revenue	8,436	11,239	12,490	6,230
Transaction services	2,309	3,849	5,317	3,160
Freight brokerage	3,916	4,727	4,199	1,823
Freight listing	828	880	980	503
Value-added services	1,383	1,784	1,993	745
Income from operations	997	2,475	4,146	n/a
Operating margin	11.8%	22.0%	33.2%	
Net income	2,227	3,123	4,459	2,339
Adjusted net income	2,797	4,020	4,795	2,636
Free cash flow	2,169	2,895	4,497	n/a
VAT grants received	2,150	2,103	903	
Orders fulfilled (millions)	158.8	197.2	236.3	123.5
Monthly active shippers (m)	2.03	2.64	3.14	3.57
Cash and investments (RMB bn)	27.6	29.2	31.5	33.4

Adjusted net income adds back share-based compensation and some other items; I treat share-based pay as a cost in the model. Shipper figures are annual averages, and the H1 2026 figure is the June quarter. Cash and investments are the company's own measure, including restricted cash, short-term investments and long-term deposits. Free cash flow for 2023 from StockAnalysis.com; H1 2026 free cash flow isn't disclosed on a half-year basis, but the June quarter alone was RMB2.04 billion. Sources: company annual results for 2024 and 2025, Q1 and Q2 2026 results, Form 20-F for 2025.

Where the revenue comes from

RMB billions. The high-margin commission line has more than doubled since 2023 while brokerage has been cut back



What I take from the numbers

- **The margin story is real.** Operating margin went from 12% to 33% in two years, mostly because commissions carry almost no extra cost and brokerage, which carries a lot, shrank.
- **2025 was flattered and 2026 is a harder comparison.** Profit in the first quarter of 2026 fell from a year earlier, as brokerage shrank and the credit book was run down, and the second quarter grew only 6%. Third-quarter revenue guidance of RMB3.32 to 3.42 billion is roughly flat on a year ago.
- **Credit is the soft spot.** The non-performing loan ratio on the truckers' and shippers' loan book went from 2.0% at the end of 2024 to 2.9% a year later and 3.8% by June, and the book has been cut by about a fifth this year. Management is moving to an asset-light model where it refers borrowers to partners. I'd rather it did.
- **The cash keeps building.** Cash and investments went from RMB27.6 billion to RMB33.4 billion in two and a half years even after dividends and buybacks. That's the main thing a shareholder should want to see change.

4 | OWNERSHIP AND CONTROL

A founder with three-quarters of the votes, and Tencent in the background

FTA has two classes of shares. Class A shares carry one vote and trade in New York as American depositary shares, each representing 20 Class A shares. Class B shares carry 30 votes each and belong to Zhang Hui, the founder, chairman and chief executive. At the end of 2025 the Class B shares were about 10% of the share count and about 77% of the votes. The company is incorporated in the Cayman Islands and controls its Chinese operating businesses through VIE contracts, like most US-listed Chinese internet companies.

HOLDER	ECONOMIC STAKE	VOTES	AS OF, AND NOTES
Zhang Hui (founder, chair, CEO)	≈10.2%	≈77%	March 2025 (20-F). Holds the Class B shares
SoftBank Vision Fund	10.7%	2.7%	March 2025. It held about 22% before the IPO and has been reducing since
First Beijing Investment	9.6% of Class A	<3%	March 31, 2026 (13G/A). A Hong Kong adviser; up from 5.1% in July 2025
Invesco	5.8% of Class A	<2%	September 30, 2025 (13G), held for client funds
HongShan (formerly Sequoia China)	2.9%	<1%	Fell below 5% by the end of 2023 and sold more in 2024

Tencent	Not disclosed	n/a	Early backer of Huochebang. Not among the 5% holders in the filings I reviewed

Sources: FTA Form 20-F for 2024 as reported by Sina Tech (April 22, 2025); Schedule 13G filings by First Beijing Investment (Aug 2025, May 2026), Invesco (Nov 2025), HongShan (Feb 2024) and SoftBank (Feb 2022); FTA Form 20-F for 2025 for share classes.

The Tencent link

Tencent's link to FTA goes back to Huochebang: it led Huochebang's A+ round in August 2015 and was in its US$115 million B round in December 2016, so it came into the merged company as a shareholder, and it was named among FTA's backers at the IPO and again in 2025. FTA also grew up on Tencent's networks, since QQ and WeChat groups were where freight was matched before the apps. What I couldn't confirm is how much Tencent owns now. It hasn't appeared among the 5% holders in any filing I've seen since the IPO, so the stake is somewhere below that, and possibly much smaller. I've treated it as unconfirmed and given it no weight in the case.

