BUSINESS OVERVIEW

We are an integrated supply chain solutions provider based in the PRC, specialized in the provision of cross-border supply chain solutions for electronics, including in particular integrated circuits of various complexities and types. These electronics are fundamental and consistently in high demand as they are essential for the manufacturing of a wide array of modern-day technology components and devices, including smartphones, computers, new energy vehicles and other advanced technological products. Our customers span over 40 industry verticals, including in particular, industries under IoT communication, semiconductors, smart and robotic solutions and new energy segments. According to Frost & Sullivan, the electronics cross-border integrated supply chain solution market in the PRC is highly fragmented, with the top five players by GMV in 2024 accounting for an aggregate market share of 5.21%. We were the fourth largest market player in terms of GMV in 2024, with a market share of approximately 0.64%.

We have developed awareness of the pain points our customers face in the long, complex, and costly supply chain management processes. With the benefit of more than 20 years of experience in the cross-border supply chain service industry, our value proposition lies in helping our customers navigate the complexities of international trade and optimise their supply chain. Based on our customers’ needs and their scale of operations, we offer standardised or customised cross-border supply chain solutions through our efficiently integrated resources, systematically optimised processes and unified IT systems and interface platforms. According to Frost & Sullivan, we differentiate from single-purpose service providers (i.e. those offering only logistics or information technology platforms to customers) in the PRC with our offerings of comprehensive solutions that encompass Four Flows (“四流合一”): (i) flow of goods (貨物流, i.e., circulation of goods from our customers’ international upstream suppliers to their operating locations in Chinese Mainland); (ii) flow of funds (資金流, i.e., settlement of purchase price for the goods with international suppliers); (iii) flow of information (信息流, i.e., real time tracking of the flow of goods and flow of funds and synchronization of information with customers); and (iv) flow of commerce (商流, i.e. achieving a seamless integration of the flow of goods, funds, and information to complete the end-to-end transaction of our customers with their suppliers). Leveraging the substantial cash flow generated from our supply chain solutions, we systematically execute cross-border fund arrangements to improve our overall profitability without exposure to speculative risks. This strategic approach enables us to offer competitive pricing, thereby effectively reducing the overall supply chain costs for our customers.

Since our establishment, we have been strategically building up our specialisation in cross-border supply chain solutions for electronics. Such electronics are generally characterised by their delicate nature and often require specialized handling and logistics (including warehousing, customs clearance and transportation). We have concentrated our expertise in managing the complexities associated with such imports and developed domain expertise. At an early stage of our operations, we recognized the opportunities arising from the vast demand for electronics driven by the rapid growth of manufacturing operations in the PRC and increasing pace of iterations of electronic products and technology and ultimately evolving consumer behaviour. According to Frost & Sullivan, the market size of China electronics cross-border supply chain service is projected to continue to grow, with a CAGR of 6.9% from RMB10.2 trillion in 2024 to RMB13.3 trillion in 2029, presenting us with significant growth potential. To diversify our business operations, we are also developing our export solutions and international logistics capability to support our customers' strategy of "going-out" and facilitate the flow of their products to major global destinations.

Our principal operations are strategically located in (i) Shenzhen, capitalizing on its position as a global manufacturing centre and proximity to major manufacturers in a wide range of industry verticals; and (ii) Hong Kong, capitalizing on its position as an international trading and logistics hub and a "super-connector" between Chinese Mainland and global market. In 2016, we established our operation in Shanghai to function primarily as sales office and since March 2024, we transitioned such operation to offer warehousing services in the free-trade zone to cater to customers located in the Yangtze River Delta area, particularly those in the semiconductor industry. In response to the growing prevalence of manufacturing companies establishing production facilities overseas with a view to mitigating geopolitical risks and international trade tension, we have established a subsidiary in Singapore in 2023 with a view to servicing our customers' needs in other Asian countries.

Recognizing the critical role of IT systems and client interfaces in managing the substantial volume of orders, inquiries, and data flow from our customers' daily transactions, and leveraging over 20 years of experience in supply chain solutions, we have continuously developed, upgraded and refined our IT systems and client interfaces. Our proprietary specifications, configurations, and customized platform integrations enable us to deliver reliable and efficient supply chain solutions tailored to our customers' needs. Our unified IT systems and intuitive and user-friendly client interfaces ensure a seamless flow of information, granting full visibility over the flow of goods and funds, enabling prompt operational decisions, and identifying process risks. Consequently, our customers benefit from accessible and convenient service experiences that also achieve cost savings, effectively increasing their loyalty and engagement with us.

As a testament of our expertise in the provision of cross-border supply solutions, we became one of the earliest PRC companies accredited with the Authorized Economic Operator (AEO) Advanced Certification by the General Administration of Customs of the PRC under the AEO programme, as confirmed by Frost & Sullivan. In addition, we have received multiple certifications, including ISO 9001, ISO 45001 and TAPA FSR certification, and have been recognized as a key logistics enterprise by the Shenzhen Municipal Bureau of Transport (深圳市交通運輸局). Our initiative, "Assisting China's Intelligent Manufacturing in Going Global with One-Stop Supply Chain Management (助力中國智造全球出海,實現一站式供應鏈管理)", was named an outstanding service trade case by the Guangdong Provincial Department of Commerce in 2023.

We have a diverse customer base spanning across more than 40 industry verticals, including in particular industries under IoT communication, semiconductors, smart and robotic solutions and new energy segments, providing sustainability and resilience to our business. We are particularly well versed with the cross-border supply chain of integrated circuits of various complexities and types, which accounted for approximately 65.2%, 68.5% and 70.1% of our total GMV in FY2023, FY2024 and FY2025, respectively. As at 31 December 2025, the average business relationship duration with our top 20 customers as measured by GMV in 2025 exceeded eight years, with eight of these top 20 customers having entrusted us with GMV of more than RMB1 billion in 2025.

During the Track Record Period, our revenue from supply chain solutions was approximately RMB116.5 million, RMB123.0 million and RMB157.0 million, and our Income from Ordinary Course of Business was approximately RMB220.5 million, RMB234.9 million and RMB267.8 million in FY2023, FY2024 and FY2025, respectively. As COVID-19 related impact subsided, market demand stabilised and our scale of operations grew, our revenue in FY2024 increased to approximately RMB123.0 million from approximately RMB116.5 million in FY2023, and our Income from Ordinary Course of Business increased to approximately RMB234.9 million in FY2024 from approximately RMB220.5 million in FY2023. Benefiting from our efforts in developing our international logistics solutions operation, our revenue increased from approximately RMB123.0 million in FY2024 to approximately RMB157.0 million in FY2025, which led the Income from Ordinary Course of Business to rise from approximately RMB234.9 million in FY2024 to approximately RMB267.8 million in FY2025. Our operating profit amounted to approximately RMB92.7 million, RMB98.6 million and RMB127.9 million in FY2023, FY2024 and FY2025, respectively.

COMPETITIVE STRENGTHS

Our market position and over 20 years of specialisation in the supply chain of electronics are exceptionally difficult to replicate and enable us to capitalize on the significant growth potential in the market.

According to Frost & Sullivan, the electronics cross-border integrated supply chain solution market in the PRC is highly fragmented, with the top five market players by GMV in 2024 accounting for an aggregate market share of 5.21%. We ranked fourth with a market share of approximately 0.64% in terms of the GMV in 2024. Our achievement stems from more than 20 years of specialisation, systematic process optimisation, resource integration, and strategic planning, making it unique and exceptionally difficult to replicate.

Our industry expertise accumulated from over 20 years of specialisation allows us to understand and address the specific challenges of handling diverse and complex electronics, particularly in ensuring high standards for transportation, storage, and customs clearance. Through continuous process optimization, we have implemented technologies and risk control systems to enhance efficiency and reliability specifically for our operations, while our strategic resource integration ensures seamless coordination throughout the supply chain processes. Our strategic planning enables us to assess and adapt to industry trends and regulatory changes, to maintain our competitive profile. Over the years, we have also accumulated extensive industry resources, establishing relationships with customers, suppliers, and business partners such as commercial banks, further fortifying our operational capabilities. The foregoing is collectively a significant barrier to entry, rendering our market position, competitive profile and capabilities exceptionally difficult to replicate.

We have developed awareness of the pain points our customers face in the long, complex, and costly supply chain management processes, and possess the resources and domain expertise necessary to effectively address these challenges while achieving overall cost savings for our customers:

- Electronics are inherently complex and have a diverse range of SKUs, requiring heightened standards for transportation and storage due to their delicate nature and high value. For example, some components require storage conditions with constant temperature and humidity while some may be sensitive or fragile and require extra cautions for handling. In addition, our customers typically require stringent supply timelines to meet their manufacturing needs, which necessitates a high turnover rate for electronics, ensuring timely delivery and minimal disruption to their production processes. Our purpose-configured warehouse resources in Shenzhen, Hong Kong and Shanghai enable us to flexibly meet our customers' inventory needs, providing swift response for delivery to locations specified by our customers. Our warehouses are equipped with temperature control, humidity control, preliminary processing and quality inspection, and labelling functions. We have developed domain expertise, in particular various knowhows and protocols, in dealing with a wide array of electronics. Further, according to Frost & Sullivan, compared to the customers' in-house supply chain process, the processing time for the flow of goods from upstream international supplier to the location designated by our customers may be shortened from seven to ten days to three to four days through our supply chain solutions, significantly improving overall efficiency.

- Customs clearance for electronics can be highly complex, involving a vast number of SKUs and requiring expertise in handling and documentation. We have developed in-house expertise through our experience in handling a wide range of categories of such SKUs. We are well-versed in the clearance processes and legal regulations, supported by comprehensive management systems, accumulated knowhows of over 20 years and a dedicated customs affair team with 24 members as at 31 December 2025. Such expertise allows us to achieve seamless customs clearance. According to Frost & Sullivan, having obtained the AEO Advanced Certification, we are deemed to have low risks by the customs and are less likely to experience delays in delivery caused by border inspection; for example, the average customs inspection rate for import through AEO certified companies (0.3-0.5%) was significantly lower than that through companies without such certification (2-5%) in 2025, which in turn helps us to improve efficiency and afford us with a more predictable customs clearance schedule. Our solutions had facilitated the import and export of more than 61,000, 65,000 and 73,000 SKUs by our customers in FY2023, FY2024 and FY2025, respectively.

- The process of foreign currency exchange and cross-border transfers of funds is a highly regulated and tedious process in the PRC. Many of our customers are not specialised in international trade and supply chain management and find it burdensome to frequently exchange foreign currencies and effect cross-border settlement with their international upstream suppliers. Our robust operation of cross-border fund arrangements caters to our customers' settlement needs in multiple foreign currencies and in a timely manner, and at the same time improve our overall profitability without exposure to speculative risks. Based on our years of industry knowledge and the independent market research of Frost & Sullivan, it is industry practice for participants in the cross-border electronics supply chain solutions industry to leverage the substantial volume of cross-border fund arrangements to enhance overall profitability while offering competitive pricing terms to the customers, albeit through different underlying mechanisms and with varying risk profiles, and both of our means for cross-border fund arrangement, namely, T/T and trade finance structured transfer, are common means of cross-border fund arrangements conducted by supply chain solution providers in the PRC in the ordinary course of business.

- Supply chains inherently involve numerous stages and a high level of coordination with various service providers, which may prove to be an inefficient process for many of our customers who do not have expertise and experience in international trade. To address this, we have integrated resources to offer a comprehensive, one-stop solution. In addition to our in-house resources such as our warehouses and customs clearance expertise, our years of operation and significant business volume have enabled us to develop stable collaborations with third-party service providers. For example, we have stable cooperation with reputable logistic providers to provide cost-effective and reliable transportation as part of our solutions. By integrating our in-house and external resources, we provide coordinated supply chain solutions tailored to our customers' needs.

According to Frost & Sullivan, electronics cross-border integrated supply chain solution providers provide integrated services to electronics companies, including goods pick-up, customs clearance, transportation and warehousing, and settlement services, to optimize the operation costs and efficiency of electronic companies in the import and export of electronics as a whole. Even large-scale manufacturers face significant cost pressures and strive to optimize every aspect of their supply chains. By outsourcing supply chain processes to a proven and reliable solutions provider, these manufacturers can achieve substantial cost savings and increased efficiency without execution risks. This approach enables them to focus on their core manufacturing activities, rather than investing time and resources in developing in-house expertise. There are considerable barriers to entry in this field, as building experience and knowledge of SKUs, establishing relationships with suppliers, and navigating customs requirements can take years. Our strength in this area arises from our proven ability to manage the complexity and diversity of electronic products, which often require specialized handling, storage, and transportation. Our purpose-built warehouses feature advanced temperature and humidity controls, comprehensive quality inspection, and precise labeling capabilities. With more than 20 years of domain expertise and well-established protocols for managing sensitive and high-value electronics, we ensure rapid inventory turnover and timely deliveries, minimizing disruptions to our customers' manufacturing processes. Years of operational experience and substantial business volume have enabled us to cultivate stable, long-term collaborations with reputable third-party service providers. By integrating these partnerships with our robust internal resources, we deliver coordinated, cost-effective, and reliable supply chain solutions tailored to the specific needs of electronics customers, ensuring secure storage, efficient customs clearance, and meticulous inventory management. Through extensive experience handling a broad spectrum of electronic SKUs, we have developed deep in-house expertise, enabling us to efficiently manage complex customs clearance requirements for electronic products.

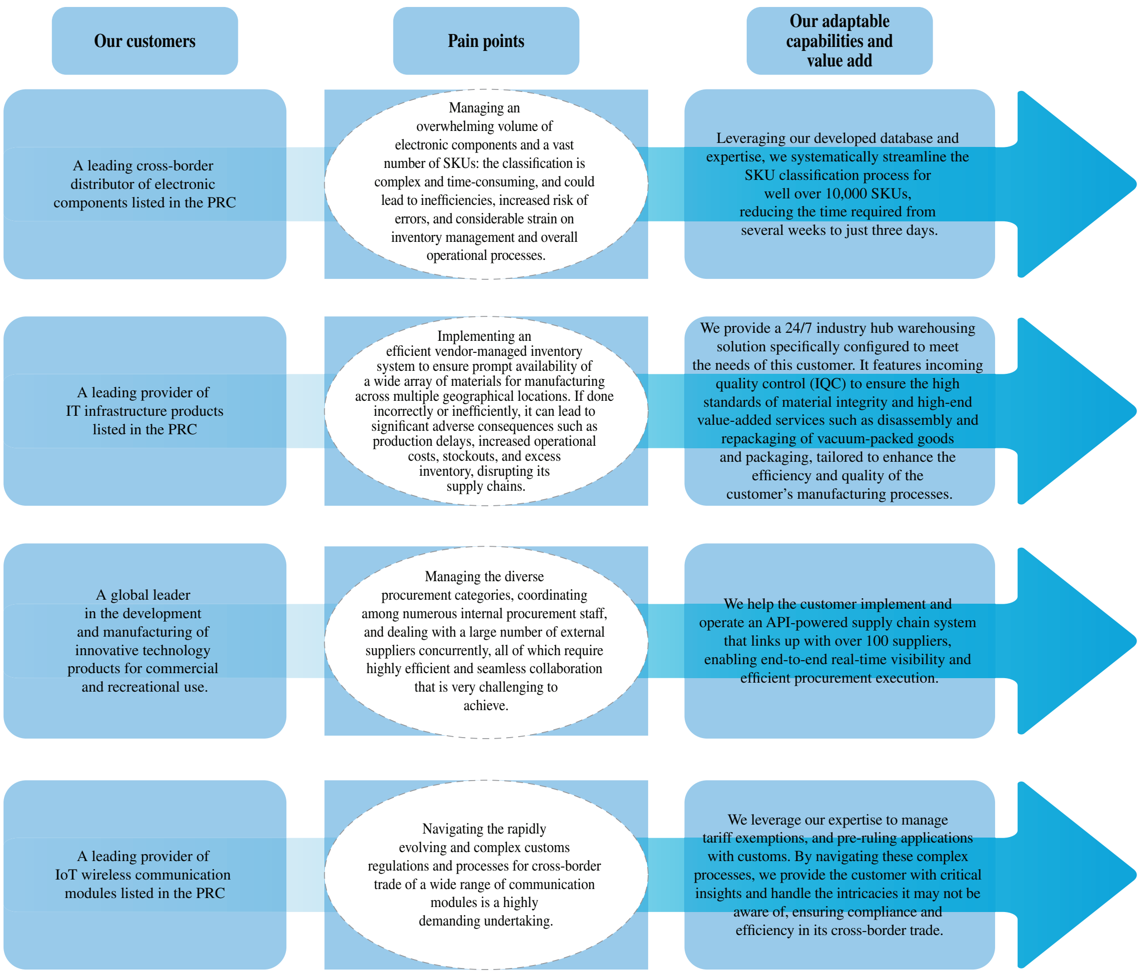
Our market position and domain expertise enable us to tap into the significant growth potential of the China electronics cross-border supply chain service market. According to Frost & Sullivan, the market size has reached RMB9.5 trillion at the end of 2024. Due to the widespread application of electronics across various sectors, including semiconductors and new energy vehicles, along with the increasing import and export activities of PRC-based businesses and the ongoing pursuit of supply chain cost control and overall efficiency improvements, the market size is projected to further expand to RMB13.3 trillion by 2029.

We have developed adaptable capabilities to service the sophisticated needs of our customers, handling high-volume and high-frequency international trades efficiently.

Our value proposition is to establish a mutually beneficial, win-win relationship with our customers. We maintain a list of key account customers to optimize customer engagement, business generation and resources allocation. A customer is classified as a "key account customer" generally based on three criteria: (i) monthly GMV exceeding RMB20 million; (ii) a leading position in their respective industry; and (iii) high growth potential (particularly in terms of future business opportunities with us). As at 31 December 2025, we had 34 key account customers, including primarily leading manufacturers in smart and robotic solutions and new energy industry verticals. Our revenue attributable to our key account customers amounted to approximately RMB24.4 million, RMB26.1 million and RMB46.4 million in FY2023, FY2024 and FY2025, accounting for approximately 21.0%, 21.2% and 29.5% of our total revenue from supply chain solutions generated in the same periods, respectively. We have a dedicated team of relationship managers to work closely with our key account customers to provide them with customized supply chain solutions. For instance, as at 31 December 2025, our API enabled data synchronization solutions supported direct system integration with 21 key account customers, delivering real-time responsiveness and full supply chain transparency, thereby enhancing their overall supply chain management efficiency. Such API integration is module-based and can be continuously upgraded and re-configurated to adapt to the evolving needs of our key account customers. While our API-enabled data synchronization solutions connected us with both key account customers and high-potential SME customers, these solutions require a more advanced operating system and configurations on the customer's end, and in our experience are usually more feasible as a practical matter to key account customers who typically have the necessary infrastructure to fully benefit from them.

As at 31 December 2025, the average business relationship duration with our top 20 customers as measured by GMV in FY2025 exceeded eight years, with eight of these top 20 customers entrusted us with GMV of more than RMB1 billion in FY2025. This strong customer loyalty is a testament to the adaptability of our supply chain solutions, and presents significant business opportunities for us as our key account customers continue to grow their business volume. It also generates a word-of-mouth effect, potentially attracting their upstream and downstream suppliers/customers as our new customers.

Set out below are real-life examples showcasing our adaptable capabilities to add value to our key account customers:



Our platform with proprietary configurations offers scalability to our business, enabling us to provide standardised and user-friendly solutions to a large number of SME customers.

Our E-Chain platform is a turnkey solution specifically designed to service SME customers with standardized supply chain needs. It integrates the information of order placement, process execution, customs clearance, logistics, and funds settlement into a single, user-friendly interface with 24/7 accessibility. It enhances supply chain management by providing end-to-end visibility and real-time monitoring over inventory, orders, and logistics, enabling SME customers to make informed decisions and respond promptly to market demands. The E-Chain platform effectively addresses the high costs and complexities associated with SME customers to establish their in-house supply chain management system.

During the Track Record Period, we had 1,504 active customer users on the E-Chain platform, which accounted for approximately 69.4% of our total active customers during the same period. This high penetration rate underscores the platform's effectiveness and appeal among SME customers. Strategically, it provides scalability to our business, enabling us to efficiently handle the demands of a large number of SME customers simultaneously, thereby improving our service efficiency while promptly meeting customer needs. Additionally, the E-Chain platform is instrumental to our operational efficiency by significantly minimizing manpower (and human errors) despite the large volume of orders we need to handle every day. Our SME customers develop "stickiness" with our E-Chain platform, which opens up significant opportunities for upselling and cross-selling additional services as their businesses have a high potential to grow in scale and complexity to become our key account customers. Moreover, our E-Chain platform offers valuable insights into customer behaviour and market trends, enabling us to refine our services, attract new business, and stay adaptable to industry changes. It is instrumental to our long-term strategic advantage by driving business volume and enhancing market penetration.

Our unified IT systems ensure seamless flow of information, critical in ensuring we can provide reliable and efficient supply chain solutions.

Since our establishment, we have developed our IT systems with scalability to manage the substantial volume of orders, inquiries, and data flow generated from our customers' daily transactions. With the benefit of more than 20 years of experience in providing supply chain solutions, we have developed our unified IT systems based on our operation needs, ensuring seamless flow of information. Our unified IT systems are powered by:

- The EAS (Enterprise Application Suite) Integrated Information Platform: This platform serves as our central control hub unifying information from all other IT platforms in a real-time manner, such as customer information, orders from customers, customs clearance status, warehousing and logistics resources and settlement needs of customers. We are able to gain full visibility over the flow of goods, flow of funds and flow of commerce, promptly make operational decisions and identify process risks through this platform.

- The Odoo Resource Management Platform: This platform forms the foundation of our risk management. It is responsible for customer onboarding and maintenance, supplier evaluation, contract review and approval, and risk assessment of our counterparties. This allows us to monitor and control risks that may adversely affect the reliability and stability of our supply chain solutions.

- The OTWB System: This system is central to our warehousing and logistics management. We have customized this system to the characteristics of electronics, which are delicate and require timely delivery due to high turnover rates in the customers' downstream manufacturing processes. This system supports rapid warehousing, sorting and dispatch and unified transportation scheduling, enabling us to ensure the customers receive their goods when and where they need them.