That matters in two ways. Tencent isn't a controlling or even a large holder, so FTA's governance depends on Zhang Hui, not on Tencent. And Tencent's place on the Pentagon's 1260H list doesn't pass through to FTA, which isn't on that list or on Treasury's investment ban list as far as I can tell. FTA is in this coverage because it belongs to the same generation of Tencent-backed quick followers, not because owning Tencent gets you any meaningful part of it.

How the controller treats minority holders

For a company with 77% of the votes in one person's hands, the record is decent and improving. FTA began paying cash dividends in 2023, moved to a semi-annual dividend of about US$200 million in 2025, and in January 2026 committed to return about US$400 million in 2026, mostly as a quarterly dividend of US$0.084 a share plus about US$50 million of buybacks in the first quarter. At today's price that's a 4.6% cash yield. What it hasn't done is shrink the cash pile, which is still growing, or buy back stock in size at these prices: of a US$200 million buyback program, extended twice, only about US$52 million had been used when it lapsed in March 2026. The company is paying out roughly half its earnings while holding almost half its market value in cash. That's the gap I'd most like to see close.

THE GOVERNANCE SCORE, BRIEFLY

In its favour: a founder who built the business and still runs it, sensible restraint in the trucker-facing pricing, a tax-risk business cut back before it had to be, and a rising, explicit cash return. Against it: 30-vote shares, VIE contracts, a cash pile that keeps growing in China, and a slow buyback when the shares were cheapest.

5 | THE PRICE THAT EARNS THE HURDLE

14.6% required, 16.4% expected, and a hurdle price of US$8.98

I use the same method as the white paper and *The Free General Partner*: build the return the risks require, estimate the return today's price can be expected to earn over five years, and solve for the price where the two are equal.

Required return

COMPONENT	PREMIUM
US 10-year Treasury, Oct 21	5.1%
Equity risk premium	4.5%
China premium	3.0%
VIE structure, founder control	0.5%
New York-only listing	1.0%
Platform-fee and tax regulation	0.5%
Required return	**14.6%**

No 1260H premium: FTA isn't on the list, and Tencent's listing doesn't pass through.

Starting point

US$, OCT 22, 2026	VALUE
Price per ADS	8.35
Market value (1.037bn ADS)	8.66bn
Cash and investments, June 30	4.95bn
Excess cash I count	4.0bn
Next-year earnings, after SBC	0.73bn
P/E, and on core earnings ex cash	11.9x / 7.2x
2026 cash return (dividend + buyback)	0.40bn

RMB6.75 to the dollar. Excess cash leaves about US$0.9bn for the credit book and for money held for shippers and truckers.

Earnings I start from

Adjusted net income was RMB4.7 billion over the last four quarters and is running at a little over RMB5 billion a year after a strong June quarter. I start from RMB5.25 billion for the next twelve months, take off about RMB0.35 billion of share-based pay, which is a real cost to shareholders whatever the adjusted figures say, and get RMB4.9 billion, or US$0.73 billion. That's about 12% below the consensus forward earnings implied by the 10.5 times forward P/E most screens show.

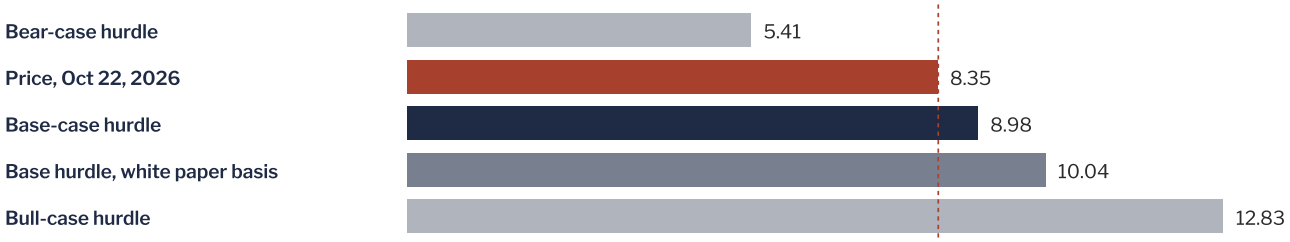
Scenarios

FIVE YEARS, US$	WHAT IT ASSUMES	YEAR-1 EARNINGS	GROWTH	EXIT P/E	RETURN	HURDLE
Bear	Regulators push commissions down, as they did in 2021–22; orders grow slowly; China stays cheap	−15%	2%	8x	4.2%	$5.41
Base	Orders up high single digits, commission per order edges up, brokerage stays small, payout 55%	US$0.73bn	8%	12x	**16.4%**	**$8.98**
Bull	Fulfilment keeps rising, LTL and overseas add to growth, market re-rates modestly	+5%	13%	15x	25.6%	$12.83
Weighted 25/50/25					15.7%	

Exit multiples apply to core earnings, with excess cash added at face value and its interest (2% after tax) taken out of earnings. Payout is constant at 55% of earnings. Yuan held flat. Each scenario's hurdle price is the price at which that scenario returns exactly 14.6%.