A seamless flow of information delivered by our unified IT systems is critical in ensuring we are able to provide reliable and efficient supply chain solutions tailored to the needs of our customers, while detecting any red flags that require our immediate intervention. The development of our unified IT systems is based on our proprietary specifications, configurations and customized platform integration and are continuously evolving and fine-tuned to align with our operation needs, making it difficult to replicate. Supported by our unified IT systems, our customers are able to access our entire service process with convenience and in an user-friendly manner, which in turn effectively increases their loyalty and engagement with us.

Our experienced senior management team and stable workforce enable us to remain competitive in a market where talent is scarce and highly sought after.

According to Frost & Sullivan, experienced talent in cross-border supply chain service industry, particularly those specialized in electronics, is highly sought after and represents a significant barrier to entry. We benefit from the extensive knowledge and expertise of our experienced senior management team, with an average of over 14 years of relevant industry experience and a proven track record in supply chain business and management. We also have a stable workforce under their leadership. As at 31 December 2025, more than 25% of our employees had been with us for over 10 years, reflecting the strong alignment of our employees with our vision and long-term goals.

The combination of competent leadership, experience, and employee commitment positions us well for continued success and expansion in the supply chain solutions industry.

OUR STRATEGIES

Investing in the digitization and automation of our warehouse operations and our unified IT systems

The digitization and automation of our warehousing operations are central to our strategy for enhancing service efficiency, reducing costs, and improving the overall customer experience. Digitization of our warehouse operations will offer our customers with sophisticated inventory planning analysis, help them optimize their inventory management, reduce excess stock, and minimize unexpected stockouts, thereby boosting their operational efficiency. For example, we plan to deploy AS (automated storage system), RS (retrieval system) and AGVs (automated guided vehicles) to achieve goods-to-person picking. We also plan to deploy RFIDs for comprehensive goods tracking. Automation of our warehouse operations minimizes human errors, enhances productivity by swiftly and consistently handling repetitive tasks, and leads to significant labour cost reductions by reducing the need for manual interventions. A fully digitized and automated warehouse operation will enable us to secure a competitive advantage over our competitors.

Our business operations are critically supported by sophisticated, unified IT systems developed through years of industry experience. We plan to increase investment in both the software and hardware aspects of these systems to enhance coordination and visibility across different stages of our supply chain solutions and various functional departments within our Group. For example, we plan to implement hardware and software updates to upgrade and develop our EAS system with configurations and specifications tailored to our daily operational needs. In addition, we also intend to integrate our WMS module with AS and RS to dynamically optimize storage paths and where feasible employ AI algorithms on platforms for automatic inventory allocation. Improved information flow will enable quicker response times, more accurate service delivery, and early detection of any potential issues. Implementing advanced data analytics and machine learning algorithms will enable us to offer predictive insights and proactive recommendations, further enriching our service offerings. Our customers will benefit from enhanced visibility into their supply chain operations, allowing them to make informed decisions and respond swiftly to market changes.

Ultimately, the digitization and automation of our warehousing operations, combined with enhanced IT systems, form a cornerstone of our strategic vision. By leveraging technology to drive efficiency, accuracy, and reliability, we are committed to delivering dynamic supply chain solutions that support the growth and success of our customers.

Expanding our service capacity and/or capability

To continue to grow our market position and ensure that we are able to deliver high-quality, responsive, and comprehensive solutions to meet the evolving needs of our customers, we are implementing a multifaceted strategy that focuses on expanding our service capacity and/or capability.

Our first initiative is to expand our physical operations in Shanghai. Originally positioned as a sales office, this operation has been gradually transitioning to focus on providing warehousing services to our customers within the free-trade zone starting from March 2024. This strategic initiative aims to better serve customers located in the Yangtze River Delta area, a key economic region in the PRC and becoming increasingly important for companies in the new economy sector. By capitalizing on the opportunities of the free-trade zone, we expect to enhance our offerings in Re-export Trade, acquire suitable talent in the region, expand our warehousing capacity and deploy advanced warehousing equipment to deliver our services efficiently and with scalability. We believe our enhanced offerings will enable us to capture significant demand in the important market.

In addition to expanding our physical footprint, leveraging the connections we have with our stakeholders (in particular, frequent buyers and sellers of electronics) built and the resources we accumulated over more than 20 years of our operation and our market position, we are exploring the feasibility of setting up a platform specifically for industrial electronics components. We envisage such platform to provide a centralized space for sellers to list products and for buyers to source products. By integrating AI-enabled search functionalities, real-time inventory updates, and secure transaction mechanisms, the platform will facilitate seamless trading experience for both the buyers and the sellers, and ultimately drive business to our supply chain solutions. We currently expect the establishment of this platform will be primarily funded by funds generated from our operations. Accordingly, we have not earmarked any part of the [**REDACTED**] from the [**REDACTED**] for establishing this platform.

To support our continuous growth and expanding scope in supply chain solutions, we are also pursuing a strategic approach to acquisitions aimed at enhancing our service capacity and capabilities. Our primary focus will be on identifying and acquiring suitable warehouses to improve inventory management, reduce lead times, and enhance accurate service delivery. This will enable us to increase storage capacity, accommodate larger inventory volumes, and provide more flexible and scalable solutions to improve customer experiences. In addition to warehouses, we will consider acquiring supply chain or logistics companies that offer strategic synergies with our existing operations, which is currently expected to be funded primarily by funds generated from our operations. This approach will depend on identifying opportunities that align with our strategic objectives, broadening our service offerings, enhancing operational capabilities, and achieving greater economies of scale. As at the Latest Practicable Date, we had not identified any specific acquisition target. We remain proactive in seeking appropriate opportunities.

International expansion to support our customers' evolving needs

Building on the long-term business relationships with our customers, as well as our extensive experience in cross-border supply chain solutions, we aim to capitalize on the momentum of our customers expanding into international markets. Based on our years of industry knowledge and Frost & Sullivan's market research, the current supply chain landscape of electronics is increasingly characterized by its high level of globalization. Modern-day technology components and devices, including smartphones, computers, new energy vehicles and other advanced technological products, are often sourced, manufactured, and assembled in various regions, necessitating a production network for reliable supply at predicable costs. Despite rapidly evolving geopolitical and trade tensions, manufacturers and suppliers have demonstrated resilience in mitigating such risks by diversifying their supply chains into multiple regions and constantly exploring alternative markets.

To support this initiative, we are actively evaluating the feasibility of establishing operations in key industrial and manufacturing locations where we do not currently have a presence. During the Track Record Period, we established a subsidiary in Singapore in 2023 with a view to servicing our customers' needs in international trading, taking advantage of its strategic location in South East Asia at the nexus of major global trade routes. Our presence in these locations will enable us to more efficiently facilitate our customers' warehousing, international logistics and fund settlement needs. We will continue to invest in expanding the scale of our operations in these locations as business volume justifies it.

Furthermore, we plan to integrate external resources in procuring cost-efficient air, sea, and rail transportation for our customers from third party service providers as part of our end-to-end international logistic solutions, which are expected to be in high demand as our customers pursue to expand their operations overseas.

This initiative is expected to create new opportunities for business growth and customer acquisition, further solidifying our market position.

Investing in our talent

We are cognizant that our employees are our most valuable asset. By optimizing human resource management, expanding our talent pool, and investing in talent development and well-being, we aim to create a dynamic and high-performing workforce. In particular, we will continue to refine our internal growth mechanism that supports talent development through regular training programs, professional development opportunities, and clear career advancement paths. Additionally, we will enhance our comprehensive compensation and incentive system, including competitive salaries, performance-based bonuses, share options, and other benefits to attract, retain, and motivate top talent.

By implementing the strategies outlined above, particularly those directly relevant to our cross-border supply chain solutions, our cross-border fund arrangement operations will expand in tandem. Our operation of cross-border fund arrangements is premised on, and driven and sustained by, the customers' orders and trade needs. The volume of business generated from the customers has a direct bearing on the extent of income we can derive from such operation. Given this, we are confident that by continuously enhancing our cross-border supply chain solutions, we can achieve organic growth in our cross-border fund arrangement operations. Furthermore, growth in our cross-border supply chain solutions enables us to cross sell our warehousing and logistics solutions as a full service offering and maximise revenue from our customers.

OUR BUSINESS MODEL

We are an integrated supply chain solutions provider based in the PRC, specialized in the provision of reliable, efficient and comprehensive cross-border supply chain solutions for electronics to customers in more than 40 industry verticals, including in particular, industries under IoT communication, semiconductors, smart and robotic solutions and new energy segments. We have developed awareness of the pain points our customers face in the long, complex, and costly supply chain management processes. With the benefit of more than 20 years of experience in the supply chain industry, our value proposition lies in helping our customers navigate the complexities of international trade and optimise their supply chain. Based on our customers' needs, we offer standardised and customised cross-border supply chain solutions through our efficiently integrated resources, systematically optimised processes and unified IT systems and interface platforms.

During the Track Record Period, our supply chain solutions primarily focused on the import of electronics into Chinese Mainland from our customers' suppliers worldwide. We generate revenue through service fees for providing our supply chain solutions to customers, typically calculated as a percentage of GMV. Leveraging the substantial cash flow from our supply chain solutions, we also derive income from our operation of cross-border fund arrangements, which have significantly contributed to our profitability without any speculative risks. This strategic approach enables us to offer competitive pricing, thereby effectively reducing the overall supply chain costs for our customers.

We are specialized in the provision of cross-border supply chain solutions for electronics, which are fundamental and consistently in high demand as they are essential for the manufacturing of a wide array of modern-day technology components and devices, including smartphones, computers, new energy vehicles and other advanced technological products. The table below sets out the top five types of electronics that we facilitated through our cross-border supply chain solutions during the Track Record Period, as measured by GMV:

For the year ended								
31 December 2023			31 December 2024			31 December 2025		
	GMV			GMV			GMV	
Type of electronics	*(RMB' in million)*	*% of total GMV*	Type of electronics	*(RMB' in million)*	*% of total GMV*	Type of electronics	*(RMB' in million)*	*% of total GMV*
IC chips	20,047.7	65.2	IC chips	24,693.9	68.5	IC chips	29,950.6	70.1
Semiconductor devices	2,107.9	6.9	Semiconductor devices	2,329.9	6.5	Semiconductor devices	2,676.9	6.3
Transformers and converters	1,745.8	5.7	Transformers and converter	1,793.8	5.0	CPU processors	2,232.9	5.2
Attachments to CPU processors	1,544.4	5.0	CPU processors	1,486.4	4.1	Transformers and converter	1,496.5	3.5
Display modules	1,495.8	4.9	Attachments to CPU processors	1,155.7	3.2	Attachments to CPU processors	1,189.3	2.8
Others	3,789.2	12.3	Others	4,599.7	12.8	Others	5,189.3	12.1
Total	30,730.8	100.0	Total	36,059.3	100.0	Total	42,735.5	100.0

According to Frost & Sullivan, an integrated supply chain solutions provider similar to our Group is distinguished from single-purpose service providers in the PRC, such as those only offering logistics or information technology services. An integrated supply chain solutions provider should possess the capabilities to encompass Four Flows — namely, flow of goods, flow of funds, flow of information and ultimately flow of commerce to meet the end-to-end supply chain needs of customers, which is exemplified in our service delivery model as follows:

- *Flow of goods*. We receive goods from our customers' international suppliers and arrange for their delivery to our customers in Chinese Mainland. This process involves goods pick-up, preliminary inspection, goods sorting and packaging, warehouse storage, customs clearance, and transportation to the customers' final destinations.

- *Flow of funds*. We receive purchase price for the goods from our customers in Chinese Mainland (primarily in RMB), and settle with our customers' international suppliers in foreign currencies (primarily in USD), through the operation of our cross-border fund arrangements.

- *Flow of information*. Our unified IT systems (powered by EAS, Odoo and OTWD) provide real time tracking of flow of goods and flow of funds and synchronization of information with our customers through our E-Chain platform or customized API-enabled data synchronization solutions.

- *Flow of commerce*. We achieve a seamless integration of the flow of goods, funds and information to complete the end-to-end transaction of our customers with their suppliers.

In response to the growing trend of international expansion of PRC enterprises, we have been gradually developing our capability in export solutions since 2008 and international logistics since 2023.

We offer comprehensive cross-border supply chain solutions, encompassing both import and export services to streamline international trade for our customers. Additionally, some of our customers may choose to utilize our logistics and warehousing solutions as a stand-alone offering. By providing flexible and tailored options, we ensure that our customers can select the specific services that best meet their needs.

The following table sets forth our key operating data during the Track Record Period:

	For the year ended		
	31 December 2023	31 December 2024	31 December 2025
Number of SKUs ('000)			
Import solutions	60.7	63.5	71.0
Export solutions	1.0	1.5	2.9
Total	**61.7**	**65.0**	**73.8**
GMV (RMB' in million)			
Import solutions	29,987.2	34,808.3	41,151.8
Export solutions	743.6	1,251.0	1,583.8
Total	**30,730.8**	**36,059.3**	**42,735.5**
Number of customers[(1)]			
Import solutions	1,500	1,374	1,317
Export solutions	43	49	48
Total	**1,521**	**1,406**	**1,325**
GMV per customer (RMB' in million)			
Import solutions	20.0	25.3	31.2
Export solutions	17.3	25.5	33.0
Total	**20.2**	**25.6**	**32.3**

Note:

(1) During the Track Record Period, certain of our customers had utilized both of our import solutions and export solutions based on their business needs.

In FY2024, we strategically focused on customers with frequent, large orders and when proposing pricing terms, our management would make an informed assessment on the overall profitability (including in particular extent of income these orders could generate in tandem from the operation of cross-border fund arrangements), thereby offering more competitive pricing terms to our customers when commercially appropriate to do so. Meanwhile, as COVID-19 related impact subsided, market demand stabilised and our scale of operations expanded, our GMV increased from approximately RMB30,730.8 million in FY2023 to approximately RMB36,059.3 million in FY2024, and our GMV per customer increased from approximately RMB20.2 million in FY2023 to approximately RMB25.6 million in FY2024.

In FY2025, we continued to implement our strategy of focusing on customers with large, frequent orders and further refined our customer engagement initiatives. Such strategy resulted in a substantial increase in GMV per customer, rising from approximately RMB25.6 million in FY2024 to approximately RMB32.3 million in FY2025. By attracting customers with significant GMV contributions, our total GMV grew from approximately RMB36,059.3 million in FY2024 to approximately RMB42,735.5 million in FY2025.

Our operating locations

Our principal operations are strategically located in (i) Shenzhen (established in 2001), capitalizing on its position as a global manufacturing centre and proximity to major manufacturers in a wide range of industry verticals; and (ii) Hong Kong (established in 2006), capitalizing on its position as an international trading and logistics hub and a "super-connector" between Chinese Mainland and global market. Approximately 97.8%, 97.0% and 95.5% of the GMV of goods imported by us into Chinese Mainland were through our operating location in Hong Kong in FY2023, FY2024 and FY2025, respectively while only approximately 2.2%, 3.0% and 4.5% of the GMV of goods were imported directly into Chinese Mainland during the same periods. For details of the interplay of our operating locations in Shenzhen and Hong Kong, please refer to "*Business — Our business model — Our import solutions*".

In 2016, we established our operation in Shanghai to function primarily as sales office and since March 2024, we transitioned such operation to warehousing services in the free-trade zone to cater to customers located in the Yangtze River Delta area, particularly those in the semiconductor industry. We capitalize on the trade conveniences from the free-trade zone, facilitate the transportation of the goods from our customers' overseas upstream suppliers to our warehouses located in the Shanghai free-trade zone, and provide warehousing, customs clearance and last-mile delivery services based on customers' needs.

In response to the growing prevalence of manufacturing companies establishing production facilities overseas with a view to mitigating geopolitical risks and international trade tension, we have established a subsidiary in Singapore in 2023 with a view to servicing our customers' needs in other Asian countries.

We strategically select and expand our operating locations based on business volume and growth prospects, ensuring they synergize with each other to drive overall business growth. We continuously evaluate potential new locations and closely monitor customer demand, industry trends, and geopolitical conditions. This careful assessment allows us to make informed decisions, ensuring our network remains robust and responsive to the evolving global landscape.

As at the Latest Practicable Date, our operating locations are summarised below:

Operating location	Primary functions	Warehouse area	Year of establishment
Shenzhen . . .	Our headquarters. We receive goods from our operation in Hong Kong and distribute them to our customers' destination in Chinese Mainland.	23,671 sq.m	2001
Hong Kong . .	Our transshipment centre for receiving goods from our customers' international upstream suppliers and coordinating their import into Chinese Mainland and delivery to our Shenzhen warehouses.	7,518 sq.m	2006
Shanghai. . . .	Our domestic distribution centre for coordinating the supply chain management in the free-trade zone to cater to customers located in the Yangtze River Delta area.	1,928 sq.m	2016 (warehousing function commenced in March 2024)
Singapore . . .	It is expected to be our overseas transshipment centre for coordinating our international logistics operation and export business to Southeast Asia.	N/A	2023

Our import solutions

During the Track Record Period, our supply chain solutions primarily focused on the import of electronics into Chinese Mainland from our customers' suppliers worldwide. During the Track Record Period, approximately 97.6%, 96.5% and 96.3% of the total GMV of our supply chain solutions and approximately 97.9%, 97.1% and 95.9% of our revenue from cross-border supply chain solutions was attributable to our import solutions in FY2023, FY2024 and FY2025, respectively.

Our import solutions are primarily premised on using Hong Kong as our transshipment centre and gateway into Chinese Mainland. According to Frost & Sullivan, Southern China, as a manufacturing hub, imports an array of high-value electronic components and a substantial portion of such imports go through Hong Kong (as opposed to Chinese Mainland directly), which is commonly used as a transshipment hub by cross-border supply chain solutions companies and offers the following strategic advantages:

- *Free port*. Hong Kong is a free port and follows a free trade policy. There are no customs tariffs on most imported or exported goods. Transporting goods through Hong Kong is generally not subject to additional costs or complex tariff regulations. Most goods do not need licences to enter or leave Hong Kong.

- *Efficient customs clearance*. Hong Kong has highly efficient customs clearance procedures. Relatively simple customs clearance procedures and 24-hour operation of Hong Kong International Airport make it convenient for goods destined for Chinese Mainland to go through Hong Kong.

- *No foreign exchange control policies*. There are no foreign exchange controls in force in Hong Kong, and the Hong Kong dollar is freely convertible into other currencies. There is unrestricted flow of capital within, into and out of Hong Kong, which makes Hong Kong an ideal platform to carry out trade with international markets and develop international business.

- *Sophisticated logistics infrastructure*. Hong Kong has sophisticated logistics infrastructure and strong connections to other global gateways. There is an abundance of shipping options available at competitive rates.

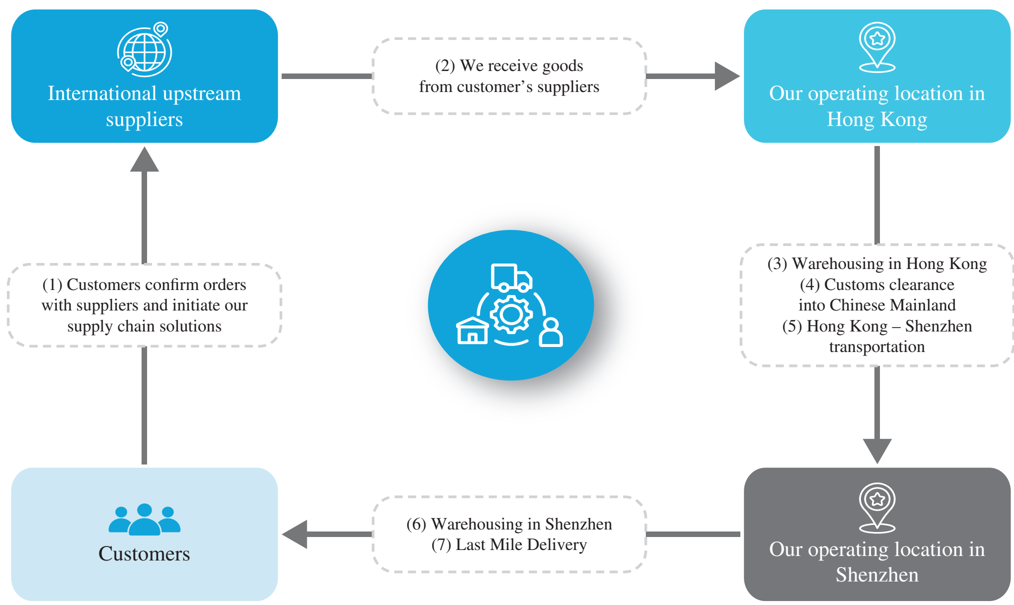
The table below sets out our key operating data for import solutions during the Track Record Period:

	For the year ended		
	31 December 2023	31 December 2024	31 December 2025
Number of SKUs imported *('000)*	60.7	63.5	71.0
GMV *(RMB' in million)*	29,987.2	34,808.3	41,151.8
GMV per customer *(RMB' in million)*	20.0	25.3	31.2

The service delivery model of our import solutions can be illustrated by the (i) flow of goods; (ii) flow of funds; (iii) flow of information; and (iv) flow of commerce, as more particularly discussed below.

Flow of goods

To ensure our customers benefit from an uninterrupted supply of goods as and when they require, our solutions cover all major aspects of flow of goods, including goods pick-up, goods sorting, warehouse storage, customs clearance and transportation of goods into Chinese Mainland. Below is our typical operational flow chart, detailing our services and the flow of goods:



(1) ***Order confirmation with suppliers and initiation of our solutions***. Our customers typically engage our solutions either during or shortly after finalizing their orders with international upstream suppliers. SME customers can confirm our engagement through the E-Chain platform, while our key account customers benefit from a dedicated team of relationship managers that addresses their specific and more complex needs. Please refer to "*Our Customers*" of this section for further details of our marketing and customer relationship management.

(2) ***We receive goods from customers' suppliers***. Generally, our customers' international upstream suppliers are responsible for delivering goods to our warehouse in Hong Kong. Customers provide our warehouse details to their suppliers for direct delivery. Occasionally, we arrange international logistics services to facilitate delivery from our customers' suppliers. We maintain stable relationships with third-party overseas logistics providers to meet our customers' needs. Please refer to "*Our Suppliers*" of this section for further details of our suppliers.