Today's price against the hurdle prices

US$ per ADS. The price sits a little below the base-case hurdle, with a wide range either side



5 | THE PRICE THAT EARNS THE HURDLE, CONTINUED

Why the first pass was too generous, and what the answer depends on

The white paper's first pass had FTA expected to return about 20% a year against a 14.6% requirement, with a hurdle price of US$10.72. Working through the company in more detail, I think that was too generous, for three reasons. Each step below changes one assumption, in order.

STEP	EXPECTED RETURN
White paper first pass, at US$8.50	20.4%
Price to US$8.35, consensus P/E unchanged	20.5%
Earnings: consensus forward to my run-rate, with share-based pay as a cost (see box)	17.6%
Growth from 10% to 8%: commission rollout complete, Q3 revenue guided flat	16.0%
Payout from 50% to 55%, in line with the 2026 return plan	**16.4%**

STOCK-BASED PAY: WHY I COUNT IT, AND THE FLIP SIDE

Like most Chinese internet companies, FTA reports an "adjusted" profit that adds back share-based compensation. In 2025 the gap between reported and adjusted net income was about RMB335 million, or 7% of adjusted earnings, which is modest by the standards of this coverage. I count it as a cost on the primary basis. Paying staff in shares instead of cash doesn't make the pay free. It hands part of the company to employees, and if the company then buys back shares to stop the dilution, the cost shows up as cash after all.

The case for adding it back is real, though. It isn't cash out of the business in the year it's booked, it's partly an accounting estimate of option value, and at FTA the share count hasn't actually grown: there were about 20.92 billion shares in March 2025 and 20.85 billion at the end of 2025, because buybacks more than covered new grants. A shareholder who looks at value per share, and counts those buybacks as part of the cash return, can reasonably say the cost is already captured once.

BASIS	NEXT-YEAR EARNINGS	BEAR / BASE / BULL	BASE HURDLE
SBC as a cost (primary)	US$0.73bn	4.2% / **16.4%** / 25.6%	**$8.98**
SBC added back, my run-rate	US$0.78bn	5.3% / 17.9% / 27.3%	$9.54
Consensus, as in the white paper	US$0.83bn	6.3% / 19.3% / 28.9%	$10.04

The answer doesn't change. FTA clears the bar on all three bases, and the add-back is worth about 1.5 points of return and US$0.56 on the hurdle price. Most of the rest of the gap to the white paper comes from starting at run-rate earnings rather than the consensus.

Sensitivity: expected return by exit multiple and growth

EXIT P/E ON CORE EARNINGS	2% GROWTH	5%	8%	11%	14%	HURDLE AT 8%
8x	6.9%	8.8%	10.7%	12.7%	14.8%	$7.13
10x	9.5%	11.6%	13.7%	15.9%	18.2%	$8.06
12x	11.9%	14.1%	**16.4%**	18.8%	21.2%	**$8.98**
14x	14.1%	16.4%	18.9%	21.4%	24.0%	$9.91
16x	16.1%	18.6%	21.2%	23.8%	26.5%	$10.84

Cells at or above the 14.6% required return clear the hurdle. A required return two points lower (12.6%) gives a hurdle of US$9.75; two points higher (16.6%) gives US$8.29.

What the answer really depends on

- **The cash.** Excess cash is 46% of the market value, and the model values it at face. If half of it never came back to shareholders, sitting in China or spent on acquisitions that earn nothing, the base case would drop from 16.4% to about 13.3%, below the bar. This is the single most important assumption in the report.
- **The payout.** At a 75% payout, which the cash pile could easily support, the base case rises to 18.0%. The company has the means to make this case much more comfortable and hasn't yet.
- **A one-time cut in commissions.** If regulators forced earnings 15% lower in the first year and growth carried on at 8% from there, the base case would fall to 13.0%.
- **Not much depends on a re-rating.** At 12 times core earnings on exit, the case assumes the business is worth only a little more than today's 7 times core, and still well below Western freight-platform multiples.

Put together, I'd call this a clear but narrow pass. The price is about 7% below the base-case hurdle, the downside in the bear case is a low single-digit return rather than a large loss, and the bull case is attractive. It's a name I'd want to own at a smaller size than the numbers alone would suggest, because of the listing risk in the next section.