(3) ***Warehousing in Hong Kong***. We maintain warehouse operations in Hong Kong on leased properties. For details of our warehouses, please refer to "*Our operating locations*". Upon receipt, we store goods on behalf of our customers for durations that depend on their requirements, typically aligned with their production schedules and timing needs. This helps customers optimise their inventory management and ensures timely delivery as needed. Our warehouse conditions are tailored for the storage and handling of delicate electronics, requiring heightened standard of care. Although we are not generally responsible for the contents of the goods, we conduct inspections for any red flags, such as visible damage, improper handling, or inconsistencies with customer specifications. Our extensive experience in handling electronics from a large number of suppliers gives us in-house expertise to perform these checks reliably and effectively, particularly in identifying any potential customs clearance risks. If any issues are identified, we promptly inform our customers so they can address them with their suppliers as soon as possible.

(4) ***Customs clearance into Chinese Mainland***. We are responsible for customs clearance in Chinese Mainland before goods can arrive at our operating location in Shenzhen. This involves filing the necessary documentation and paying the appropriate taxes and duties to relevant PRC authorities. This is a critical process, as any unexpected delays could impact the timely delivery to our customers. As at 31 December 2025, we had a dedicated customs affair team of 24 members, with an average industry experience of 5.6 years. We are proud to be one of the earliest enterprises accredited with the Authorized Economic Operator (AEO) Advanced Certification by the General Administration of Customs of the PRC under the AEO programme, as confirmed by Frost & Sullivan. The AEO programme, introduced by the World Customs Organization, aims to facilitate customs clearance. Our AEO Advanced Certification reflects our high level of regulatory compliance, internal control, and trade safety as assessed by the customs authority. With this certification, we are deemed low-risk by customs and are less likely to experience delays due to border inspections, thereby enhancing our efficiency and providing a more predictable customs clearance schedule.

(5) ***Hong Kong — Shenzhen Transportation***. We generally engage third-party logistics service providers to transport the goods from our Hong Kong operating location to our Shenzhen operating location. To ensure consistency and reliability of transportation, we cooperate with our long-term logistics service providers and undertake regular assessments. On account of consistent volume of business generated from our supply chain solutions, our logistics service providers have been increasingly willing to offer us more favourable terms, which improve our profitability. During the Track Record Period, we collaborated with 25 third-party logistics service providers for Hong Kong - Shenzhen transportation and entered into framework collaboration agreements with 18 of them.

(6) ***Warehousing in Shenzhen***. We maintain warehouse operations in Shenzhen on leased properties. For details of our warehouses, please refer to "*Our operating locations*" in this section. Upon receiving the goods at our Shenzhen operation location, we prepare the goods for delivery according to customers' instructions. If requested by our customers, we also provide value-added services, such as packaging and labelling.

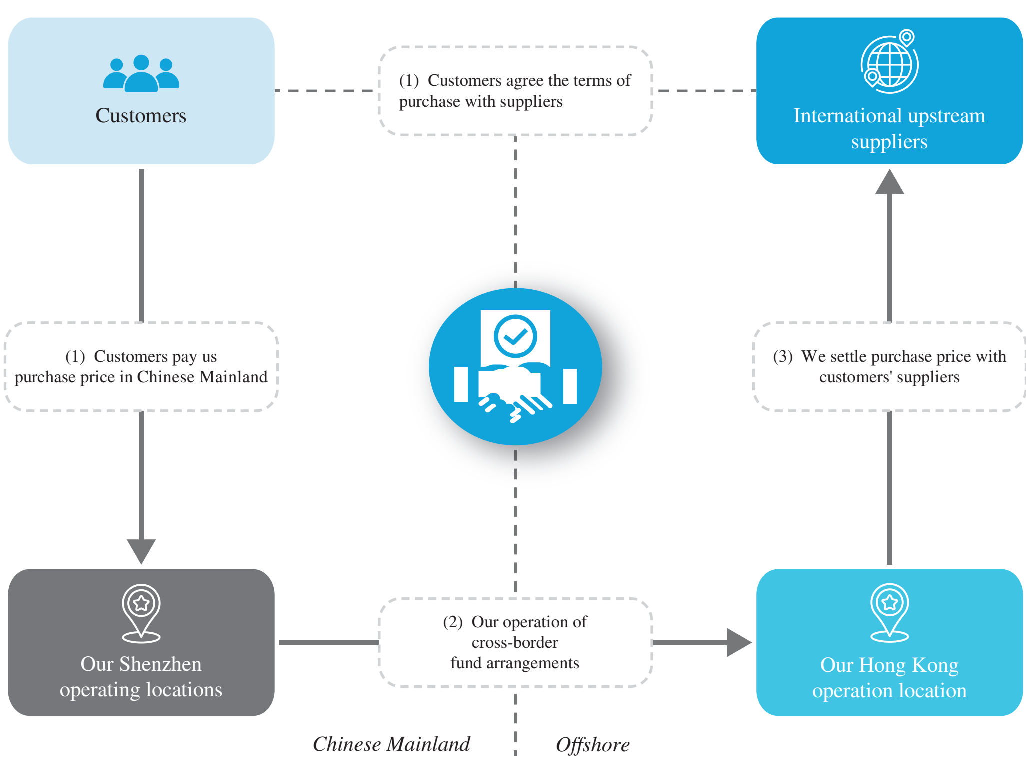
(7) ***Last-mile delivery***. Our customers may designate their preferred logistics service providers for last-mile delivery. We will then coordinate with these providers to ensure they pick up the goods from our warehouse or designated pickup point for delivery to the customers. If requested by the customers, we can also arrange delivery through our trusted third-party logistics service providers. Additionally, as a value-added service, we offer our own ground transportation capability in Shenzhen for deliveries within Shenzhen and its vicinity.

Our customers benefit from the flexibility of choosing or modifying all, or part of our services as listed above based on their specific needs and arrangements with their suppliers in each case.

Flow of funds

Our operation in the flow of funds, facilitated through our cross-border fund arrangements, is an integral component of our import solutions. This enables our customers to settle the purchase price for goods with their international upstream suppliers, thereby completing the transaction according to the terms of the purchase. This process can involve complex international settlements, including foreign currency exchange and cross-border fund arrangements, both of which are highly regulated and intricate procedures in the PRC. Many of our customers are not specialised in international trade and supply chain management and find it burdensome to frequently exchange foreign currencies and effect cross-border settlement with their international upstream suppliers.

Below is our typical operational flow chart, detailing our services and the flow of funds:



(1) ***Customers pay us purchase price in Chinese Mainland***. The flow of funds begins when our customers agree on the purchase price for goods with their international upstream suppliers, typically denominated in a foreign currency (usually USD). Our customers then remit the RMB equivalent of the purchase price to our Shenzhen operating location, based on the accessible market exchange rate. This process effectively enables our customers to make payments in their local currency, without having to deal with foreign currency exchange or international settlements, which may otherwise be protracted or subject to unexpected costs or market volatility risks.

(2) ***Cross-Border Fund Arrangements***. To settle the purchase price for goods with our customers' international upstream suppliers, we frequently effect cross-border fund transfers between our operating locations in Shenzhen and Hong Kong. These transfers are diligently executed in compliance with relevant laws and regulations to ensure that we are in a position to meet the settlement needs of our customers, while enjoying additional income that contributes significantly to our profitability without exposing us to speculative risks. For details of our cross-border fund arrangements, please refer to "Business — Our cross-border fund arrangements".

(3) ***We settle purchase price with customers' suppliers***. Our operating location in Hong Kong then settles the purchase price for goods with the customers' international upstream suppliers using the required foreign currencies in accordance with the agreed terms of the purchase.

The period between a customer placing an order for our cross-border supply chain solutions and our settlement with the relevant overseas supplier varies from customer to customer and is primarily a function of the customer's trade requirements and planning, together with the commercial terms agreed with the overseas supplier. This timing is not within our control, and in most cases, the period is less than one year. In connection with the above, we also offer value-added services to eligible customers to enhance the liquidity of their supply chain as part of our solutions:

- *Advanced payment of tariff and VAT*. We generally offer our customers an advanced payment for the relevant tariff and VAT incurred during the customs clearance process. Instead of waiting for the customers to settle these amounts, we pay them on their behalf in advance and subsequently recover the payments along with our service fees. Typically, such payments range from 13% to 18% of the total value of the goods. As at the Latest Practicable Date, supported by our credit worthiness, we had obtained letters of guarantee issued by commercial insurers, based on which the customs had granted us an aggregate quota of approximately RMB422 million. As long as the cumulative tariffs and VAT payable is within such quota, we can settle with the customs on a monthly basis, rather than requiring immediate settlement at the time of each individual import. Such arrangement enables us to optimize our cash flow and allocate our resources more efficiently. We will regularly review our operating needs and resources (particularly cash flow requirements from time to time) and adjust this quota accordingly when it is practicable to do so.

- *Advanced payment of purchase price for goods*. Only for select customers with whom we have a long-standing business relationship (typically our key account customers), we may offer to advance the purchase price for goods to settle with their international upstream suppliers.

Our value-added services are designed to complement and enhance our import solutions. We offer these services exclusively to customers who opt to use our import solutions, enabling us to have a comprehensive understanding of their trade transactions and financial standing.

We undertake additional scrutiny when providing our customers with advanced payment of purchase price for goods to mitigate against default risks. To manage our credit risks in providing such value-added services, we have implemented stringent internal controls to assess the eligibility of our customers. When a customer opts to use our value-added services, we evaluate their eligibility based on our due diligence on several factors, including:

- basic corporate information such as ownership type (state-owned or privately-owned);

- business nature (trading or end-use);

- whether it is on the "blacklist" in the PRC's credit information system;

- operation scale, and the amount of tariff and VAT paid in the last fiscal year based on the customs' information system;

- historical transaction records with us; and

- scrutiny of the purchase orders and relevant documentation for any irregularities that may call into question the genuineness of the underlying trade transactions.

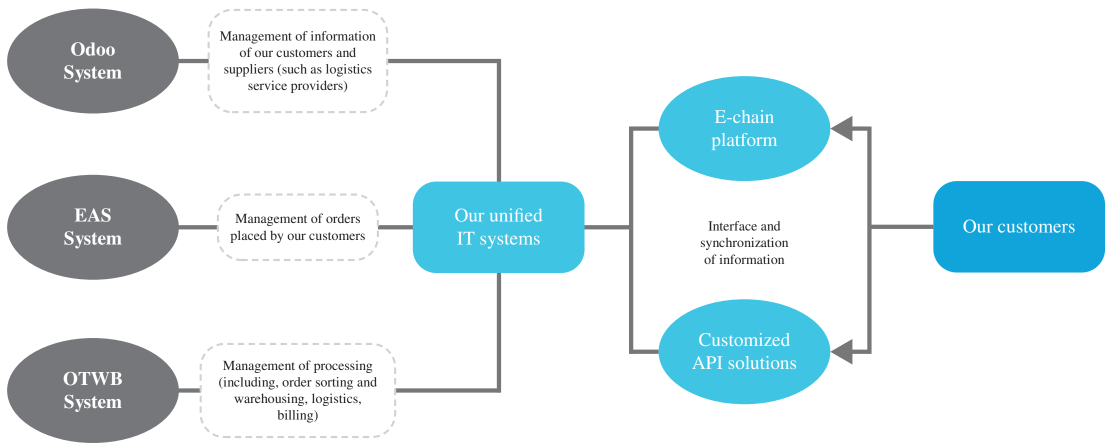
In FY2023, FY2024 and FY2025, we provided advanced payment of purchase price for goods to 328, 319 and 289 customers, facilitating over 5,300, 5,600 and 6,500 orders, respectively. Upon satisfaction of our credit risk assessment and our commercial determination that it is desirable to provide value-added services to a particular customer (it is our intention to offer such services primarily for the purpose of strengthening relationship with important customers), we will grant a credit limit based an acceptable risk level. In some cases, we may require credit enhancements from the customer, such as additional collateral and/or personal guarantee from the ultimate owner(s) including guarantees provided by the ultimate owner or parent company of the respective customer, and pledges of real estate properties or goods stored in our warehouse as collateral. Within this credit limit, we pay their upstream suppliers directly for purchase price of the goods using our own funds or bank facilities for a prescribed period based on the credit assessment results. We review and adjust our overall credit limit regularly every half year based on our operation needs and resources available, and generally our credit limits ranged from RMB1.0 million to RMB52.0 million based on our assessment and the business needs of the relevant customers, and credit periods ranged from 1-60 days as at 31 December 2025. In FY2023, FY2024 and FY2025, the aggregate advances provided by us for the advanced payment of purchase price for goods amounted to approximately RMB4.0 billion, RMB6.3 billion and RMB5.7 billion, and approximately 74.5%, 81.7% and 79.3% of which had a repayment schedule of within 10 days upon the advanced payments, respectively. During the Track Record Period, we had maximum monthly balance of approximately RMB387.3 million, RMB350.2 million and RMB238.8 million in FY2023, FY2024 and FY2025, respectively. Benefiting from our stringent credit assessment measures and collection efforts, we had not recorded any bad debt that had not been recovered during the same periods. Our average advanced payment for the purchase price per order was approximately RMB0.8 million, RMB1.1 million and RMB0.9 million in FY2023, FY2024 and FY2025, respectively. We charge for our value-added services of advanced payment of purchase price for goods either as part of our overall service fees for cross-border supply chain solutions or separately as determined on a case-by-case basis. During the Track Record Period, our service fees charged for such advanced payments amounted to approximately RMB3.7 million, RMB3.9 million and RMB4.0 million in FY2023, FY2024 and FY2025, respectively, comprising both fees incorporated within the overall service fees and those separately determined on a case-by-case basis. We closely monitor the repayment status of each customer on an order-by-order basis. Any late or irregular payment may result in the customer losing eligibility for our value-added services, including the advanced payments of the purchase price for goods. In addition, pursuant to our standard supply chain solutions service agreements with our customers, we are entitled to dispose of the goods in any manner we deem appropriate if any outstanding payments (including the repayment of the advanced payments) are not fully settled within 30 days from the due date. We have the right to claim for any shortfall amount, if any, after deducting the proceeds we could recover from the disposal of the goods.

As advised by our PRC Legal Adviser, in accordance with the applicable laws and regulations, the maximum permissible interest that can be charged shall not exceed four times the one-year Loan Prime Rate (LPR) as at the date of the relevant agreement. Given the interest rates charged by us ranged from nil to 12.15%, nil to 12.15% and nil to 12.15% in FY2023, FY2024 and FY2025, respectively, which did not exceed four times the one-year Loan Prime Rate (LPR), our PRC Legal Adviser is of the view that our fee arrangements in relation to our value-added services are in compliance with the applicable PRC laws and regulations.

Our value-added services appeal to customers in modern-day technology industries, which are characterized by high product turnover rates, low inventory levels, and high liquidity in their supply chain.

Flow of Information

Our unified IT systems (powered by the EAS system, the Odoo system and the OTWB system) provide real time tracking of the flow of goods and flow of funds, while our E-Chain platform and API-enabled data synchronization solutions interface with customers to ensure seamless information sharing, as illustrated in the following chart:



Our operational framework is underpinned by a robust and integrated IT infrastructure, designed to manage and streamline the flow of information among our customers, suppliers, and internal operations. This infrastructure comprises three core systems: the Odoo System, the EAS System, and the OTWB System, collectively forming our unified IT systems.

The flow of information begins with the Odoo System, which is dedicated to the management of information related to our customers and suppliers, including logistics service providers. This system maintains detailed records of all customer and supplier interactions, preferences, and logistical requirements. The EAS System manages orders placed by our customers. Upon receipt of an order, the EAS System meticulously records all pertinent details and tracks the order's progression through various stages, from initial entry to final fulfilment. After the orders go through for processing, the OTWB System oversees key operational processes, including order sorting, warehousing management, logistics coordination, and billing processing. These three systems — Odoo, EAS, and OTWB — are integrated to form our unified IT systems, enabling seamless information flow and operational coherence.

Leveraging our unified IT systems, we provide operational information to our customers through the E-Chain platform and customized API-enabled data synchronization solutions. These platforms offer our customers real-time updates on order status, inventory levels, logistics tracking, and payment confirmations. Additionally, the E-Chain platform and API-enabled data synchronization solutions facilitate two-way communication by sharing information back to our systems. Any updates or changes made by customers through these platforms are promptly reflected in the Odoo, EAS, and OTWB systems, ensuring data integrity and accuracy across all systems. For details of our unified IT systems, E-Chain platform and API-enabled data synchronization solutions, please refer to "Business — Our Unified IT systems and interface with customers".

Flow of Commerce

Our import solutions are designed to manage and streamline the flow of commerce, providing our customers with smooth cross-border trading experiences. By integrating the flow of goods, flow of funds, and flow of information, we create a coordinated commercial process that optimizes supply chain operations. This holistic approach not only enhances operational efficiency but also improves customer satisfaction by providing reliable and timely service.

Our comprehensive solutions enable customers to navigate the complexities of cross-border trade with visibility. Our ability to harmonize the flow of goods, flow of funds, and flow of information underpins our commitment to delivering exceptional import solutions, ultimately achieving the unification of the Four Flows.

Our export solutions

Our export solutions are designed to support our customers in shipping semi-finished and finished products to various international markets:

- ***Exports to end customers***. The majority of our export solutions facilitate the export of our customers' finished products to their end customers in different countries. This involves managing the logistics, documentation, and compliance aspects to ensure seamless delivery to the final destination. Our expertise ensures that each step, from customs clearance to final delivery, is handled efficiently, minimizing delays and ensuring customer satisfaction.

- ***Exports to overseas processing facilities***. Additionally, we provide export solutions for the shipment of semi-finished goods to our customers' processing facilities located overseas, particularly in Southeast Asia. These facilities further process the semi-finished goods to meet specific local specifications, enhancing the products' suitability for local markets. This service helps our customers optimize their supply chains and meet the diverse needs of their international operations.

During the Track Record Period, approximately 2.4%, 3.5% and 3.7% of the total GMV of our supply chain solutions, and approximately 2.1%, 2.9% and 4.1% of our revenue from cross-border supply chain solutions were attributable to our export solutions in FY2023, FY2024 and FY2025, respectively.

We offer customized export solutions tailored to meet our customers' specific export needs. Our services include domestic customs clearance in the PRC and collaboration with third-party operators for international transportation. Furthermore, we offer additional services on demand, such as warehousing and packaging, ensuring a comprehensive solution that addresses all aspects of the export process.

By facilitating their export activities, we help our customers "going out" and expanding their global reach. Our comprehensive export solutions assist customers in navigating the complexities of international trade and compliance with relevant regulations. We leverage our expertise and industry resources to ensure that our customers can focus on their core business while we handle the intricacies of export logistics. In FY2023, FY2024 and FY2025, we have successfully helped our customers with the export of around 1,000, 1,500 and 2,900 SKUs, respectively. Our geographical reach is extensive, covering Southeast Asia, East Asia, Europe, and Africa, and we plan to expand this business line significantly in the future. Please refer to "*Future Plans and* [**REDACTED**]" for details of our strategy to expand this business line. Our goal is to be a trusted partner in their global expansion, providing the expertise and services needed to succeed in the dynamic world of international business.

Our logistics and warehousing solutions

To a lesser extent, our customers may choose to utilize our logistics and warehousing solutions as a stand-alone offering that does not involve our import or export solutions because: (i) we have long term relationship with various major logistics providers and are in a position to coordinate reliable and sufficient resources promptly at competitive rate, and (ii) our warehousing operations are specifically customised for the storage of electronics, which appeal to customers requiring secure, temperature and humidity controlled environments to store sensitive electronics and finished products and precise inventory management and handling processes to prevent damage and loss. During the Track Record Period, our revenue from logistics and warehousing solutions was approximately RMB38.5 million, RMB43.7 million and RMB76.9 million in FY2023, FY2024 and FY2025, respectively, which accounted for approximately 33.0%, 35.6% and 49.0% of our revenue from supply chain solutions.

Our logistics and warehousing solutions are specifically designed to cater to the unique needs of the electronics industry. Our warehouses are equipped with secure, temperature and humidity controlled environments essential for storing sensitive electronic components and finished products. Maintaining optimal storage conditions is crucial, as fluctuations in temperature and humidity can lead to damage and degradation of electronic items. Our temperature and humidity controlled warehouses ensure that these sensitive products are preserved in ideal conditions, maintaining their quality and functionality over time. Additionally, our warehousing solutions include advanced inventory management and precise handling processes designed to prevent damage and loss. We understand the critical nature of accurate inventory tracking and the need for careful handling of electronic products. Our customized inventory management systems and trained personnel work in tandem to ensure that all items are meticulously accounted for and handled with the high degree of care. This level of precision and attention to detail appeals to customers who require trustworthy and efficient warehousing solutions for their electronics.

Over the years, we have established long-term relationships with various major logistics providers. These partnerships enable us to coordinate reliable and sufficient resources promptly, ensuring competitive rates and timely service. This capability allows us to deliver a smooth logistics experience that is tailored to meet the specific requirements of our customers. By leveraging our strong relationships with logistics providers and providing specialized warehousing for electronics, we are able to meet the unique needs of our customers and support their operations effectively.

We also facilitate international transportation completely offshore that does not involve import or export solutions since 2023 as part of our logistics and warehousing solutions. This means we manage logistics operations that do not necessarily involve Chinese Mainland, providing our customers with global logistics support wherever their business takes them. Our expertise in international logistics ensures that our customers' goods are transported efficiently and securely, regardless of the origin or destination. As at 31 December 2025, we had facilitated international transportation for goods of more than 8,200 tons. Our revenue attributable to such international logistics services amounted to approximately RMB0.2 million, RMB9.3 million and RMB34.7 million in FY2023, FY2024 and FY2025, respectively.

OUR CROSS-BORDER FUND ARRANGEMENTS

We commenced our operation of cross-border fund arrangements in 2018. Our cross-border fund arrangements aim to ensure that our customers will be able to meet their settlement needs, while optimizing our profitability without exposure to speculative risks.

Most of our customers conduct their principal business in the PRC, which requires compliance with relevant foreign exchange control regulations when engaging in cross-border trading. Lacking expertise in dealing with commercial banks and government authorities, our customers often face inconveniences and burdens. According to Frost & Sullivan, it is an industry norm for Mainland Chinese enterprises to outsource the execution of cross-border fund arrangements, such as telegraphic transfers and structured trade finance transfers, along with the relevant supply chain processes, to cross-border supply chain service providers (such as us). To alleviate these challenges, we execute cross-border fund arrangements systematically through two primary means during the Track Record Period: (i) Telegraphic Transfer (T/T); and (ii) trade finance structured transfer.

While T/T offers a timely and flexible solution for customers with high time sensitivity and urgent settlement needs, trade finance structured transfers in general present more lucrative opportunities for us. Where operationally feasible (and first and foremost taking into account the settlement needs of the customers), we generally prefer trade finance structured transfers, while using T/T for more immediate settlement needs. Our funds management team dynamically assesses market conditions, time frame of the customer's settlement needs, overall profitability and execution processes, and make a well informed and calculated decision on the settlement mean to be adopted.

Telegraphic Transfer (T/T)

T/T, also known as wire transfer, is an electronic method of transferring funds from one bank account to another. T/T offers a flexible solution with high time sensitivity and is suitable for urgent settlement needs.

A step-by-step illustration of the standard operation of T/T is set out below:

- ***Identification of Commercial Bank***. Our fund operation department identifies the PRC commercial bank that offers the most favourable terms, such as handling fees and market rates.

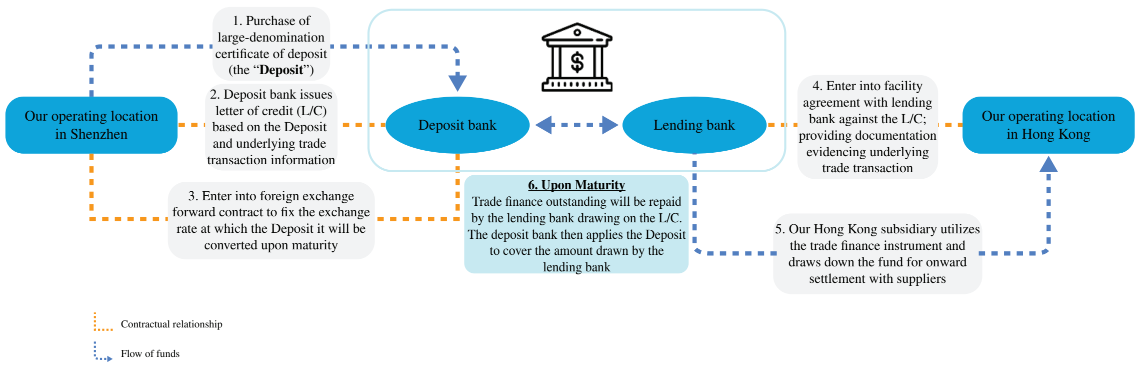
- ***Initiation of Fund Transfer***. Our fund operation department initiates the fund transfer with the PRC commercial bank by submitting T/T instructions, along with documentation evidencing the international trade transaction underlying the T/T, such as the trading contract, invoice, and customs certificate.

- ***Fund Transfer Execution***. The PRC commercial bank arranges the fund transfer to the bank account of our operating location in Hong Kong according to the T/T instructions and provides us with the remittance record.

Trade Finance Structured Transfer

As a means of fund transfer, trade finance structured transfers generally present more lucrative opportunities for us, as compared to T/T. We strategically utilize deposits as collateral and standard trade finance instruments offered by commercial banks to effectively transfer the funds received from customers by our operating location in Shenzhen to the operating location in Hong Kong. Such transactions are premised on the genuine trade needs of our customers.

A step-by-step illustration of the standard operation of trade finance structured transfer is set out below:



- ***Step 1 – Purchase of Large-Denomination Certificates of Deposits.*** Our operating location in Shenzhen purchases large-denomination certificates of deposits or places fixed deposits with a PRC commercial bank that offers the most favourable deposit rate. Such large-denomination certificates of deposit do not have any speculative features and, as advised by our PRC Legal Adviser, are regulated under the Interim Measures for the Administration of Large-Denomination Certificates of Deposit (大額存單管理暫行辦法) in the PRC, according to which, large-denomination certificates of deposit are "ordinary deposits" (一般性存款) in nature.

- ***Step 2 Identification of Optimal Trade Finance Instruments***. Anticipating the funding needed to settle with the customers' international upstream suppliers, the fund operation department identifies the most optimal trade finance instruments offered by commercial banks based on overall costs and commercial terms. Typically, our operating location in Hong Kong engages a PRC commercial bank to obtain trade finance instruments, such as loans and forfaiting, on the best available terms. These instruments are typically secured or discounted against letters of credit issued by the deposit bank at the request of our operating location in Shenzhen, which are, in turn, secured against the deposits.

  ➢ Our operating location in Shenzhen enters into a letter of credit agreement with the deposit bank secured by the large denomination certificates of deposits or fixed deposits and the underlying trade transaction information.

  ➢ Our operating location in Hong Kong enters into a facility agreement (loan or forfaiting agreement) with the lending bank and provides documentation evidencing the international trade transaction underlying the facility agreement, such as a list of customs certificates, including details such as customs declaration numbers, customs declaration date and transaction amount, and the originals of trading contracts and invoices related to such customs certificates. The lending bank will verify the details of the customs certificates through the ASOne platform of the State Administration of Foreign

Exchange (SAFE) (國家外匯管理局數字外管平臺, the "**ASOne platform**"). Once a customs certificate has been verified on the ASOne platform, it cannot be reused for subsequent cross-border fund transfers. As such, we are permitted to use each customs certificate only once to obtain loans from banks. As the trade finance structured transfer is effected based on the underlying trading contracts, invoices, and customs certificates submitted to the lending bank, the amount of loan obtained from the lending bank would be equivalent to the monetary value of such trading contracts, invoices, and customs certificates submitted to the lending bank being utilised for the trade finance structured transfer (meaning the monetary value of the trading contracts, invoices, and customs certificates that were verified by the lending bank for the trade finance structured transfer).

- ***Step 3 Foreign Exchange Forward Contract***. If the funding currency from the lending bank differs from the deposit currency, our operating location in Shenzhen enters into a foreign exchange forward contract with the deposit bank to fix the future exchange rate for converting foreign currency from the deposits at maturity, which will be used to repay the trade finance outstanding with the lending bank.

- ***Step 4 Fund Drawdown and Deployment***. Our operating location in Hong Kong typically draws down the funds from the lending bank to segregated bank accounts in Hong Kong (the "**Hong Kong Segregated Accounts**") and uses the funds to settle the purchase price for the goods with the customers' international upstream suppliers.

- ***Step 5 Repayment***. Upon maturity, the lending bank draws on the letter of credit (i.e., the deposit bank pays the lending bank under the letter of credit) to repay the trade finance outstanding. The deposit bank then applies the deposits to repay the amount drawn by the lending bank under the letter of credit and remits the remaining balance to our operating location in Shenzhen.

Given that mandatory segregated accounts are required under applicable laws and regulations only in limited circumstances, such as for futures margin, trust property, customer transaction settlement funds (in the context of commercial banks, securities companies or clearing houses handling their customers' funds in connection with securities transactions (證券交易相關資金) regulated by the CSRC), customer reserve funds (in the context of non-bank payment institutions (非銀行支付機構) handling their customers' funds for payment services), or commercial housing pre-sale funds managed by futures companies, trust companies, banks, non-bank payment institutions, or real estate development companies, and none of which apply to us or our cross-border fund arrangements, our PRC Legal Adviser are of the view that our cross-border fund arrangements, including trade finance structured transfers, do not require segregated accounts to hold customers' payments until we settle the purchase price of goods with upstream suppliers. However, for enhanced internal control and risk management purposes and best practice, we maintain the Hong Kong Segregated Accounts to specifically accept the funds made available by our Shenzhen operating location and to settle the purchase price of goods with the upstream suppliers.

Our customers report and submit their settlement needs in advance through our EAS system. Our fund management team reviews our customers' settlement needs in aggregate and ensure our Hong Kong Segregated Accounts have sufficient funds to meet such settlement needs on a daily basis. Upon review, our fund management team will determine the amount and timing of cross-border fund arrangements. EAS is the system for us to gauge settlement requirements of our customers at any given time. Ultimately the timing of settlement depends on when customers submit requests and their settlement requirements, typically customers submit one day prior to their settlement needs. We are not subject to risk of exchange rate fluctuation between payment and settlement because the our service contract provides that the customer has to pay us RMB equivalent of the amount actually paid by us to settle with the customer's supplier based on the exchange rate as at the date of such settlement. In practice, typically our settlement with the customer's supplier and the customer's payment to us take place on the same date. The business model of our cross-border fund arrangements is premised on the significant amount of purchase price we collect from our customers from time to time and our ability to aggregate such purchase price collected as appropriate, and assess the most optimal means of fund arrangements taking into account our settlement needs and income that can be generated as a whole. Our cross-border fund arrangements are not executed on the basis of each order from our customers in isolation, instead they are executed on a rolling basis to ensure our Hong Kong Segregated Accounts are sufficiently funded as a whole to meet our aggregate settlement needs at any given time, forming cycles of funds as shown in "*Business — Flow of funds*."

Once our fund management team determines the amount and timing for cross-border fund arrangements, including trade finance structured transfers, we proceed with executing the transfers accordingly, following the steps illustrated above. Typically, on the same date, we simultaneously carry out Steps 1 to 3, confirming all transaction conditions such as the interest rate of the large-denomination certificates of deposit, the trade finance facility, and the locked-in exchange rate pursuant to the foreign exchange forward contract. The relevant documentation is generally executed and returned to the commercial bank on that same date. Depending on the completion timing of these steps (whether it extends beyond the commercial bank's general banking hours), we will execute Step 4 and draw down the funds within the next two banking days. Upon maturity, which typically ranges from 180 days to 365/366 days depending on the facility terms, we arrange for the repayment of the facility. This maturity period is irrelevant to the credit period of our amounts payable on behalf of the customers to the overseas suppliers.

For the purpose of assessing the components comprising the "locked-in" income from our trade finance structured transfers as a function of the amount of underlying principal deposited/facilities (which effectively reflects the terms of the trade finance instruments we could obtain), the table below sets out the respective ranges and averages of the interest rates, exchange yield rates and other associated costs applicable to our trade finance structured transfers during the Track Record Period:

	For the year ended		
	31 December 2023	**31 December 2024**	**31 December 2025**
		(in %)	
Interest rates (deposits)			
Ranges	0.0-6.3	0.0-6.3	0.0-6.9
Averages[1]	2.9	2.2	1.8
Interest rates (facilities)[2]			
Ranges	0.3-5.8	0.5-5.8	0.5-5.4
Averages[3]	2.5	2.4	1.9
Fee rates for associated costs[2]			
Ranges	0.00-0.43	0.00-0.49	0.00-0.49
Averages[4]	0.09	0.14	0.04
**For applicable trade finance structured transfers with trade finance instruments carrying exchange differentials:*			
Exchange yield rate			
Ranges	(3.9)-5.6	(3.9)-5.6	(1.7)-4.0
Averages[5]	0.5	2.2	2.2

Note:

(1) The average interest rates of deposits are calculated by dividing the interest income by the weighted average amount of deposits for each period of the Track Record Period.

(2) "Interest rates (facilities)" represents the interest charge attributable to the trade finance instrument utilised, while "Fee rates for associated costs" represents the bank charges (such as handling fee and other miscellaneous charges) attributable to the trade finance instrument utilised. Our management assesses such costs in aggregate as the effective cost of the trade finance instrument. In practice, the allocation of interest charge and bank charge is determined by the commercial banks, which varies by the nature of the instrument, bank policies and prevailing market conditions. From our perspective we are primarily concerned with the effective cost, which is our basis to evaluate the overall profitability of our trade finance structured transfers.

(3) The average interest rates of facilities are calculated by dividing the interest expense by the weighted average amount of facilities for each period of the Track Record Period.

(4) The average fee rates for associated costs are calculated by dividing the relevant costs by the weighted average amount of facilities for each period of the Track Record Period.

(5) The average exchange yield rates are calculated by dividing the summation of our foreign exchange gains and fair value gains (losses) from the relevant trade finance structured transfers by the weighted average of facilities for each period of the Track Record Period.

The profitability of a particular trade finance structured transfer takes into account the net effect of (i) the differential between the spot rate at the time of execution of such arrangements and the future exchange rate agreed through the relevant foreign exchange forward contract ("**FX Differential**") and (ii) the differential between the relevant interest income on large denomination certificate of deposit and costs of trade finance instrument ("**Interest Differential**"). In instances where the Interest Differential is negative (i.e. costs of trade finance instrument exceed interest from the deposit), which is a loss, we will ensure the FX Differential would make up for the loss incurred from Interest Differential to generate an overall positive income from such particular trade finance structured transfer. We will execute a trade finance structured transfer only if the net effect of the Interest Differential and FX Differential generates a positive income.

An income is generated from the overall arrangement of the above trade finance structured transfer (which can be ascertained at the time of execution) taking into account the differential between the spot rate at the time of execution and the future exchange rate agreed under the foreign exchange forward contracts, and the differential between the interest on large-denomination certificates of deposits and the costs of underlying trade finance instruments. Since the spot rate at the time of execution is known, and future exchange rate, interest on large-denomination certificates of deposits and the costs of underlying trade finance instruments are contractually agreed, we are able to assess these differentials (thus the income we can realise at maturity) and can make an informed decision on whether to enter into the trade finance structured transfers. In this sense, our income from trade finance structured transfer is therefore ascertainable and can be "locked-in" at the time when we enter into the relevant arrangements with commercial banks, and is not subject to any speculative risks, such as subsequent fluctuation in interest rate and costs of trade finance instruments in the market. As advised by our PRC Legal Adviser, upon review of our transaction documents with the PRC commercial banks, they are of the view that, key factors affecting gains, including the transaction currency, transaction amount, exchange rate, delivery time, interest rates and fees, have all been explicitly stipulated in the transaction documents. We had not incurred any losses from trade finance structured transfers during the Track Record Period and up to the Latest Practicable Date.

For the purpose of Chapter 14 of the Listing Rules, on the basis that the foregoing transactions (including in particular the entering into of foreign exchange forward contracts) is conducted in the ordinary course of business as part of our cross-border fund arrangements, they are not regarded as "transactions" under Chapter 14 of the Listing Rules and will not be subject to reporting, announcement or shareholders' approval requirements after our [**REDACTED**]. For the avoidance of doubt, entering into of foreign exchange forward contracts for our cash management activities (i.e. not in connection with our cross-border fund arrangements) will be regarded as "transactions" under Chapter 14 of the Listing Rules, and depending on the applicable percentage ratios, will be subject to reporting, announcement and/or shareholders' approval requirements.

Currency Exchange Operation

In executing cross-border fund arrangements, we strategically agree with our customers in the service contracts that the customers shall pay us the RMB equivalent of the purchase price of goods that we actually paid to settle with their respective suppliers, based on the first foreign exchange rate published by the Bank of China after 9:30 a.m. on the date of such settlement, which reflects the rate accessible by the market (the "**Market Rate**"). During the Track Record Period, we leveraged our substantial and frequent demand for foreign currency payments in the ordinary and usual course of providing import supply chain solutions and were able to secure more favourable exchange rates agreed with commercial banks (the "**Agreed Rate**"). In executing the currency exchange, an income is generated based on the differential between the Market Rate and the Agreed Rate, which is ascertainable and can be "locked in" on the same day and is not subject to any speculative risks, such as subsequent exchange rate fluctuations. Since we obtain the Agreed Rate from commercial banks after the Market Rate becomes public on each day of execution of currency exchange operation, both of the Market Rate and the Agreed Rate are known, so that we are able to assess the gain/loss and make an informed decision on whether to execute currency exchange based on the Agreed Rate. We had not incurred any losses from our currency exchange operations during the Track Record Period and up to the Latest Practicable Date.

We actively conduct our currency exchange operations while utilizing the T/T method for our cross-border fund arrangements. For example, we receive the purchase price from a customer in RMB (based on the Market Rate), execute a T/T to transfer such a sum to our operating location in Hong Kong, and execute a currency exchange to acquire the settlement currency in the required amount (based on the Agreed Rate). Our experienced funds management team actively maintains the relationships with the commercial banks. During Track Record Period, we had cooperated with 12 commercial banks, who provided us with favourable Agreed Rate. We generally enquire quotes on daily basis from three to five commercial banks to afford us with the best available rate at the date of exchange. As our currency exchange operations are conducted for the purpose of settling the purchase price on behalf of our customers as part of our cross-border supply chain solutions, we purposedly execute such operations based on the Market Rate and the Agreed Rate so that there is no exposure to speculative risks. Since we are able to settle with our customers at Market Rate and exchange for foreign currency at Agreed Rate with the commercial banks as part of our daily routine operation, we have been able to record such exchange gains as "Income from Currency Exchange Operations".

Sometimes, we execute currency exchange operations in tandem with a trade finance structured transfer when the funding made available by the trade finance instrument underlying the structured transfer is denominated in a currency that is different from the settlement currency for the purchase price for the goods, necessitating a currency exchange to acquire the settlement currency in the required amount. We will choose between (i) trade finance structured transfer and (ii) trade finance structured transfer in tandem with currency exchange operation based on the trade finance instruments available from banks and the timing requirements of our customers. In determining the most optimal approach, we will reach out to various banks and obtain their trade finance instruments offerings and evaluate the expected yield and execution timeline associated with each alternative. We will select the structure that, after comprehensive evaluation, is expected to deliver the most favorable yield and overall terms in light of its settlement requirements. During the Track Record Period, the GMV underlying the approach of trade finance structured transfer in tandem with currency exchange operation accounted for 77.5%, 93.2% and 80.1% of our total GMV underlying trade finance structured transfer in FY2023, FY2024 and FY2025, respectively.

We actively derive income from the operation of cross-border fund arrangements, including income from currency exchange operations and income from trade finance structured transfers. The table below sets out the income generated from our cross-border fund arrangements during the years of FY2023, FY2024 and FY2025.

	FY2023	**FY2024**	**FY2025**
	(in RMB'million)	*(in RMB'million)*	*(in RMB'million)*
Income from cross-border fund arrangements:			
– Currency exchange operations	49.3	59.7	45.3
– Trade finance structured transfer	54.7	52.3	65.5

In line with the growth in our export solutions business, we may execute cross-border fund transfers based on our export solutions (i.e. effecting fund transfer into Chinese Mainland to settle with PRC customers), using mechanisms similar to those illustrated for import solutions, in which case we act as the exporter. Our income generated from such export-related cross-border fund transfers represented an insignificant percentage of less than 1.1% of our total income from cross-border fund arrangements in each of FY2023, FY2024 and FY2025.

Although the profitability of our cross-border fund arrangements is highly dependent on market conditions, we have demonstrated the ability to flexibly adjust our operations and obtain appropriate products from commercial banks. By strategically selecting the suitable combination of settlement methods and trade finance products, we have been able to navigate varying market conditions to maintain our profitability. As a result, we had not experienced any material adverse changes in the profitability of our cross-border fund arrangements during the Track Record Period.

According to Frost & Sullivan, within the electronics cross-border integrated supply chain solution industry, companies commonly encounter substantial and frequent cash flows resulting from customers' payment of the purchase price for goods and engage in cross-border fund arrangement business activities, and the proportion of income derived from cross-border fund arrangements is subject to various influencing factors, including the scale of funds involved, the specific financial instruments utilized, the strategies adopted for such arrangements, and market factors such as fluctuations in exchange rates and interest rates. Consequently, the proportion of income attributable to cross-border fund arrangements may differ among companies, and such variability is not uncommon within the industry. Considering our substantial transaction volume, the significant scale of funds processed and strong cash position, our Directors believe that the proportion of income generated from cross-border fund arrangements is reasonable. This is also taking into account the recent strategy of offering more competitive service fee rate to scale up the GMV with a view to achieving higher profitability through cross-border fund arrangements. Furthermore, our strategy is to lock-in the income upon execution, which is not subject to speculative risks; while prudent, may prove to be the more consistent and sustainable model in spite of market fluctuations in recent years.

As advised by our PRC Legal Adviser, the import of goods into the PRC is regulated by the principle of "Importers settle in foreign currency" ("誰進口誰付匯"), meaning that the importer of goods must also settle for the goods in foreign currency. The rationale of this requirement is to ensure that the flow of good and flow of funds are consistent, in particular the foreign exchange transaction and fund transfer out of PRC is supported by genuine underlying trade transactions, and according to "Questions and Answers on Foreign Exchange Management Policies and Business (264)" (外匯管理政策與業務問答(264)) published by local counterpart of State Administration of Foreign Exchange ("SAFE"), the "domestic consignee" (i.e. the receiver of the goods in the PRC as filed with the PRC customs) is considered as the importer of the goods responsible for settling for the goods in foreign currency. Based on the foregoing, our PRC Legal Adviser is of the view that, our arrangement of flow of goods and flow of funds is consistent with the principle of "Importers settle in foreign currency".

Our PRC Legal Adviser further advised us that, given our customers engage us to facilitate the flow of goods into the PRC, it is not legally permissible for them to settle purchase price for the goods in foreign currency based on the above principle as they are not the "domestic consignee". On account of the foregoing, for our customers who engage us to facilitate the flow of goods into the PRC, we are legally required to settle the purchase price in foreign currency on their behalf, regardless of their operation size or funding capabilities.

According to Frost & Sullivan, cross-border settlements involve complex regulatory requirements, including (i) anti-money laundering regulations, such as the Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Banks' Cross-Border Business (Trial Implementation) (銀行跨境業務反洗錢和反恐怖融資工作指引(試行)), which require commercial banks to conduct customer background checks and business reviews, and the Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法), which requires financial institutions to verify customers and relevant transactions when there are inconsistencies in information or risk profiles, and (ii) foreign exchange control requirements, such as the Notice of the State Administration of Foreign Exchange on Further Optimizing the Administration of Trade-related Foreign Exchange Business (國家外匯管理局關於進一步優化貿易外匯業務管理的通知) for information directory registration management, the Guidelines on Foreign Exchange Business under Current Accounts (2020 version) (經常項目外匯業務指引(2020年版)), and the Detailed Rules for the Implementation of International Balance of Payments Statistics Reporting through Banks (通過銀行進行國際收支統計申報業務實施細則), which govern the review and reporting of foreign exchange receipts and payments. Such requirements make it burdensome for manufacturers and trading companies to establish effective systems, which require capabilities in integrating multiple financial institution interfaces, processing multi-currency settlements, performing real-time exchange rate conversions, and substantial IT infrastructure investment. While leading manufacturers and trading companies may handle basic cross-border payments, significant resources are needed for hiring specialized professionals, maintaining systems, and ensuring continuous operation. Conversely, cross-border supply chain service providers such as our Group offer cost-effective, efficient solutions with specialized, scalable, and intelligent capabilities. These providers have professional teams well-versed in settlement processes and compliance, enhancing efficiency through standardized operations and mitigating exchange rate fluctuations with financial instruments. By reducing transaction costs through economies of scale, they offer more competitive settlement fees. Outsourcing cross-border settlement to these providers allows manufacturers and trading companies to save on system development and maintenance costs, enabling them to focus on their core business operations and improve overall efficiency.