6 | HOW TO OWN IT

One door, and it's the one closest to Washington

FTA trades only on the New York Stock Exchange, as YMM. There's no Hong Kong line. The company first talked about a Hong Kong secondary listing in 2022, and in March 2025 its chief financing officer told Reuters it was actively considering one again, as a hedge against US delisting risk. As far as I can find it hasn't filed. Of the routes in section 12 of the white paper, that leaves the least protected one.

ROUTE	AVAILABLE?	ADVANTAGES	WHAT YOU GIVE UP
NYSE ADR (YMM)	Yes	US dollars and hours, good liquidity, SEC filings, quarterly US-dollar dividend	Most exposed to a US delisting or forced-sale order, with no Hong Kong line to convert into
Hong Kong line	Not yet	Would survive a US delisting and open the stock to mainland buyers through Stock Connect	Doesn't exist. A listing would be a reason to lower the required return by a point
Through Tencent or Prosus	No, in practice	Tencent's stake isn't disclosed and is at most a rounding error in Tencent's value	Doesn't give you FTA
China internet ETFs	Partly	Diversified, simple; some hold FTA at small weights	You own the index, not this company, and the ETFs carry the same US-listing exposure

Tax, briefly

- **Withholding.** FTA is a Cayman company, and the Cayman Islands don't withhold on dividends. Like most of its peers, FTA warns in its 20-F that China could treat it as a Chinese tax resident, in which case 10% withholding could apply. That hasn't happened to any of the large US-listed Chinese internet companies so far.
- **US investors.** Dividends on an ADR listed on a US exchange generally qualify for the lower dividend tax rate. The PFIC asset test counts cash as a passive asset, and FTA's cash is more than half its market value, so a US taxpayer should check the company's PFIC statement in each year's 20-F.
- **Canadian investors.** Nothing is withheld at source, so there's no foreign tax credit to claim. The dividends are foreign income, taxed at full rates in a taxable account, and there are no PFIC rules.

THE TRADE-OFF, STATED PLAINLY

With FTA there isn't a route that trades convenience for protection. The only practical way to own it is the one most exposed to a decision in Washington. I think the right answer is to account for it twice: once in the 1-point New York-only premium in the required return, and again in position size. I'd hold it smaller than a Hong Kong-listed name with the same numbers, and I'd treat a Hong Kong listing as good news worth about US$0.40 a share on my hurdle price.

7 | WHAT COULD MAKE THIS WRONG

The risks I take most seriously, and how the method handles each

RISK	WHAT IT LOOKS LIKE	HOW THE METHOD HANDLES IT
US delisting or forced sale	The HFCAA threat returns, or Washington moves Chinese issuers from lists that name them to lists that ban owning them. FTA has no Hong Kong line to fall back on	1-point New York-only premium; smaller position; a Hong Kong listing would change the view
1260H list	FTA isn't on it. Its data on the movement of goods around China is the kind of thing that has drawn attention in both capitals, and Tencent's listing shows how broad the Pentagon's net can be	No premium today; I'd add one point if it were listed, which would take the hurdle to about US$8.63
Beijing and the drivers	Regulators called FTA in over fees in 2021 and 2022. With commission rollout complete, the next leg of growth is a higher charge per order, which is exactly what they watch	Half-point regulation premium; bear case cuts earnings 15% and growth to 2%
Data security	A repeat of the 2021–22 review, which stopped new registrations for almost a year	China premium; growth in the bear case near zero
VIE and control	The VIE contracts fail in a crisis, or the founder uses 77% of the votes against minority holders	Half-point structure premium; cash returned counts, cash held doesn't count for more than face
Cash that doesn't come back	The cash pile keeps growing in China, or goes into acquisitions, Qmove or autonomous trucks without a return	Tested directly: half the cash lost takes the base case to 13.3%, below the bar
Tax grants and brokerage	Local VAT grants, already down from RMB2.15bn to RMB0.9bn, disappear or are clawed back	Base case assumes brokerage stays small; the aggregator model reduces the exposure
Credit losses	Bad loans to truckers keep rising, from 2.0% to 3.8% in eighteen months	The book is shrinking and is a small part of earnings; held back from excess cash
Competition and technology	A large platform such as Didi or Meituan pushes into long-haul freight, or autonomous trucks change who needs matching	No new entrant has dented it since 2017; autonomous long-haul is beyond five years at scale, though it's the long-run risk to the model
The economy	Freight volumes fall with exports or construction; diesel prices squeeze low-value loads, as in March to May 2026	Bear case; the business is asset-light and doesn't carry the trucks

And the one that applies to everything in this coverage: a cheap stock can stay cheap. Chinese internet shares have been cheap by Western standards for most of the last four years. The case doesn't need that to change much. It needs the dividends to keep coming and the cash to stay intact.