In addition, our PRC Legal Adviser is of the view that our operation of cross-border fund arrangements is in compliance with applicable laws and regulations in the PRC, in particular, our currency exchange operation and trade finance structured transfer as discussed above are formally recognized and permissible under PRC laws and regulations, including the Administrative Measures for Banks Handling Foreign Exchange Settlement and Sales (銀行辦理結售匯業務管理辦法) and the Detailed Implementing Rules for Banks Handling Foreign Exchange Settlement and Sales (銀行辦理結售匯業務管理辦法實施細則).

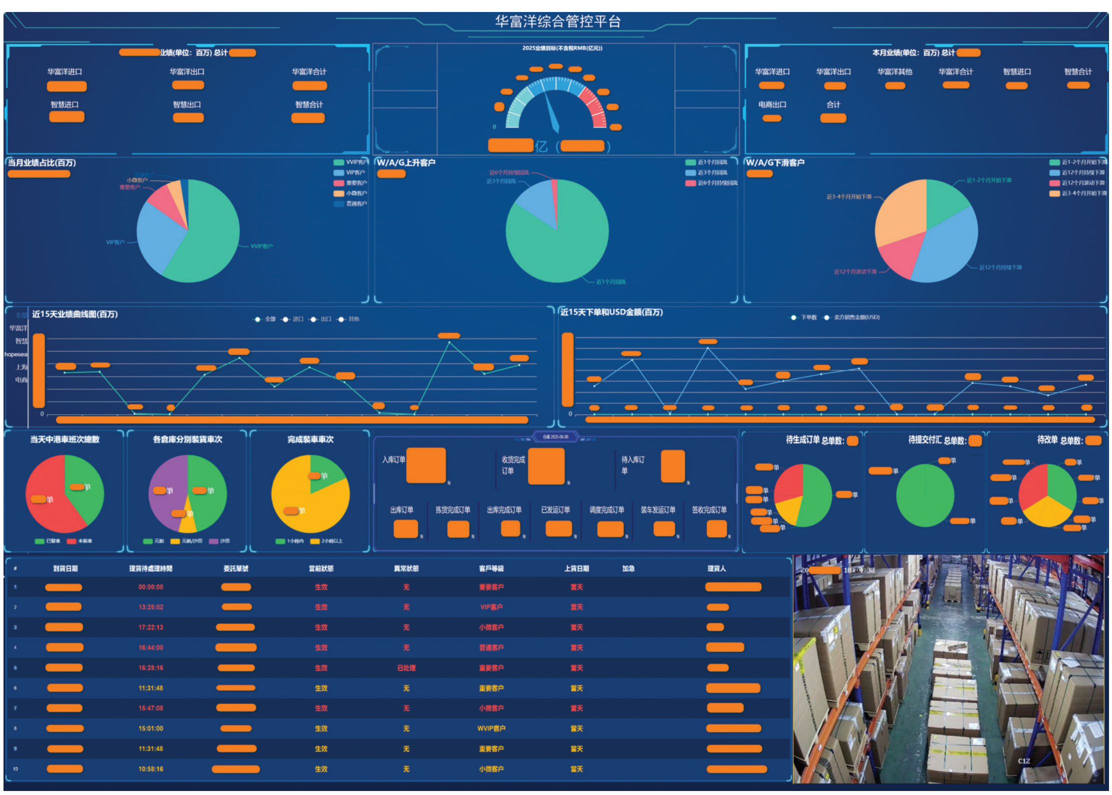
Upon review of our total volume of fund transfers made and the value of goods imported, and taking into account that (i) the SAFE and its local counterparts have, as part of their routine annual supervision, reviewed the flow of goods and flow of funds of our operations by reconciling the (x) records of payments and receipts of foreign currencies by our PRC subsidiary; and (y) records of goods imported/exported by us as reported by the PRC customs, and our PRC Legal Adviser confirmed that no non-compliance has been identified in such routine annual reviews during the Track Record Period and up to the Latest Practicable Date; (ii) based on the review of our PRC Legal Adviser, we have maintained a Grade A classification (the highest of the SAFE classification, signifying the highest standard of compliance) from the SAFE during the Track Record Period and up to the Latest Practicable Date, our PRC Legal Adviser is of the view that our cross-border fund arrangements comply with the applicable laws and regulations, including SAFE's requirement of flow of funds being consistent with flow of goods and foreign currency exchange activities should be backed by genuine international trade transactions during the Track Record Period and up to the Latest Practicable Date. Further, as advised by our PRC Legal Adviser, we are not required to obtain any licenses or permits in order to conduct our operation of cross-border fund arrangements.

OUR UNIFIED IT SYSTEMS AND INTERFACE WITH CUSTOMERS

We started establishing our online service platform and put it into operation in 2017. We believe that one of our competitive strengths is our ability to provide integrated supply chain services to our customers through our online service platform, thereby enhancing the service experience in terms of efficiency and convenience and creating value for our customers.

Our customers can access to our service platform through our official E-Chain websites of **www.hfy-group.com** and **www.hfyzhscm.cn** or via our WeChat mini-programme HuaFuYang E-Chain (華富洋E鏈), which offers our customers a more flexible mobile service. E-Chain is our online service platform designed to deliver standardised supply chain solutions to our SME customers at scale. E-Chain significantly simplifies our service process, enabling customers to easily place orders, manage inventory, make payments, and track status real-time for a seamless experience. Further, as one of our customized offerings primarily to our key account customers, we offer API-enabled data synchronization solutions, which is a set of protocol that allows disconnected applications to communicate with each other. By setting up API connectivity with our customers, we establish an accessible way to enable our customers to synchronize data and functionality with us and provide them a steady and secured route to supply chain information. Such service interfaces are backed with our powerful operational systems, which primarily include our Odoo System, EAS (*Enterprise Application Suites*) System, and OTWB System, which encompasses OMS (*Order Management System*), TMS (*Transportation Management System*), WMS (*Warehousing Management System*) and BMS (*Billing Management System*).

Our unified IT systems



We aim to achieve a highly digitalized operation to improve the efficiencies, especially across departments and achieve integration and collaboration of all major aspects of our business. We have since 2013 started building our operational systems network and empowering the digitalized operational functions. We have established a systematic digital operation which covers all key parts of our supply chain solutions business. Such digital operation is supported by the operational systems as set out below.

Odoo System. For customer relationship management, as early as we discover a potential customer that may become part of our pipeline, our customer service team will lodge the customer information into our Odoo system for follow-ups, so that we will not miss out on business opportunities. Once a customer becomes interested in our services, we will prepare a system-generated service agreement together with our designed service plan in the system for internal approval. All signed agreements and customers' information are all safely stored in the Odoo System and can be easily accessed for future references. We also manage our supplier profiles as well as the business contracts with the suppliers in Odoo System in a similar manner. In addition, our risk management team regularly reviews the transaction records and business profile to assess the transaction risks in dealing with such customers and suppliers.

EAS System. This platform serves as our central control hub unifying information from all other IT platforms in a real-time manner, such as customer information, orders from customers, customs clearance status, warehousing and logistics resources and settlement needs of customers. Once the customers place orders under their service agreements, we will process their order information in our EAS system, including the transaction information, such as the customs clearance information, and the financial information, such as our invoices to be processed and payment process.

OTWB System is a customized operation system for our logistics and warehousing services. It encompasses four modules including OMS, TMS, WMS and BMS.

OMS. The OMS module is specialized in order management of logistics and warehousing solutions. It serves as a connector between our other operational systems, such as EAS System and the other modules of the OTWB system, and effectively coordinate the data across systems. For example, once EAS System receives a logistics or warehousing order, it will automatically send instructions to our OMS module together with the relevant order information. So that our warehousing and logistics service team can quickly respond and process the orders.

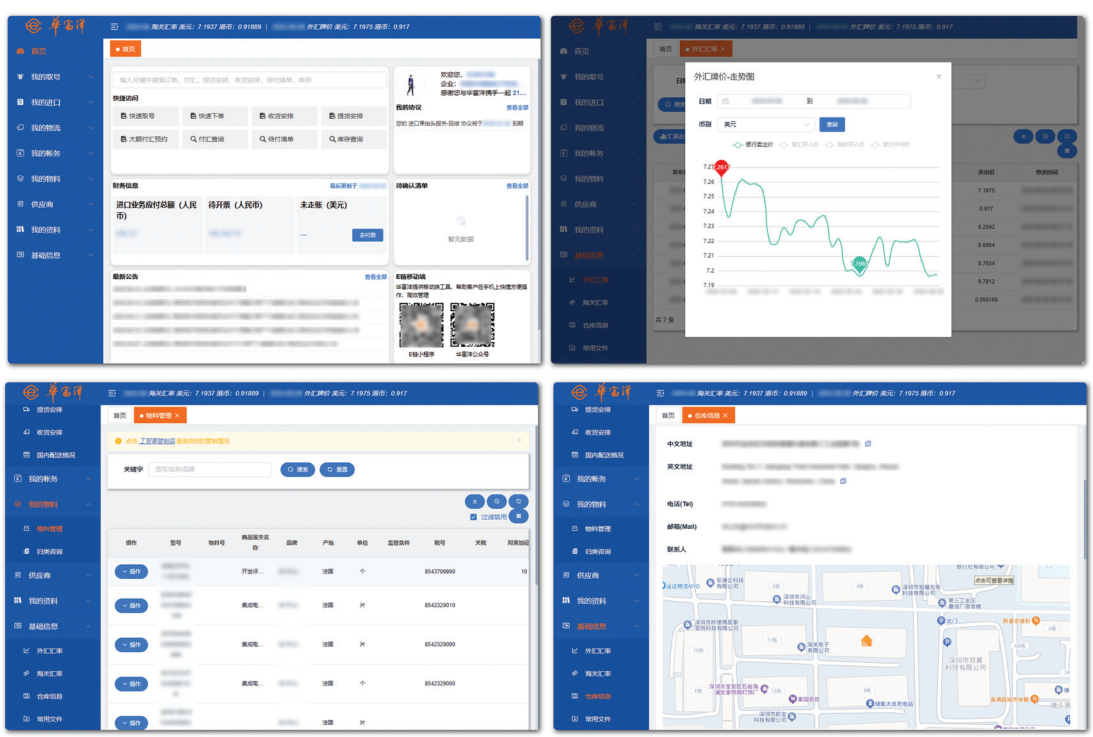
TMS. With the instructions and order information from EAS System, our TMS module is able to generate a transportation bill to arrange the logistics, which stipulates, among others, the expected departure and arrival time, information of the goods being shipped and specific transportation requirements. Its algorithm effectively helps us to assign the transportation bill to the most suitable carriage vehicles, taking into account the type and size of the goods, the real-time transportation capacity of our delivery fleet and the third-party logistics service suppliers. Our TMS module significantly improved the efficiencies of the coordination with carriers and truck dispatching.

WMS. Given most of our customers operate in manufacturing sector and require a fast-moving logistics and warehousing services with high turnovers. Our monthly average output and input had reached 374,000 packages and 371,000 packages in FY2025. To deal with such busy turnovers without compromising our service quality, we need to highly standardize and streamline the warehousing process. Our WMS module precisely manages the whole warehousing process, including inspection and acceptance of the goods, tallying and handling, storage, movements, outgoing control.

BMS. We endeavour to provide our customers flexible supply chain solutions. As such, our billing system needs to closely match the costs incurred to invoice our customers with our charges. Through BMS module, we accumulate and calculate our warehousing rental fees, operation fees, logistics charges and insurance fees as applicable.

We have in place a real-time operation monitor, placed at our headquarters office, warehouses and the main working areas of our functional departments, with alarm system indicating warnings for any abnormal operations, such as disruptions in transporting goods into our warehouses, so that our staff can timely respond and be on top of any of such situations, and the management can efficiently manage the respective department to ensure a smooth operation.

Our interface with customers



Backed with such empowered operation systems, we are able to offer our integrated supply chain solutions to our customers through our online service platform, E-Chain. The key features of E-Chain are set out below:

Order sorting. To help our customers effectively manage their orders, our E-Chain online service platform sorts the orders to clearly present them with orders in different delivery status, orders paid but yet to be despatched by the upstream suppliers, orders in different customs clearance stages. Such data is uploaded by our customs affair team based on the data generated from our EAS system.

Inventory management. Our customers are also able to monitor the real-time warehousing status. As we generally use our operating location in Hong Kong to receive the goods from overseas, our customers cannot inspect their goods until receiving the goods themselves. With E-Chain platform, they can easily obtain the information of the goods arrived, including the model, number, size, brand, production location of the goods, as well as the warehousing information, including the location of the warehouse and the date of entry for storage. Such data includes real-time storage information from our WMS module.

Logistics arrangements. Through E- Chain platform, our customers can instruct us to pick up the goods from their designated location to our operating location in Hong Kong for warehousing services and provide destination information for us to arrange to deliver after the goods arrive at our operating location in Shenzhen. We provide logistics information for the customers' easy tracking so that they can arrange their production plan in advance. Such data includes information uploaded from our TMS, WMS, EAS module and data provided by our third-party logistic service providers.

Payment settlement. We generally require our customers to make appointments in advance for us to provide cross-border payment service for them and facilitate their settlement with the respective upstream suppliers. Our customers can conveniently make appointments through E-Chain platform and track the status of the cross-border payment and settlement. We also provide the information about our outstanding service charges, so that our customers can easily arrange payments to settle our fees. Such data is automatically generated and uploaded from our EAS system.

Informational services. We understand that customs clearance requires professional knowledge and experience. Our customers are usually involved in various international trading business, and we are glad to be of help to provide professional advice to them. We offer the customs information of the customers' goods, for which the respective customers have transacted through us previously. Such information include the type of goods under customs' system, the regulatory requirements with respect to the goods and the relevant customs duties. For goods that the respective customers have not yet transacted with us, they can easily inquire through our AI chat robot, namely E-bot (小E), or request human services. In addition, we provide the customers with the latest foreign exchange rate and customs exchange rate for their reference.

Our customers can easily manage their orders with us and closely monitor the progress of their supply chain. We design the platform in a way that our customers can easily get on the outstanding tasks to complete the orders and access transactional information without going through back-and-forth communications.

API-enabled data synchronization solutions

As part of our customized offerings primarily to key account customers, we provide API-enabled data synchronization solutions. These solutions facilitate seamless integration between our customers' ERP systems and our own systems, enabling information synchronization and real-time visibility throughout the order placement and tracking process. Through API connections, our customers can place orders directly from their ERP systems and receive real-time updates on the status of their orders. This integration ensures that all relevant data, such as order details, transportation status, and inventory levels, are consistently updated across both systems. The transparency and synchronization significantly enhance the efficiency and accuracy of supply chain operations, allowing customers to manage their logistics with greater ease and convenience.

While our API-enabled data synchronization solutions are available to both key account customers and high-potential SME customers, these solutions require a more advanced operating system on the customer's end, and as a practical matter are generally more suitable to key account customers who have the necessary infrastructure to fully benefit from them. As at 31 December 2025, we successfully completed API integration with 21 key account customers, demonstrating our capability to deliver efficient and tailored data synchronization solutions. This integration has enabled our customers to achieve greater operational efficiency and improved supply chain management.

In addition to connecting with our customers, we have also established API connections with customs and banks. These connections allow us to obtain real-time information related to customs clearance and financial transactions. By integrating with these external entities, we ensure that our customers benefit from faster and more streamlined processes, reducing delays and enhancing overall service reliability.

OUR CUSTOMERS

We support customers in more than 40 industry verticals, including in particular, industries under IoT communication, semiconductors, smart and robotic solutions and new energy segments, covering over 200,000 SKUs as at the Latest Practicable Date. Our customers include both mature and high-growth technology companies in the PRC who critically require a stable supply of large volume of high value goods from international suppliers for their production. We have a diversified customer base, which has provided resilience to our business. In view of the rapidly changing international trading dynamics, we continue to diversify our customers from a broader range of industry verticals, including in particular home-use smart devices and portable diagnostic devices. Through our solutions, we had facilitated our customers' trading of more than 61,000, 65,000 and 73,000 SKUs in FY2023, FY2024 and FY2025, respectively. The table below sets out the major industry segments that our customers operated in during the Track Record Period, as measured by revenue from cross-border supply chain solutions and by GMV:

For the year ended								
31 December 2023			31 December 2024			31 December 2025		
Industry segment	*(RMB' in million)*	*% of total*	**Industry segment**	*(RMB' in million)*	*% of total*	**Industry segment**	*(RMB' in million)*	*% of total*
By Revenue from cross-border supply chain solutions								
Semiconductor	28.0	39.5	Semiconductor	31.4	39.6	Semiconductor	34.8	43.5
Computer hardware and software	17.1	21.9	IoT communication	15.4	19.4	IoT communication	14.6	18.3
IoT communication	11.6	14.8	Computer hardware and software	13.0	16.4	Smart and robotic solutions	12.7	15.9
Smart and robotic solutions	9.4	12.1	Smart and robotic solutions	10.7	13.5	Computer hardware and software	9.6	12.0
New energies	9.2	11.8	New energies	5.7	7.2	New energies	4.9	6.2
Others	2.7	3.4	Others	3.1	3.9	Others	34	4.2
Total	**78.0**	**100.0**	**Total**	**79.2**	**100.0**	**Total**	**80.1**	**100.0**

	For the year ended							
31 December 2023			31 December 2024			31 December 2025		
Industry segment	*(RMB' in million)*	*% of total*	**Industry segment**	*(RMB' in million)*	*% of total*	**Industry segment**	*(RMB' in million)*	*% of total*
By GMV								
IoT communication	9,313.8	30.3	IoT communication	13,456.8	37.3	IoT communication	14,500.5	33.9
Semiconductor	8,098.9	26.4	Semiconductor	9,219.2	25.6	Semiconductor	12,947.7	30.3
Computer hardware and software	6,370.4	20.7	Computer hardware and software	5,880.3	16.3	Computer hardware and software	6,634.7	15.5
Smart and robotic solutions	3,178.2	10.3	Smart and robotic solutions	4,179.8	11.6	Smart and robotic solutions	5,020.8	11.7
New energies	2,788.3	9.1	New energies	2,134.1	5.9	New energies	1,934.5	4.5
Others	981.3	3.2	Others	1,189.1	3.3	Others	1,697.4	4.0
Total	**30,730.8**	**100.0**	**Total**	**36,059.3**	**100.0**	**Total**	**42,735.5**	**100.0**

Customers from different industry segments may carry particular characteristics. For example, during the Track Record Period, we had 101, 89 and 96 IoT communication customers in FY2023, FY2024 and FY2025, respectively. These customers are characterized by their need for high-value electronic components. GMV per customer from this industry segment amounted to approximately RMB92.2 million, RMB151.2 million and RMB151.0 million in the same periods. While these customers contributed revenue of approximately RMB11.6 million, RMB15.4 million and RMB14.6 million in FY2023, FY2024 and FY2025, accounting for 14.8%, 19.4% and 18.3% of our total revenue from cross-border supply chain solutions in the same periods, their significant GMV contribution led to income from cross-border fund arrangements of RMB31.3 million, RMB38.2 million and RMB40.5 million, representing 31.2%, 34.0% and 36.6% of our total income from cross-border fund arrangements in the same periods. Recognising their potential to contribute substantial GMV and our ability generate income from these fund arrangements, we strategically offer more competitive supply chain service fees to attract and retain these customers.

During the Track Record Period, Income from Ordinary Course of Business attributable to our five largest customers in FY2023, FY2024 and FY2025 represented approximately 28.8%, 28.5% and 32.8% of our Income from Ordinary Course of Business generated in each period, and Income from Ordinary Course of Business attributable to our largest customer for the same periods represented approximately 8.5%, 7.0% and 8.4% of our Income from Ordinary Course of Business generated in each period. The length of our business relationships with our five largest customers in each period during the Track Record Period ranges from two to 12 years.

The table below sets forth the details of our five largest customers in each period during the Track Record Period:

For the year ended 31 December 2023

Rank	Customer	Main service purchased	Background	Year of commencement of business relationship	Credit period	Contribution to our Income from Ordinary Course of Business for the year	% of our Income from Ordinary Course of Business for the year
						(RMB' 000)	
1 . .	Customer A	Logistics and warehousing solutions	A distributor and supply chain management service provider for electronics, which is a subsidiary of a company listed in Singapore	2020	60 days	18,695	8.5
2 . .	Customer B	Cross-border supply chain solutions	A leading IoT solutions provider listed in the PRC	2013	35 days	14,536	6.6
3 . .	Customer C	Cross-border supply chain solutions	A leading provider of IoT wireless communication modules listed in the PRC	2015	70 days	14,312	6.5
4 . .	Customer D	Logistics and warehousing solutions	A leading provider of IT infrastructure products listed in the PRC	2016	90 days	8,990	4.1
5 . .	Customer E	Cross-border supply chain solutions	A global leader in the development and manufacturing of innovative technology products for commercial and recreational use	2016	40 days	7,021	3.2

For the year ended 31 December 2024

Rank	Customer	Main service purchased	Background	Year of commencement of business relationship	Credit period	Contribution to our Income from Ordinary Course of Business for the year	% of our Income from Ordinary Course of Business for the year
						(RMB' 000)	
1 . .	Customer C	Cross-border supply chain solutions	A leading provider of IoT wireless communication modules listed in the PRC	2015	70 days	16,512	7.0
2 . .	Customer B	Cross-border supply chain solutions	A leading IoT solutions provider listed in the PRC	2013	35 days	15,874	6.8
3 . .	Customer A	Logistics and warehousing solutions	A distributor and supply chain management service provider for electronics, which is a subsidiary of a company listed in Singapore	2020	60 days	13,458	5.7
4 . .	Customer D	Logistics and warehousing solutions	A leading provider of IT infrastructure products listed in the PRC	2016	90 days	11,353	4.8
5 . .	Customer F	Cross-border supply chain solutions	A power electronic device distributor based in the PRC	2019	90 days	9,853	4.2

For the year ended 31 December 2025

Rank	Customer	Main service purchased	Background	Year of commencement of business relationship	Credit period	Contribution to our Income from Ordinary Course of Business for the period	% of our Income from Ordinary Course of Business for the period
						(RMB' 000)	
1 . .	Customer G	Cross-border supply chain solutions/Logistics and warehousing solutions	A leading provider of core technologies and mobile robots in the PRC	2023	45 days	22,537	8.4

Rank	Customer	Main service purchased	Background	Year of commencement of business relationship	Credit period	Contribution to our Income from Ordinary Course of Business for the period	% of our Income from Ordinary Course of Business for the period
						(RMB' 000)	
2 . .	Customer B	Cross-border supply chain solutions/Logistics and warehousing solutions	A leading IoT solutions provider listed in the PRC	2013	22.5 days	22,063	8.2
3 . .	Customer C	Cross-border supply chain solutions	A leading provider of IoT wireless communication modules listed in the PRC	2015	50 days	15,058	5.6
4 . .	Customer F	Cross-border supply chain solutions	A power electronic device distributor based in the PRC	2019	90 days	14,284	5.3
5 . .	Customer D	Logistics and warehousing solutions	A leading provider of IT infrastructure products listed in the PRC	2016	90 days	14,198	5.3

In 2024, Customer A ceased to be our customer. We were given to understand that, following a change in control in Customer A in 2024, it has undergone internal strategic planning and restructuring of its supply chain, and has yet to require our supply chain solutions. Our Directors confirm that there is nothing unusual about this circumstance that needs to be brought to the attention of the [**REDACTED**] and the Stock Exchange. As we were able to promptly secure other customers in place of Customer A (who primarily used our logistics and warehousing solutions), our Income from Ordinary Course of Business as a whole in 2024 was not materially affected by the foregoing.

Our Directors confirm that our five largest customers in each period during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of our share capital as at the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest customers in each period during the Track Record Period.

Our Directors confirm that, to their best knowledge, during the Track Record Period and up to the Latest Practicable Date, we had not had any material disputes with our customers.

Salient terms of agreements with customers

We typically enter into supply chain solutions service agreements with our customers covering various terms, including contracting parties, contractual period, scope of services, fees, payment method and parties' rights and obligations, among other things. The salient terms of typical agreements with customers are summarized as follows:

Contractual period:	Typically two to three years unless terminated by the parties pursuant to the agreement. If neither party issues a termination notice one month before the expiry date, the term of the agreement will be automatically extended for one year.
Scope of services:	Supply chain solutions, including pick-up, inspection, packaging, sorting, warehousing, load-off, commercial inspection, customs clearance, logistics and payment settlement. During the term of the agreement, the customer can request our Group to provide integrated supply chain solutions from time to time.
Fees:	Fees are determined by scope of services, payment method, and service model.
Payment method:	We generally require our customers to make payments for our service fees upon customs clearance at our operating location in Shenzhen. Any late payment will be subject to a default interest based on the principal amount and the length of delayed period as agreed. We are free to dispose of the goods in any manner we deem appropriate if the outstanding payments are not fully settled within 30 days upon the day when such payments become due. We are entitled to claim any shortage amount of the payments after deducting the proceeds from deposition of the goods.
Termination:	The agreement may be terminated by advance notice of any of the parties or upon the parties entering into a termination agreement.

HISTORICAL THIRD PARTY PAYMENTS

During the Track Record Period, certain of our customers (the "**Relevant Customers**") had settled their payments with us through third-party payors, such as the legal representative or business partner of these customers (the "**Third Party Payments**") primarily for their own cash flow management and/or administrative convenience. Two, one, three and one of our customers settled their payments with us through Third Party Payments in FY2023, FY2024 and FY2025, respectively.

In FY2023, FY2024 and FY2025, our service fee settled by Third Party Payments amounted to RMB124,294, RMB2,892 and RMB972, accounting for approximately 0.107%, 0.002% and 0.001% of our total revenue from supply chain solutions in the same periods, respectively. We have obtained written confirmations from the Relevant Customers and the respective third parties that the respective third-party payors were paying on their behalf, and the third-party payors will not, under any circumstances, demand repayment of the amounts paid to us. As advised by our PRC Legal Adviser, we have not been involved in any disputes or complaints over the Third Party Payments during the Track Record Period and up to the Latest Practicable Date.

Since April 2025, we have completely discontinued all Third Party Payments and as at 31 December 2025, all historical amount payable by the Relevant Customers through Third Party Payments during the Track Record Period had been settled. We have implemented the following internal control measures to prevent future occurrence of Third Party Payments:

(i) for payments received, our finance personnel will generate collection slips through the EAS system to recognize the payments. If a payment originates from an account that does not match any of our customers' accounts, the collection slip generated by the EAS system will require additional manual confirmation before recognizing the payment; and

(ii) our finance personnel will not accept the relevant payments if upon checking manually that such payments are Third Party Payments.

Our Directors are of the view that the above enhanced internal control measures are effective and adequate in achieving the purposes they are intended for.

In preparation for the [**REDACTED**], our Group has engaged an independent third party consultant (the "**Internal Control Consultant**") to perform a review over selected areas of our internal controls over financial reporting in June 2025 (the "**Internal Control Review**"). The scope of the Internal Control Review performed by the Internal Control Consultant was agreed between us, the Sole Sponsor and the Internal Control Consultant. The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included the relevant controls over the Third Party Payments. The Internal Control Consultant performed the follow up reviews to review the status of the management actions taken by our Group to address the findings of the Internal Control Review (the "**Follow up Review**").The

Internal Control Consultant did not have any further recommendation in the Follow up Review. The Internal Controls Review and the Follow up Review were conducted based on information provided by our Group and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

Based on the above and having reviewed our Group's enhanced internal control measures on collection, the Sole Sponsor considers that the internal control measures of our Group are effective and adequate to avoid the use of the Third Party Payments going forward.

Considering that our service fee settled by Third Party Payments only accounted for approximately 0.107%, 0.002% and 0.001% of our total revenue in FY2023, FY2024 and FY2025, our Directors are of the view that the discontinuation of Third Party Payments will not have a material adverse effect on our business, financial condition, results of operations and prospects. As at the Latest Practicable Date, there has been no material impact to our financial and operational position as result of the discontinuation of Third Party Payments. See "*Risk Factors — We are subject to risks relating to Third Party Payments, which we had accepted in the past.*" for further details. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause them to cast doubt on the aforementioned view of our Directors in any material respect.

As advised by our PRC Legal Adviser, (i) entrusting a third party to make payments is not prohibited by the Civil Code (ii) the supply chain service agreements entered between our customers and us are based on genuine trade needs and the Third Party Payments made for the purpose of settling the payments under the supply chain agreements do not constitute money laundering as defined under the PRC Criminal Law; and (iii) the arrangements related to Third Party Payments were legal and valid under the applicable PRC laws and regulations, and based on the foregoing, they are of the view that the Third Party Payments are legal and do not constitute any non-compliance as a matter of PRC laws and regulations.

Our pricing policy

We adopt a market-based pricing model for our integrated supply chain solutions. We typically consider the following factors based on the customized supply chain service plan, when determining our pricing: (i) value of the goods handled by us; (ii) settlement method; (iii) utilisation and capacity of our warehousing resources; (iv) urgency; (v) prevailing market rates; (vi) seasonality factors; and (vii) business relationship with the customer. Pricing terms are generally determined by our sales and marketing department.

We charge our clients based on a permutation of fee models, depending on the type of services they require, typically:

- For our cross-border supply chain solutions, we charge a service fee as a percentage of the GMV. This percentage is determined by several factors, including the monthly trading volume of the customer, the credit period typically granted to the customer, and whether the customer opts for our value-added services such as advanced payment for the purchase price of goods, VAT, and tariffs. These additional services can significantly impact the overall fee structure, providing flexibility tailored to the customer's specific needs.

- For logistics solutions, our fees are primarily based on accessibility of destinations, the distance of transportation and the number of packages being shipped. We adopt a scalable pricing model that aligns with the complexity and scope of the logistics required. For warehousing solutions, fees are determined by the volume and duration of storage, as well as the location of warehouse and the ancillary equipment available in such warehouse utilized. Additional fees may apply if customers choose to use our value-added inventory management services, such as labeling and packaging.

- For our value-added services that involve advanced payment for the purchase price of goods, VAT, and tariffs, we typically include these fees in the overall service fees for cross-border supply chain solutions based on the anticipated length and size of the advance. For certain customers requiring longer credit periods, we typically charge these advance payments separately based on a fee rate that is determined on a case-by-case basis considering factors such as potential risk exposure and the cost of funds (with reference to prevailing commercial bank lending rates) .

- We generally do not charge customers for our API-enabled data synchronization solutions. This service is provided to enhance data integration and operational efficiency without substantial additional cost, primarily as a hook to increase utilisation and penetration of our services. Similarly, we do not impose fees, such as service fees, on our customers for executing cross-border fund arrangements, including T/T transfers and trade finance structured transfers.

According to Frost & Sullivan, the basis of above fee models and the range of our service fees are in line with industry norm.

In addition, we strategically consider the order size (i.e. GMV) of the customers and make an informed assessment of the potential income generated from the operation of cross-border fund arrangements. This approach allows us to offer more competitive pricing terms when appropriate. Please also refer to "*Business – Our cross-border fund arrangements*" for details.

Sales and Marketing

Our sales and marketing staff are mainly responsible for promoting our services, communicating with our customers and handling their inquiries and orders. As at 31 December 2025, we had 37 sales and marketing staff, all of whom were located in the PRC.

We have an experienced customer service team responsible for providing service plans tailored for our customers. As at 31 December 2025, our customer service team consisted of 58 members. In addition, our customers may approach us in a 24*7 manner through our standardised interface platform E-Chain, or, for our key customers, communicate seamlessly through our API-enabled data synchronization solutions.

From time to time, our sales and marketing staff will visit and provide the latest information about our services portfolio and quotations to our customers for their selection based on their needs. When contacted by our customers, our sales and marketing staff will discuss with them about their needs, such as nature of goods, place of import, identity of the upstream supplier, budget, destination and any requirement for additional services and confirm with them the details for designing the supply chain solutions plan and quotation.

To promote our supply chain solutions to the electronics manufacturing communities, our sales and marketing team occasionally participate in exhibitions including Productionica China (慕尼黑上海電子生產設備展), NEPCON Asia (亞洲電子生產設備暨微電子工業展). By presenting our services in such exhibitions, we are able to tap into the communities of downstream manufacturers and upstream suppliers, which we believe helps us in building a wider network with more business opportunities.

We also promote our services through our online service platform. For example, we diligently operate and maintain our WeChat Official Account "HuaFuYang Supply Chain" and frequently publish popular articles in relation to supply chain solutions and latest industry insights. It serves as an entry point which helps us attract customer traffic from the internet. We believe this can help us attract customers (in particular SME customers) and build up a wider customer base in the long run. For details of our online service platform, see "*— Our unified IT systems and interface with customers.*"

Payment terms

We generally require our customers to make payments upon customs clearance into Chinese Mainland. Based on the customers' needs and our assessment on our operational risks, we may offer them with different payment terms to grant select customers a longer credit period. We primarily grant our customers a credit period of 7 to 90 days. We determine the credit period granted to our customers based on the length and depth of business relationship, their credit profile and business volume.

Warranty and goods damaged in transit

Unless otherwise specified, our customers generally arrange insurance for potential damages during transportation from their international upstream supplier to our designated location in Hong Kong, and the transportation from our operating location in Shenzhen to their designated location in Chinese Mainland; we are generally responsible for any transportation risks from the transition from our operating location in Hong Kong to our operating location in Shenzhen and we also maintain insurance policies for potential damage claims from our customers. During the Track Record Period, there had not been such instances of goods damaged in transit that resulted in a materially adverse impact on our business operations and financial position.

OUR SUPPLIERS

Our suppliers generally include logistics service providers and lessors of properties.

During the Track Record Period, purchases from our five largest suppliers in FY2023, FY2024 and FY2025, represented approximately 32.8%, 28.0% and 41.0% of our total purchases in each period, and purchases from our largest supplier for the same periods represented approximately 7.7%, 6.2% and 14.9% of our total purchases in each period. We had established business relationships with our five largest suppliers in each period during the Track Record Period for two to 15 years.

The table below sets forth the details of our five largest suppliers in each period during the Track Record Period:

For the year ended 31 December 2023

Rank	Supplier	Main service provided	Background	Year of commencement of business relationship	Credit period	Transaction amount	% of our total purchase of the year
						(RMB' 000)	
1 . .	Supplier A	Leasing of properties	A property management and leasing company based in the PRC	2018	N/A[1]	5,108	7.7
2 . .	Tranquil Management	Leasing of properties	A Hong Kong company primarily engaged in leasing self-owned properties	2011	N/A[1]	4,725	7.1

Rank	Supplier	Main service provided	Background	Year of commencement of business relationship	Credit period	Transaction amount	% of our total purchase of the year
						(RMB' 000)	
3 . .	Supplier B	Logistics services	A logistics company specialized in Hong Kong-Chinese Mainland transportation based in Hong Kong	2013	15 days	4,311	6.5
4 . .	Supplier C	Logistics services	A logistics company based in the PRC which is a subsidiary of a company listed in Hong Kong	2019	25 days	3,845	5.8
5 . .	Supplier D	Leasing of properties	A property management company based in Hong Kong	2020	N/A[1]	3,815	5.7

Note:

(1) Rental is paid monthly in accordance with the relevant lease agreement.

For the year ended 31 December 2024

Rank	Supplier	Main service provided	Background	Year of commencement of business relationship	Credit period	Transaction amount	% of our total purchase of the year
						(RMB' 000)	
1 . .	Supplier A	Leasing of properties	A property management and leasing company based in the PRC	2018	N/A[1]	5,070	6.2
2 . .	Supplier E	Logistics services	An international logistics company specialized in China-ASEAN transportation based in the PRC	2023	28 days	4,980	6.1
3 . .	Tranquil Management	Leasing of properties	A Hong Kong company primarily engaged in leasing self-owned properties	2011	N/A[1]	4,703	5.8
4 . .	Supplier C	Logistics services	A logistics company based in the PRC which is a subsidiary of a company listed in Hong Kong	2019	25 days	4,133	5.1

Rank	Supplier	Main service provided	Background	Year of commencement of business relationship	Credit period	Transaction amount	% of our total purchase of the year
						(RMB' 000)	
5 . .	Supplier D	Leasing of properties	A property management company based in Hong Kong	2020	N/A[(1)]	3,910	4.8

Note:

(1) Rental is paid monthly in accordance with the relevant lease agreement.

For the year ended 31 December 2025

Rank	Supplier	Main service provided	Background	Year of commencement of business relationship	Credit period	Transaction amount	% of our total purchase of the period
						(RMB' 000)	
1 . .	Supplier E	Logistics services	An international logistics company specialized in China-ASEAN transportation based in the PRC	2023	45 days	16,376	14.9
2 . .	Supplier F	Logistics services	An international logistics company specialized in China-ASEAN transportation based in the PRC	2024	45 days	11,654	10.6
3 . .	Supplier G	Leasing of properties	A Hong Kong company primarily engaged in leasing self-owned properties	2024	N/A[(1)]	7,566	6.9
4 . .	Supplier C	Logistics services	A logistics company based in the PRC which is a subsidiary of a company listed in Hong Kong	2019	40 days	5,186	4.7
5 . .	Tranquil Management	Leasing of properties	A Hong Kong company primarily engaged in leasing self-owned properties	2011	N/A[(1)]	4,295	3.9

Our suppliers generally provide us with logistics services and leasing services. While we enter into individual lease agreements with our leasing services providers customized to the conditions of each leased property, we usually enter into framework agreements with our logistics service providers. The salient terms of typical agreements with logistics service providers are summarized below:

Contractual period:	Typically one year unless terminated by the parties pursuant to the agreement.
Scope of services:	Logistics services, including pick-up and transportation.
Fees:	The services fees to be charged under the agreement shall be calculated based on the shipment volumes and the rates of the services fees as provided in the agreement.
Payment method:.	All sums due from us shall be paid after receipt and confirmation of the monthly statement of accounts.
Termination:	The agreement may be terminated by advance notice of each of the parties and upon the parties entering into a termination agreement.

Tranquil Management is a company owned as to 35% by Mr. Fung, 35% by Ms. Yeung, and 30% by Ms. Fung who are our Controlling Shareholders, and is therefore our connected person. Other than the forgoing, our Directors confirm that our five largest suppliers in each period during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of our share capital as at the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest suppliers in each period during the Track Record Period.

Our Directors confirm that, to their best knowledge, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining supplies/services for our business in a timely manner and we did not have any material disputes with our major suppliers.

INTRA-GROUP TRANSACTIONS

Our operating subsidiaries perform different functions and collectively provide supply chain solutions to our customers. We are headquartered in the PRC, with Shenzhen HFY Supply Chain and Shenzhen HFY Smart Supply Chain (the "**PRC Operating Subsidiaries**") primarily delivering our supply chain solutions to our customers in the PRC. Our PRC Operating Subsidiaries coordinate with our other subsidiaries in a highly integrated manner.

During the Track Record Period, our intra-group transactions had been primarily in the nature of procurement agent service, provided by our principal operating subsidiary in Hong Kong, namely Hope Sea Import & Export, to our PRC Operating Subsidiaries, as outlined below:

- Our PRC Operating Subsidiaries contract to provide supply chain solutions to our customers; and
- Hope Sea Import & Export receives goods from our customers' international upstream suppliers and coordinates the imports of these goods into the PRC, and delivers goods to the warehouses of our PRC Operating Subsidiaries or designated location as requested.

These intra-group procurement agent service transactions amounted to approximately RMB64.1 million, RMB66.9 million and RMB103.1 million for FY2023, FY2024 and FY2025, respectively, each representing approximately 99% of our total intra-group transaction amount in the respective period of the Track Record Period.

Transfer pricing

Each of the PRC Operating Subsidiaries and Hope Sea Import & Export had contributed key value to our intra-group transactions as discussed above. The PRC Operating Subsidiaries were responsible for developing and expanding customer base, and maintaining and further enhancing IT systems and client interfaces, while Hope Sea Hong Kong were functioning as our transshipment centre to coordinate the import from our customer's international upstream suppliers into the PRC. In view of the foregoing, the operations of the PRC Operating Subsidiaries and Hope Sea Hong Kong had been highly integrated and intertwined, and each entity had made unique contributions to the whole value chain.

We have engaged an independent transfer pricing consultant, an international professional accounting firm in the PRC ("**Transfer Pricing Consultant**"), to review our transfer pricing arrangements outlined above from an arm's length compliance perspective during the Track Record Period. Given that Profit Split Method ("**PSM**") is usually selected for intra-group transactions where the parties each makes unique contributions to profit creation and they engage in highly integrated operations, the PSM was selected as the assessment methodology based on the nature and characteristics of our transfer pricing arrangement.

Based on such review, our Directors are satisfied that:

- we have prepared sufficient transfer pricing documentation to fulfil the applicable documentation compliance requirements under the transfer pricing laws and regulations; and

- the relative ratio of the combined operating profits of each of the PRC Operating Entities and Hope Sea Import & Export was consistent with their relative ratio of full operating costs borne. Therefore, our transfer pricing arrangement complies with the arm's length principle.

Our Directors further confirm that as at the Latest Practicable Date, we were not aware of any outstanding enquiries, audit, investigation or challenge by any tax authorities in Chinese Mainland or Hong Kong in relation to our intra-group transactions and transfer pricing arrangements, and there were no transfer pricing adjustments imposed by any tax authority in any of the relevant jurisdictions.

Accordingly, our Transfer Pricing Consultant is of the view, with the Sole Sponsor concurring that the above-mentioned intra-group transactions were in compliance with the relevant transfer pricing laws and regulations during the Track Record Period.

We have in place the following measures to ensure our ongoing compliance with applicable transfer pricing laws and regulations:

- we retain an external tax consultant advising on transfer pricing matters annually to conduct analysis on our transfer pricing method and profit level indicator selected, and plan our transfer pricing policy of the transactions through financial budgeting according to the result of the analysis;

- our finance team and relevant personnel receive trainings relating to updates on relevant transfer pricing laws and regulations in the relevant jurisdictions;

- our management reviews all reporting forms before submitting to the relevant tax authority;

- we will continue to optimize the support for the functional profile for the main operating business;

- we will continue to ensure the profit arrangement is aligned with each entity's value contribution; and

- we will continue to document and file relevant supporting documents of value contribution of each entity for risk management purposes, including but not limited to responsibilities planning correspondences, performance and outcome assessment of relevant work, etc.

See "*Risk Factor — Our operations may be subject to transfer pricing adjustment*" for further details of inherent risks relating to transfer pricing.

DEMAND PATTERN FOR OUR SUPPLY CHAIN SOLUTIONS

Generally, we expect customer demand for our supply chain solutions can be seasonal, with slower demand in the first quarter of the year due to the long statutory holidays, such as the Chinese New Year. Other events, such as COVID-19 and imposition of trade tariffs and barriers, particularly those arising from geopolitical tensions, may also disrupt the demand pattern for our supply chain solutions.

SINO-U.S. AND GLOBAL TRADE TENSION

In recent years, there have been heightened tensions in international relations, particularly between the United States and China. These tensions have affected both diplomatic and economic ties between the two countries. For example, on 28 October 2024, the U.S. Department of the Treasury (the "Treasury") issued a final rule on outbound investment to implement the executive order of 9 August 2023 (the "**Final Rule**"). The Final Rule became effective on 2 January 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons". U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions".

On 21 February 2025, the White House released the "America First Investment Policy" memorandum, or the Investment Policy, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving "foreign adversaries", including China. Among other things, the Investment Policy aims to expand the industry sectors covered by the U.S. outbound investment regulations and supplement outbound restrictions through the imposition of sanctions.

In addition the U.S. government had imposed tariff and trade restrictions on imports from China; and recently, such trade tension has escalated further to a global context that does not only affect China but also other countries. On 1 February 2025, the U.S. government announced a blanket tariff on Canada, Mexico and China, among which, all imports from China to the U.S. would be subject to a 10% tariff, with a few exceptions. Since then, the U.S. government has raised tariff imposed on imports from China by stage and once reached 145% (on top of other tariff and duties which had already been implemented before 1 February 2025). On 12 May 2025, after their trade meeting in Geneva, the Chinese and the U.S. government released a joint statement announcing, among others, the removal of the 91% tariff announced on 7 April 2025 and 9 April 2025 and a 90-day pause, coming into effect on 14 May 2025, of 24% (out of 34%) tariff announced on 2 April 2025, meaning the effective tariffs on imports from China will become 30%, down from 145%; and China will reduce tariff imposed on imports from the U.S. since 2 April 2025 to 10%, down from 125% (tariff as imposed and adjusted by the U.S. government on China from time to time since 1 February 2025 and up to the Latest Practicable Date, "**Additional Tariffs**").