8 | WHAT WOULD CHANGE THE VIEW

What would make me more positive, and what would make me walk away

Better

- A Hong Kong listing. It would take a point off the required return and lift my hurdle to about US$9.36.
- A larger buyback or a higher payout, the clearest sign the cash belongs to shareholders. At a 75% payout the base case is 18%.
- Commission per order rising for another year without a call from regulators, and with fulfilment still improving.
- The credit book wound down to a referral business with losses stabilizing.
- A falling share price, on its own. At US$7 even the bear case would return about 8% a year.

Worse

- Regulators calling the company in over fees again, or a new data-security review.
- FTA added to the 1260H list, or any US move toward forcing the sale of New York-only Chinese issuers.
- A cut to the US$400 million return plan, or a large acquisition paid for with the cash.
- Order growth falling below the mid-single digits for more than two quarters outside of a broad freight slowdown.
- Bad loans rising further while the book is supposed to be shrinking.

What wouldn't change it: a bad quarter, a weak Hang Seng Tech, or Tencent selling whatever it still owns. I'll review the case after the third-quarter results in November, when the company should also say how it plans to return cash in 2027.

THE CASE IN A PARAGRAPH

Full Truck Alliance is what the white paper means by a quick follower that won. The idea came from somewhere else, the market was fought for and consolidated, and the winner has spent five years learning to charge for what it built without losing the drivers or annoying the regulators. It makes good money, holds a lot of cash and is starting to pay it out. At US$8.35 the price is a little below the hurdle, on assumptions I think are conservative, and the main thing that would make it a better investment is in management's hands: return more of the cash. Against that is a listing that leaves it more exposed to Washington than anything else in the coverage, which is why I'd own it, but not much of it.

Jordan Hiebert, Motomeru Strategies

DISCLOSURES AND SOURCES

Important information

About the author. Jordan Hiebert, CFA, analyzes private real estate and credit vehicles for investment dealers and has worked extensively with lower-middle-market companies focused on real assets. Motomeru Strategies Inc. is the author's independent research practice; the views here are not those of any employer.

Disclosure of interests, as of October 24, 2026. The author personally owns American depositary shares of Full Truck Alliance, and personally owns shares of Prosus, which gives an indirect interest in Tencent. Motomeru Strategies Inc. owns no shares in Full Truck Alliance or any other company discussed in this report. Motomeru Strategies Inc. receives no compensation from any company discussed.

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Sources

- **Company filings and results:** Full Truck Alliance Form 20-F for 2025 (SEC, April 2026); fourth quarter and fiscal year 2024 and 2025 results; second quarter 2025 results (Aug 21, 2025, on the brokerage fee change); third quarter 2025 results (Nov 17, 2025); first and second quarter 2026 results (May and Aug 2026); Q2 2026 earnings call transcript (Aug 19, 2026), via SEC EDGAR, Webull, TechNode and MarketBeat.
- **Ownership:** Schedule 13G and 13G/A filings by SoftBank Vision Fund (Feb 2022), HongShan (Feb 2024), First Beijing Investment (Aug 2025; May 13, 2026) and Invesco (Nov 2025); Sina Tech on the 2024 Form 20-F (April 22, 2025); Ruicaijing (March 12, 2025).
- **History:** Global Venturing on the Huochebang and Yunmanman merger (Nov 27, 2017); TechCrunch (Nov 23, 2020); YourStory (April 2018); Axios (May 28, 2021); Yicai Global (June 23, 2021) on the IPO; TechNode (June 30, 2022) on the end of the cybersecurity review.
- **Regulation:** China Securities Journal (May 15, 2021; Jan 21, 2022) on the Ministry of Transport-led interviews of freight platforms; Reuters via Tiger Brokers and DealStreetAsia (March 2025) on the Hong Kong listing.
- **Market data:** StockAnalysis.com (price, market value, forward P/E and dividend yield at the Oct 22, 2026 close; historical free cash flow); The Motley Fool (Nov 17, 2025; May 31, 2026).
- **Logistics:** China Federation of Logistics and Purchasing and NDRC data on 2025 logistics costs, via China Daily and Tiger Brokers (Feb 2026); CSCMP State of Logistics reports for the US comparison.
- **Model:** required return, scenarios, hurdle prices and sensitivities are Motomeru estimates from the model in *deep-dives/fta/fta_model.py*, using the same mechanics as the white paper.