The Sino-U.S. trade tensions and the Additional Tariffs have had a limited impact on us due to our minimal exposure to U.S.-related trading activities during the Track Record Period. The table below sets forth our revenue and GMV by origins of goods that were facilitated through our cross-border supply chain solutions:

	Year ended 31 December					
	2023		2024		2025	
	(RMB'000)	*% of total*	*(RMB'000)*	*% of total*	*(RMB'000)*	*% of total*
By Revenue from our cross-border supply chain solutions						
– Import solutions						
Asia						
Chinese Mainland[(1)]	26,480	34.7	27,998	36.4	25,063	32.6
Taiwan	19,614	25.7	18,114	23.6	18,269	23.8
Korea	5,668	7.4	7,220	9.4	8,475	11.0
Japan	5,540	7.3	5,348	7.0	5,554	7.2
Others	9,723	12.7	9,604	12.5	9,356	12.2
Subtotal	**67,025**	**87.8**	**68,284**	**88.8**	**66,717**	**86.9**
Europe	6,064	7.9	6,057	7.9	5,787	7.5
North America	2,563	3.4	2,172	2.8	4,169	5.4
Africa	669	0.9	388	0.5	107	0.1
Oceania and others	26	0.0*	16	0.0*	24	0.0*
Total	**76,347**	**100.0**	**76,918**	**100.0**	**76,804**	**100.0**
– Export solutions						
Asia (Chinese Mainland)	1,653	100.0	2,287	100.0	3,277	100.0
Total	**1,653**	**100.0**	**2,287**	**100.0**	**3,277**	**100.0**

	Year ended 31 December					
	2023		2024		2025	
	(RMB in million)	*% of total*	*(RMB in million)*	*% of total*	*(RMB in million)*	*% of total*
By GMV						
– Import solutions						
Asia						
Chinese Mainland[(1)]	10,788.8	36.0	11,340.5	32.6	13,322.4	32.4
Taiwan	9,329.2	31.1	11,220.7	32.2	12,188.7	29.6
Korea	2,207.9	7.4	4,655.9	13.4	5,676.0	13.8
Japan	1,127.7	3.8	1,153.7	3.3	1,854.5	4.5
Others	3,421.4	11.4	3,356.6	9.6	3,390.2	8.2
Subtotal	**26,875.0**	**89.6**	**31,727.4**	**91.1**	**36,431.8**	**88.5**

	Year ended 31 December					
	2023		2024		2025	
	(RMB in million)	*% of total*	*(RMB in million)*	*% of total*	*(RMB in million)*	*% of total*
Europe	2,217.0	7.4	2,207.5	6.3	2,354.2	5.7
North America	852.6	2.8	845.5	2.4	2,347.9	5.7
Africa	39.1	0.1	23.2	0.1	9.2	0.0*
Oceania and others	3.4	0.0*	4.6	0.0*	8.7	0.0*
Total	**29,987.2**	**100.0**	**34,808.3**	**100.0**	**41,151.8**	**100.0**
– Export solutions						
Asia (Chinese Mainland)	743.6	100.0	1,251.0	100.0	1,583.8	100.0
Total	**743.6**	**100.0**	**1,251.0**	**100.0**	**1,583.8**	**100.0**

* Negligible

Note:

1. Some of the electronics our customers import into Chinese Mainland originate from Chinese Mainland and are routed through Hong Kong for re-export. According to Frost & Sullivan, this is a common phenomenon in the electronics industry: manufacturers typically centralize inventory in Hong Kong as a regional distribution center to serve global markets (including Chinese Mainland), rather than maintaining fragmented, domestic logistics networks, while buyers source through Hong Kong to access broader selection. This phenomenon is attributable to Hong Kong's highly developed free-port logistics ecosystem for efficient consolidation, sorting, value-added handling, and rapid redistribution. By centralizing inventory in Hong Kong, manufacturers can streamline their supply chain management, reduce overall logistics costs, and respond more flexibly to changes in global demand. Hong Kong's status as a free port also means fewer customs restrictions and faster clearance times, which helps minimize delays and ensures timely delivery to end markets. For buyers, sourcing through Hong Kong provides access to a broader range of products consolidated from multiple suppliers, as well as the benefit of value-added services such as product inspection, repackaging, and quality control.

According to Frost & Sullivan, the electronics industry, particularly advanced components, products, and equipment, faces significant uncertainty due to the implementation of technological blockages and trade restrictions. These developments have affected the global growth of the industry and the operations of China's electronics sector. Companies reliant on importing key components and equipment may face risks to operational stability, while those focused on exporting electronic products could experience declining demand due to increased export costs from restrictive policies, such as punitive tariffs. This contraction in imports and exports may reduce the demand for cross-border supply chain services, thereby impacting the growth momentum of the electronics cross-border supply chain services market. Despite significant challenges, China's electronics industry exhibits strong resilience due to its advanced comprehensive competitiveness and mature industrial ecosystem. Technological progress has enabled Chinese electronics companies to become more self-reliant in certain technical fields, achieving greater domestic substitution for key components and core technologies, and gradually shifting import demand from primary products such as components of consuming electronics to advanced products, key materials and equipment such as high-performance chips and high-precision stepper. Additionally, the enhanced competitiveness of Chinese electronic products reinforces their irreplaceability, sustaining export demand. As a result, the electronics cross-border supply chain services market is anticipated to remain robust amid fluctuations in international trade.

Based on our management's assessment and most recent operating information available, our Directors are of the view that the current tariffs have not had any material adverse impact on our operations as a whole. This is primarily because we have had limited exposure to U.S. related trading activities during the Track Record Period and up to the Latest Practicable Date. The most direct impact on our operations could potentially be the additional tariff imposed by China on the import of U.S. originated goods, but that is unlikely to have a material impact to our operations. In particular, our revenue attributable to U.S. originated goods only amounted to approximately RMB1.5 million, RMB1.2 million and RMB3.2 million in FY2023, FY2024 and FY2025, accounting for 1.9%, 1.5% and 4.0% of our total revenue from supply chain solutions in the same periods, respectively, and U.S. originated goods contributed approximately RMB146.7 million, RMB129.9 million and RMB1,871.1 million to our GMV in FY2023, FY2024 and FY2025, accounting for 0.5%, 0.4% and 4.4% of our total GMV in the same periods, respectively.

The global trade tension is rapidly evolving and has the potential of disrupting the international trading landscape and ultimately on how we operate our business. On 12 August 2025, both the U.S. and China announced to extend these tariff measures for another 90 days until 10 November 2025, which was extended to a longer period to 10 November 2026 on 2 November 2025. It remains unclear what additional actions, if any, will be taken by the U.S. or other governments. For example, on 10 October 2025, U.S. president Mr. Donald Trump announced via his social media an additional 100% tariff will be imposed on imports from China from 1 November 2025. Having consulted with our International Sanctions Legal Adviser, we understand that, for such tariffs to take effect, the President must act under statutory authority and a public statement or announcement by the President alone does not, by itself, has the force of law. Should such tariffs take effect, our Directors are of the view that, any direct impact on our operations or financial performance would be minimal, considering: (i) our cross-border supply chain solutions had primarily focused on the import of electronics into Chinese Mainland during the Track Record Period, with only approximately 2.4%, 3.5%, and 3.7% of total GMV, and approximately 2.1%, 2.9%, and 4.1% of revenue from cross-border supply chain solutions attributable to export solutions in FY2023, FY2024 and FY2025, respectively and such export solutions primarily involved destinations in Asia; and (ii) generally our limited exposure to US-related trading activities during the Track Record Period and up to the Latest Practicable Date. Shortly after such announcement, on 30 October 2025, following trade discussions between the U.S. and China, China announced that the U.S. had agreed to extend for an additional year the suspension of the 24% reciprocal tariffs on Chinese goods and to reduce the so-called "fentanyl" tariffs from 20% to 10%. In response, China agreed to make corresponding adjustments to its tariffs levied against U.S. goods. Given the current volatility in U.S.-China trade policy, the risk of further escalation or abrupt policy changes remains significant. Political tensions arising from trade policies could have a broader context in trade volume, cross-border investment, technological exchange, and other economic activities among major economies, which could indirectly affect our business and financial condition.

For more information, see "*Risk Factors — Risks Related to Our Business and Industry — Economic volatility, trade tensions, geopolitical risks, export control and trade restrictions affecting our customers could ultimately have a material adverse impact on our business operations, results of operations and prospects*."

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we had 45 software copyrights, two image copyrights, eight registered trademarks, and seven domain names, which are, in the opinion of our Directors, material to our business. For further details of our intellectual property rights, see "*Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights*" in Appendix IV to this document.

On 10 March 2026, we were served with a civil complaint filed by Shenzhen Sanhaixing Technology Co., Ltd. (深圳市三海興科技有限公司) (the "**Claimant**") before the Shenzhen Intermediate People's Court, alleging infringement of its patent titled "An Import and Export Goods Trade Management Platform" (一種進出口貨物貿易管理平台) (the "**Patent**") through the use of our unified IT system, and claiming compensation of RMB50,000,000 plus costs.

Our Intellectual Property Adviser has reviewed the complaint and the Patent in detail and is of the view that:

(i) the Patent's scope of protection is very narrow, and the likelihood of infringement being established before the court is extremely low. Under Chinese patent law, a plaintiff must show that the accused system matches every single element of the Patent's claims. If even one element is missing, there is no infringement. The Patent's principal claim contains at least 10 such elements, and based on the assessment of our Intellectual Property Adviser, our system is far from meeting the threshold for infringement;

(ii) there are clear indications that this action constitutes malicious litigation (惡意訴訟) designed to take advantage of the Company's vulnerability during its [**REDACTED**] process. The following factors are particularly indicative of patent speculation and bad faith litigation: according to our Intellectual Property Adviser's searches of publicly available records, the Claimant has no identifiable paid-in registered capital against its registered capital of RMB500,000, and its insured headcount is zero; its registered business scope has insufficient connection to the Patent, and no record exists of the Claimant having registered as an import/export goods consignor/consignee or holding any import/export credit certification; the Claimant acquired the Patent as recently as 20 August 2025, pledged it as collateral to two third parties within approximately two weeks of doing so, and then commenced this large-scale damages claim shortly afterwards; and the Claimant has not submitted any evidence in support of its RMB50,000,000 damages claim, nor provided any basis for the calculation of that figure; and

(iii) our circumstances are analogous to the Supreme People's Court's Guiding Case No. 278 (最高人民法院指導案例第278號) and its judgment in (2023) Zui Gao Fa Zhi Min Zhong No. 2044 ((2023)最高法知民終2044號), in which the court held that knowingly bringing a patent infringement action without a clear rights basis or factual foundation so as to damage another party's interests constitutes malicious litigation through abuse of litigation rights, and that commencing patent infringement proceedings during a company's [**REDACTED**] process, with an inflated damages claim, unsubstantiated legal basis, and a superficial infringement analysis, are hallmarks of malicious litigation aimed at obstructing the [**REDACTED**] process and damaging the defendant's interests.

Our Directors, having consulted with our Intellectual Property Adviser, are of the view that the Claimant's complaint is frivolous, vexatious, and without merit, and does not have reasonable prospects of succeeding. We intend to defend the proceedings vigorously and will pursue all available remedies, including counterclaims as appropriate and applying for invalidation of the Patent before the China National Intellectual Property Administration. As at the Latest Practicable Date, no hearing date has been scheduled. We do not expect this matter to have a material adverse impact on our business, financial condition, or results of operations.

Save as disclosed above, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any infringement to our intellectual property rights which had a material adverse effect on our business, results of operations, financial conditions and prospects, and we were not involved in any disputes or litigations relating to the infringement of the intellectual property rights or aware of any such claims either pending or threatened.

PROPERTIES

Owned properties

As at the Latest Practicable Date, we owned certain real estate properties as summarized below:

No.	Location	Gross Floor Area (Approximate)
1. . . .	29th Floor, Yongyu Building, Guoqi Mansion, Shenzhen, the PRC (國企大廈永裕樓29層)	200.79 sq.m.
2. . . .	29th Floor, Yonghui Building, Guoqi Mansion, Shenzhen, the PRC (國企大廈永輝樓29層)	200.79 sq.m.
3. . . .	Room 6K, Jinyun Century Building, Shenzhen, the PRC (金運世紀大廈6K室)	150.37 sq.m.
4. . . .	Room 401-422, Jinrun Building, Shenzhen, the PRC (金潤大廈401至422室)	1,422.54 sq.m.

No.	Location	Gross Floor Area (Approximate)
5. . . .	Room 202, Building 3, XiYuan, HongRongYuan, Shenzhen, the PRC (鴻榮源禧園3棟202室)	1,087.42 sq.m.
6. . . .	Room 2504, No. 218 Tianmu West Road, Shanghai, the PRC (上海天目西路218號2504室)	130.45 sq.m.

Most of these properties were originally acquired by us for our own operations. However, as our operations have rapidly expanded, these properties can no longer meet our operational needs. We currently hold these properties as investment properties for leasing, which fall within "property activities" under Rule 5.01(2) of the Listing Rules. We possess title certificates for these properties. They are currently leased to Independent Third Parties on normal commercial terms, except for properties No. 3 and No. 5 listed in the table above, which were vacant as at the Latest Practicable Date. We may dispose of such properties on market terms as and when our Directors consider appropriate, taking into account prevailing market conditions and our expansion plan of acquiring suitable properties for our own use.

Leased properties

As at the Latest Practicable Date, we leased 13 properties in Chinese Mainland with an aggregated GFA of approximately 30,161.1 sq.m. located in Shenzhen, Shanghai and Beijing. Among such 13 properties, six were operated as our office premises, five were used as our warehouses and two were used as our employee dormitories. In addition, we leased three properties in Hong Kong as at the Latest Practicable Date, with an aggregated GFA of 7,518 sq.m. as our warehouses. Other than one property with 7,432.8 sq.m. in Shenzhen and one property with 2,622.8 sq.m. in Hong Kong, which we leased from our connected persons (see *Connected Transactions*), we leased all of such properties from Independent Third Parties.

We use our leased properties primarily for our business operations, which fall within "non-property activities" under Rule 5.01(2) of the Listing Rules.

Issues relating to our leased properties in the PRC

As at the Latest Practicable Date, there were certain issues relating to our leased properties, mainly due to (i) leased properties which are subject to title defects, (ii) inconsistency with approved zoning plan, and (iii) non-registration of lease agreements. Although none of the foregoing was primarily attributable to us, our operations could be adversely affected in the worst case scenario of regulatory enforcement as discussed below. These properties were primarily used as our offices, warehouses and employee dormitories.

Leased properties which are subject to title defects

As at the Latest Practicable Date, three of our leased properties, with an aggregate GFA of 11,056 sq.m., located in Shenzhen and functioning as our warehouses and employee dormitories that were leased from a third party landlord are subject to title defects. The landlord of such properties has confirmed to us that these properties are unauthorised buildings that were historically constructed during the urbanization process of rural areas in Shenzhen and the landlord has not obtained relevant property ownership certificates. We understand from our PRC Legal Adviser that the relevant lease agreements may be deemed as invalid due to such title defects and as a result we may not be able to enforce our rights to use such properties under the relevant lease agreements. In the worst case scenario, we may be required to vacate the relevant properties. As at the Latest Practicable Date, we are not aware of any such circumstances.

Inconsistency with approved zoning plan

As at the Latest Practicable Date, the actual use of one of our leased properties, with a GFA of 80.3 sq.m., is inconsistent with the purpose recorded in the relevant property ownership certificate without undergoing the requisite regulatory filing for the change of use, where the purpose recorded is to be used as apartment hotel while we use such property as our office. In accordance with the relevant provisions of the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), properties, the use of which is altered in violation of relevant regulations, shall not be leased, and the lessors of such properties may be subject to a fine up to RMB30,000. Based on the foregoing, our PRC Legal Adviser is of the view that we would not be subject to any administrative penalties but may not be able to occupy and use such leased properties if the landlord is penalized by the competent government authority.

Non-registration of lease agreements

As at the Latest Practicable Date, lease agreements relating to two of our leased properties in the PRC, with an aggregate GFA of 5,635.9 sq.m., have not been registered with the local housing administration authorities as required under applicable PRC laws primarily due to a lack of cooperation from the relevant landlords, which is not within our control. We understand from our PRC Legal Adviser that failure to register a lease agreement does not affect its validity under PRC laws. However, the relevant PRC authority could order us to rectify the filing and if we fail to do so within a prescribed period, such authority could impose an administrative penalty (at a maximum of RMB10,000 for each instance) on us. As at the Latest Practicable Date, we had not received any notice from any regulatory authority in relation to the foregoing.

Issues relating to one of our leased properties in Hong Kong

As at the Latest Practicable Date, the lease agreement of one of our leased properties with a GFA of 3,751.9 sq.m. located in Hong Kong (which is used as our warehouse) was entered into with a lessor who is not the registered owner. The lessor has not provided us with evidence of its capacity or authority to lease such property to us, which may cast doubts on the validity of the lease agreement if we were to resort to enforcing our rights under the lease agreement to use such property. However, the lessor has in the lease agreement specifically confirmed and warranted that it has the legal rights and authorisation to lease such property to us for use as warehouse, and that such a lease would not affect or infringe on the rights and interests of any third parties, and further that if our normal use of the property is interrupted during the lease term, the lessor shall be liable for the losses suffered by us. Accordingly, we will have recourse against the lessor by contractual claim for losses and damages if any material issue arises. To the best of our knowledge after conducting reasonable due diligence, the lessor has an established logistics and warehousing business of substance.

Views of our Directors

We have assessed the potential legal consequences of the foregoing issues relating to our leased properties (individually and in aggregate) and impact on our operations as a whole, and taking into account of the nature of our operations, which generally do not require purpose-built facilities, our Directors consider that, in the worst case scenario, alternative premises are readily available and any relocation will not result in inordinate costs or material disruptions to our operations. Accordingly, our Directors are of the view that none of the foregoing issues relating to our leased properties would have any material impact on our business, financial position and results of operation. See also "*Risk Factor — We rely on leased properties for our business operations*".

No valuation of any of our property interests is required

Pursuant to Rule 5.01A of the Listing Rules, this document is exempt from (i) the requirement to include valuation on any property interests of our "property activities" because the carrying amount of each of the relevant property interests is less than 1% of our total assets; and (ii) the requirement to include valuation on any property interests of our "non-property activities" because the carrying amount of each of the relevant property interests is less than 15% of our total assets. A similar exemption applies under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), with respect to the requirement under section 342(1)(b) of, and paragraph 34(2) of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

EMPLOYEES

As at 31 December 2025, we had a total of 326 full-time employees. Most of our employees are located in Chinese Mainland. The table below sets forth the number of our employees with breakdown by function and by location as at 31 December 2025:

Chinese Mainland	
Management	12
Operations, warehousing and logistics	124
Marketing and customer services	81
Finance and funds management	32
Human Resources, risk management and administration	15
Information technology	13
Subtotal	277

Hong Kong	
Warehousing	30
Marketing and customer services	14
Finance and administration	5
Subtotal	49
Total	326

Relationship with our employees

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable labour laws and regulations in all material respects. During the Track Record Period, we had not made full contribution to social insurance and housing provident fund for our employees. With the benefit of the advice from our PRC Legal Adviser, our Directors are of the view such matters will not have a material adverse impact on our business operations or financial performance.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced (i) any significant disputes with our employees that would have a material adverse impact on our operations; (ii) any material disruption to our operations due to labour disputes; or (iii) any material difficulties in the recruitment and retention of experienced staff or skilled personnel.

One of our PRC subsidiaries, namely Shenzhen HFY Supply Chain, established a labour union in accordance with relevant regulations in the PRC. Our labour union actively provides benefits to employees, strives to protect our employees' legal rights and provides support to employees in need; it also organises activities for our employees.

Training

We strengthen our service capabilities and expertise of cross-border trading business knowledge through differentiated training schemes. Our key function departments, such as customs affair team, funds management team, marketing and customer services team receive in-department training periodically on topics materially relevant to our business and our customers, such as international trade, tariffs and sanctions. Occasionally, we provide skill trainings in various topics to our employees. In addition, we encourage members of our customs affair team to regularly attend trainings held by external authorities, which give us important insights on the latest development in the industry.

More specifically, as a holder of AEO Advanced Certification, we are required to:

- provide regular trainings on customs-related laws, regulations and provisions to employees involved in import and export activities, and ensure they stay updated with the latest policy requirements. Certain members of our management team are required to receive training at least twice a year.

- offer employees regular training on the risks associated with the transportation of goods as part of cross-border supply chain.

- conduct regular emergency management training for employees.

- provide regular training for employees on information protection and confidentiality.

To optimize our operation and to uphold our credibility as a holder of AEO Advanced Certification, we regularly provide the above trainings to our employees and maintain our training records as required.

Remuneration and benefits

We generally pay our employees a fixed salary, allowances and a performance-based bonus. In general, we determine an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate. We are required to make contributions to mandatory social insurance funds for our employees to provide retirement, medical, work-related injury, maternity and unemployment benefits, as well as housing provident funds, under the applicable PRC laws and regulations.

During the Track Record Period, we did not make full contribution to social insurance and housing provident fund for our employees, the shortfall amount was approximately RMB12.1 million as at 31 December 2025. This was primarily due to the general preference our employees not to make full contributions, as they did not wish to bear their portion of the relevant contributions, which would effectively reduce the amount of take-home pay they receive.

We may be required by the competent authority to pay up the shortfall of social insurance and overdue payment (calculated at 0.05% per day from the date of arrears) within a stipulated period. Pursuant to the relevant PRC laws and regulations, if there is any failure to pay the full amount of housing provident fund as required, the housing provident fund management centre may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. If we are required to pay the shortfall of social insurance and housing provident fund by the competent authority, we shall pay the requested amount within the stipulated period. If we fail to pay any required amounts within the period specified by the relevant competent authorities after receiving the corresponding payment notice, the potential maximum amounts of fines and penalties we may face, calculated based on our shortfall contributions to social insurance would be RMB24.5 million as at 31 December 2025. As at the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds or imposing any administrative penalties on us, nor were we aware of any material employee complaints or involved in any material labour disputes with our employees with respect to social insurance and housing provident fund. We had committed to, upon the request of the competent authorities, promptly and fully settle any outstanding amounts of our social insurance and housing provident fund contributions and comply with their other instructions, if any.

We have taken the following measures to minimise our risk exposure in connection with social insurance and housing provident fund: (i) establishing a communication channel with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base in compliance with the relevant laws and regulations, which may require additional contribution on their part; (ii) we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis; and (iii) we are also keeping abreast of the latest developments in PRC laws and regulations in relation to social insurance and housing provident funds and local practice so that we could promptly adjust our social insurance and housing provident fund policies in accordance with the requirements of the competent authorities. We will consult our PRC legal counsel from time to time for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments.

For each of our PRC principal operating subsidiaries, (i) we have obtained credit report from competent local social insurance and housing provident fund authorities, stating that the relevant subsidiary has not received any administrative penalties for social insurance and housing provident fund contributions during the Track Record Period; (ii) it has not experienced any large-scale complaints filed by our employees with the relevant PRC authorities regarding the payment of social insurance and housing provident funds, nor has been subject to any special investigations or inspections initiated by the relevant PRC authorities due to employees' complaints; and (iii) it has not received any notices or orders from the relevant PRC authorities requiring the payment of shortfall for social insurance and housing provident funds. Based on the foregoing and considering the relevant requirements issued by the STA which prohibit local tax authorities from voluntarily initiating investigations into historical social insurance arrears, together with the enforcement practices of the relevant PRC authorities, our PRC Legal Adviser are of the view that the risk of the relevant PRC authority requiring us to make up the shortfall or imposing penalty on us is remote, and our Directors are of the view such matters will not have a material adverse impact on our business operations or financial performance. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

In addition, on 31 July 2025, the Supreme People's Court issued the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法院問題的解釋(二)》) (the "Interpretation II"), which took effect on 1 September 2025. Considering that we have lawfully entered into labor contracts with our employees and have registered and paid social insurance for all employees except those legally exempt (such as interns and re-employed retirees), our PRC Legal Adviser is of the view that (i) the Interpretation II does not expand penalty exposure or repeal existing laws, (ii) if we make timely contributions to social insurance and housing provident fund contributions upon requested by relevant government authorities, and (iii) if there is no material changes to current PRC laws and regulations, nor to the practices in policy implementation and local government inspections concerning social insurance, in the absence of material complaints from our employees, the risk of the relevant PRC authority requiring us to make up the shortfall or imposing penalty on us is remote.

INSURANCE

As a supply chain solutions provider, we are subject to a number of inherent risks in the ordinary course of our business operations. Such risks include property loss during the delivery process, business interruptions due to natural disasters, political unrest and hostilities or otherwise. Per our service agreements with our customers, we may have to compensate our customers in the event of loss or damage to goods in specified circumstances (such as when the loss or damage of good occurs after we receive the goods from the international upstream suppliers in Hong Kong, in terms of import solutions). Should there be loss or damage to the goods under specified circumstances, our customers can claim compensation from us, and having assessed their claim to our satisfaction, we will remit the compensation to our customers. The amount of compensation we had remitted to our customers (which was in turn covered under our insurance coverage as discussed below) amounted to approximately nil, RMB101,423 and nil in FY2023, FY2024 and FY2025, respectively.

We maintain insurance policies to provide insurance coverage relating to third-party liability, transportation risks, property loss and damage for our warehouses, equipment and stored goods, business disruptions and workers' compensation for injury and death, and various other areas. In the event that we are found to be liable for the damage or loss to such goods, claims against us from our customers are generally covered by the aforementioned insurance policies that we maintain. Our Directors believe that the insurance coverage we currently have is in line with market practices in the cross-border supply chain service industry and is adequate for us to conduct normal business operations.

Our Directors confirmed that we had not been subject to any material insurance claims or liabilities arising from our operations during the Track Record Period and we had not made any material insurance claims during the Track Record Period.

Certain risks which are inherent to our industry and business operations, such as labour shortage and increase in labour costs, our ability to establish and maintain business relationships with our customers, and the availability and performance of our suppliers, are not covered by our current insurance policies because they are not under the scope of available insurance policies, or it is not commercially justifiable or consistent with market practice to insure against such risks.

Furthermore, our limited insurance coverage could expose us to significant costs and business disruption. See "*Risk Factor – Our insurance coverage may not be adequate*" for details of such risks. As such, we have adopted certain risk management and internal control policies in order to mitigate insurance-related risks.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Corporate social responsibility is our obligatory responsibility as a corporate citizen and a key driving factor to promote the long-term development of our Group. Therefore, we have integrated environmental, social and governance ("**ESG**") matters into corporate management and operations and we are committed to complying with the ESG reporting requirements upon the [**REDACTED**].

By benchmarking against the Environmental, Social and Governance Reporting Code of the Stock Exchange, industry standards for international sustainability disclosure, and ESG reports from listed companies in the same or similar sector, we consider that the key ESG issues materially relevant to our Group include resource use, climate change, health and safety, and supply chain management. In this connection, we have developed relevant policies and management processes to ensure compliance and promote stable, sustainable operations.

Governance on ESG-related Matters

We have established an ESG governance structure and the related system.

Our ESG system is supervised by the chairman of our Board. Our Board has the overall responsibility for establishing and reviewing the ESG vision, strategy, policy and target of our Group, and analysing, evaluating, and coordinating our ESG-related performance periodically. Our Board is collectively responsible for the formation and establishment of ESG-related mechanisms and policies. Our Board oversees and approves material ESG issues, identifies potential risks in the business development plan, and makes decisions based on the suggestions made, and is responsible for the following:

- guiding and reviewing the development of ESG strategies; holding meetings every six months to evaluate and manage the progress of key ESG metrics and targets;
- assessing and determining risks related to environmental, social, and governance matters;
- ensuring the establishment of appropriate and effective ESG risk management and internal monitoring systems; and
- reviewing ESG-related reports disclosed to the public [**REDACTED**].

In addition, we have formed a ESG working team includes members from various departments such as human resources, finance and information technology departments. The leader of this working team is elected based on their experience and corporate responsibilities from personnel and is appointed by our Board. The working team is primarily responsible for:

- staying updated on the latest ESG-related laws and regulations, including applicable listing rules, and informing our Board of any changes, while updating our ESG policies accordingly;
- identifying key stakeholders based on our business operations, understanding their concerns, and responding to ESG matters;
- ensuring that each principal responsible for ESG activities within their function conducts risk assessment and management, and reports regularly to the head of the working team;
- establishing our ESG policies, strategies, priorities, and targets;
- developing, evaluating the effectiveness of, and ensuring the implementation of ESG policies, and regularly providing updates on their efficacy to our Board;
- preparing ESG-related reports for public disclosure and reporting to our Board; and
- monitoring other ESG-related matters that may impact our development.

We have implemented the ESG policies across all departments and subsidiaries of the Group, promoting the work of the ESG working team, and ensuring timely control and mitigation of potential risks.

Our Board has reviewed the ESG issues summarized by the ESG working team and identified material ESG issues based on their management experience and understanding of the Group's business. This assessment was informed by a summary prepared by the ESG working group, which includes material ESG issues from ESG reports of listed companies in similar sectors, mainstream ESG ratings, and international sustainability disclosure standards. The prioritized ESG issues, including resource use, climate change, health and safety, and supply chain management, are closely aligned with our business strategy and operations, reflecting our belief that ESG should be integrated with business and operations.

Energy Use

We leased certain properties in Chinese Mainland and Hong Kong to operate as our office premises, warehouses and employee dormitories, and maintained a fleet of transport and official vehicles as at the Latest Practicable Date. Our primary energy consumption includes purchased electricity, diesel (for transport vehicles), and gasoline (for official vehicles). To manage our energy use effectively, we have implemented an Energy and Resources Management System, established an Energy Management Leading Group, and set energy and resource-related targets. We had also taken several measures to conserve energy and reduce emissions during the Track Record Period:

- **Active Electricity Management**: We promote environmental awareness among employees by posting electricity-saving slogans. Designated personnel check electrical equipment and lighting after work daily, perform regular maintenance, install intelligent meters in warehouses to monitor electricity usage, and address any anomalies promptly.

- **Lighting Upgrades**: We have replaced traditional lighting with low-power consumption LED lamps and ensure regular maintenance and cleaning of electrical lighting.

- **Office Practices**: We promote a paperless office environment and use recycled paper for necessary printing. We purchase eco-friendly office supplies, establish waste sorting points, and assign personnel to supervise waste management.

- **Green Travel**: We encourage employees to adopt environmentally friendly commuting practices and organize events like "Green Riding Day".

- **Green Logistics**: We optimize logistics distribution routes to reduce energy consumption.

These initiatives demonstrate our commitment to energy conservation and sustainable operations. The following table sets forth our energy use during the Track Record Period:

	Year ended 31 December		
Metrics	**2023**	**2024**	**2025**
Electricity consumption (MWhs)	300.15	318.94	315.94
Gasoline (liter)	4,750	4,800	4,900
Diesel (liter)	70,000	72,012	73,540
Comprehensive energy consumption (MWhs)	1,055.40	1,095.13	1,072.65
Comprehensive energy consumption intensity (MWhs/Million revenue)	4.79	4.66	4.46

We have established a target to decrease our comprehensive energy consumption intensity by 2% by 2027, using 2024 as the benchmark year. To achieve this target, we will prioritize the purchase of new energy vehicles for office use, actively explore the use of new energy vehicles, and further optimize logistics routes for land transportation. These measures reflect our commitment to reducing energy consumption and enhancing sustainability.

Water Resources Management

We primarily use municipal water. During the Track Record Period, we had strengthened our water management efforts. In the office area, we put up signs to raise staff awareness about water conservation and reduce water consumption. We have set a target to decrease water consumption on a best effort basis by 2% by 2027, using 2024 as the benchmark year. To achieve this target, we will implement the following measures:

- conducting water-saving publicity and training to strengthen staff awareness of water resource protection.

- encouraging employees to propose water-saving suggestions and reward practical ideas.

- replacing water fixtures with water-saving appliances when renovating the warehouse.

These initiatives underscore our commitment to responsible water resource management and sustainability. The following table sets forth our water use in the Track Record Period:

	Year ended 31 December		
Metrics	**2023**	**2024**	**2025**
Water withdrawal (tons)	7,056.55	7,100.65	7,211.60
Wastewater discharge (tons)	6,350.90	6,390.59	6,520.55
Water consumption (tons)	705.66	710.07	720.55
Water consumption intensity (tons/million revenue)	3.20	3.02	3.00

Emissions Management

Waste Management

Our non-hazardous waste primarily consists of domestic waste. Hazardous waste generated includes waste batteries, waste ink cartridges used in daily office operations, and waste light tubes from the storage center. Given our operation activities in leased office and warehouse spaces, non-hazardous waste is collected by the municipal sanitation department through the property service provider. Hazardous waste is placed into recycling points established by the property service provider and is eventually cleared, transported, and treated by a qualified third party. Wastewater generated is mainly domestic sewage from daily office activities.

The following table sets forth our waste emissions during the Track Record Period:

	Year ended 31 December		
Metrics	**2023**	**2024**	**2025**
Total non-hazardous waste (tons)	120.00	132.00	134.00
Non-hazardous waste intensity (tons/million revenue)	0.54	0.56	0.56
Total Hazardous Waste (tons)	0.55	0.66	0.64
Total hazardous waste intensity (tons/million revenue)	0.003	0.003	0.0027

We have set a target to decrease the intensity of non-hazardous waste on a best effort basis by 2% by 2027, using 2024 as the benchmark year. Additionally, we aim to maintain our hazardous waste target at 0.003 tons per million in revenue by 2027. These targets reflect our commitment to reducing waste and enhancing sustainability in our operations.

Response to Climate Change

We refer to the framework and recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to identify and assess the risks related to climate change, evaluating their actual and potential impacts on our operations, strategies, and financial performance. We actively implement countermeasures to promote the sustainability of our enterprise.

Governance

Our management regularly discusses climate response through management reviews. We have initially established a management framework for climate-related risks and opportunities, defining the main responsibilities at the decision-making, management, and executive levels. This framework helps integrate ESG matters, including climate change, into our daily operations and management.

Strategy

We have identified the following risks and opportunities related to climate change. We assess and analyze their potential impacts on our operations and formulate strategies and measures based on industry characteristics and our overall business plan.

Climate Risk Type	Risk Category	Climate-Related Risk Analysis	Strategies and Countermeasures
Physical Risk . .	Chronic	Rising temperatures and sea levels may limit energy usage, increase costs, and impose new regulatory constraints. Adjustments to transportation routes may increase logistics costs.	Use air conditioning for cooling, reduce high-temperature working hours, prepare heatstroke medications at health stations, and implement water-saving technologies to reduce water usage and treatment costs.
	Acute	Long-term rainfall may disrupt the supply of key raw materials and manufacturing operations, causing commodity supply instability and delivery delays, challenging inventory management and customer service.	Establish stable cooperative relationships with suppliers for timely replenishment, create a safety storage system, optimize the logistics network, and use multi-route and multi-mode transportation to minimize risks.
Transition Risk	Policies and Laws	Stricter environmental regulations may lower thresholds for energy use and GHG management, increasing management efforts and costs.	Continuously monitor relevant policies and regulations, assess new or amended laws, and promptly address non-compliant projects.
	Technology	Development and application of low-carbon technologies are shifting towards greater environmental protection.	Monitor technological and equipment upgrades during operations and implement energy-saving renovations as needed.
	Market	Customers' carbon neutrality goals include Scope III emissions, increasing expectations for emission reductions in the transport sector.	Design energy-efficient and material-saving products to maintain quality while aligning with environmental and energy efficiency trends.
	Reputation	Increasing societal expectations for sustainable development may harm our reputation if we perform poorly in environmental and social responsibility, affecting market image and customer loyalty.	Conduct regular reputation risk screenings, identify potential risk points, assess risk levels and impacts, and ensure stakeholders can evaluate and oversee our sustainable development efforts.

These strategies and countermeasures reflect our proactive approach to managing climate-related risks and leveraging opportunities to enhance our sustainability.

Risk Management

In managing climate change risks, we consider the locations of our operating sites, our business processes, and our upstream and downstream activities. We prudently assess physical and transition risks, actively integrating climate change risks into our comprehensive risk management system. Our goal is to gradually establish and improve the climate risk assessment and response mechanism, enhancing our resilience and competitiveness in dealing with climate change.

We further assess climate risks through continuous risk monitoring and obtain disaster early warnings via our monitoring systems. This allows us to respond swiftly to extreme weather events (e.g., rainstorms, high temperatures) by developing corresponding processes to ensure the safety of personnel and materials.

Metrics and Targets

We identify metrics related to climate change, focusing on energy consumption (electricity, diesel, and gasoline) and GHG emissions, including both Scope 1 (direct emissions) and Scope 2 (indirect energy emissions). We embed the concept of low carbon and environmental protection throughout our operations, regularly reviewing activities, adjusting goals, and proposing timely measures. We have formulated short-term, medium-term, and long-term goals to actively respond to climate change:

- **Short Term (1-2 years)**: Continue optimizing transportation routes, identify backup suppliers, and incorporate ESG concepts, particularly energy conservation and emission reduction, into supplier selection.

- **Medium Term (3-5 years)**: Develop a climate risk map of the supply chain, establish a monitoring and early warning system, and promote green certification for suppliers.

- **Long Term (more than 5 years)**: Plan to deploy AI for risk prediction and build a regional distribution center to diversify risks.

These initiatives demonstrate our commitment to addressing climate change risks and ensuring sustainable operations.

Metrics		Year ended 31 December		
		2023	2024	2025
GHG emissions . . .	Total GHG emissions (scope 1 and 2, in tCO_2e)[1]	372.98	389.31	379.66
	Scope 1 GHG emissions[2] (tCO_2e)	201.81	207.42	208.85
	Scope 2 GHG emissions[3] (tCO_2e)	171.18	181.89	172.30
	GHG emission intensity (tCO_2e/million revenue)	1.69	1.66	1.58

For Scope 3 emissions, we have conducted a survey on the applicability of the 15 categories of Scope 3 GHG emissions. This involves consultations with relevant departments and external stakeholders to determine and review the feasibility of various projects and to prioritize the categories of Scope 3 GHG emissions. Following an assessment of applicability and feasibility, we have already calculated the relevant Scope 3 GHG emissions for Category 1 and Category 6 in accordance with the GHG Protocol.

1 The total greenhouse gas emissions are equal to the sum of GHG Scope 1 emissions and GHG Scope 2 emissions.

2 GHG Scope 1 emissions are calculated based on gasoline usage and emission factors, with the emission factors referenced from Appendix 4 of the China Energy Statistical Yearbook 2020 and the IPCC, 2014: Climate Change 2014: Synthesis Report, Intergovernmental Panel on Climate Change Fifth Assessment Report, Working Group I, II, and III Reports.

3 GHG Scope 2 emissions are calculated based on electricity consumption and emission factors, with the emission factors referenced from the Ministry of Ecology and Environment's Notice on Doing Well in the Management of Greenhouse Gas Emission Reporting for Power Generation Enterprises in 2023-2025.

The following table sets forth metrics on our Scope 3 GHG emissions during the Track Record Period:

	Year ended 31 December		
	2023	**2024**	**2025**
Indirect GHG emissions (Scope 3)[1]	265.19	277.28	284.07
The intensity of Indirect GHG emissions (Scope 3)	1.20	1.18	1.18

Meanwhile, we also encourage employees to adopt green commuting practices and reduce business travel to further minimize Scope 3 GHG emissions.

Employment, Training, and Occupational Health & Safety

Employment Management

We have developed the Employee Handbook and other systems to further standardize the daily work behaviors of our employees, ensuring fair, transparent, and open management principles. Our goal is to grow together with our employees by providing equal employment opportunities and a fair working environment for all employees and job seekers. We are committed to non-discrimination in all aspects of human resources management, including recruitment, training, promotion, salary and benefits, rewards, and punishments. We do not tolerate discrimination based on race, nationality, gender, age, religious belief, sexual orientation, marital status, pregnancy, disability, or other legally protected characteristics.

We strictly prohibit the employment of child labor in any form, including full-time, part-time, internship, labor outsourcing, and other forms of employment. During the recruitment process, we rigorously verify the ID cards and other valid documents of all applicants to confirm that they are over 16 years old. Applicants who cannot provide valid identity certificates or whose age is questionable will not be employed.

1 The Indirect GHG emissions of Scope 3 includes the Category 1 and Category 6. Category 1 contains the GHG emission of shipping service received from our vendor, with emission factor from GHG Protocol, 2024. Category 6 includes GHG emission from flight taken and hotel staying, with emission factors from Intergovernmental Panel on Change Climate (IPCC), Fifth Assessment Report (AR5), 2013 and UK Government GHG Conversion Factors for Company Reporting, 2023-2025, respectively.

As at 31 December 2023, 2024 and 2025, the distribution of employees by gender, employment type, and age are as follows:

Metrics	Employee type (person)	As at 31 December		
		2023	2024	2025
Total number of employees	–	330	323	326
By gender	Male	185	178	186
	Female	145	145	140
By employment category	Senior management	14	14	12
	Mid-Level management	30	25	29
	General staff	286	284	285
By age group	30 and below	77	79	84
	31-40	119	114	118
	41-50	90	91	95
	51 and above	44	39	29

Employee Care

We have established effective communication channels to bridge the gap between employees and senior management. This allows us to understand employees' work and life aspects better, grasp their ideological trends promptly, enhance their enthusiasm, and implement a people-oriented management philosophy. We regularly organize events such as birthday parties, hometown gatherings, and lunch parties. Mainland employees enjoy both mainland and Hong Kong holidays. Additionally, we provide free meals for employees and regularly organize travel, physical examinations, and team-building activities.

Training and Development

Aligned with our business development goals, we encourage employees to continuously enhance their knowledge and skills to advance their careers. We implement flat management to provide clear career development paths. Our training programs include offline and compulsory courses such as information security and customs training for new employees. We also conduct out-of-city training activities and attend lectures held by government agencies to diversify training content and formats.

Employee Wellness and Safety

We have formulated the "Wellness and Safety System for Huafuyang Employees" to ensure their health and work safety, prevent accidents and occupational diseases, and create a safe and healthy work environment. We regularly provide safety education, organize quarterly wellness knowledge lectures with professional doctors or wellness experts, and offer Q&A sessions to address employees' concerns. We also offer mental health support services through professional psychological consulting institutions, providing free counseling services for employees.

All employees are required to participate in safety knowledge retraining every six months to learn about new regulations, technologies, and accident cases, thereby strengthening safety awareness. We conduct monthly comprehensive safety inspections of the working environment, focusing on office facilities, production equipment, fire-fighting equipment, electrical circuits, ventilation, and lighting. If any hazards are identified, a rectification notice is issued immediately, specifying the responsible person and deadline. We also organize quarterly emergency drills to simulate different accident scenarios, familiarizing employees with emergency handling processes and responsibilities. Post-drill evaluations help revise and improve the emergency plans.

Service Responsibility

Our commitment to ESG principles is deeply embedded in our business operations and services. Many of our customers operate in a rapidly evolving electronic industry, which makes balancing their need for agility with proper procurement and production planning challenging. Inefficient procurement of trending technological parts can lead to large inventories of raw materials or products not in market demand, resulting in significant carbon emissions.

To address this, we offer flexible service options that enable our customers to respond swiftly to market demands, streamline and automate the trading process, reduce unnecessary steps and intermediaries, and enhance overall efficiency, thereby supporting carbon neutralization efforts. We have developed our management system according to the requirements of Ministry of Commerce and other documents to manage service quality effectively, strengthen internal communication and collaboration, understand customer needs, and provide personalized service solutions.

We handle customer complaints promptly and professionally. Upon receiving a complaint, the commercial commissioner transfers the customer complaint handling form to the director of commerce within one working day. The director of commerce then provides preliminary handling opinions or requests further information from the customer within two working days. For general complaints, the salesperson follows up and responds within five working days. We continuously optimize our supply chain solutions, and as a testament, we were able to reduce processing time between upstream international suppliers and customers' designated locations from seven to ten days to three to four days.

Supply Chain Management

In accordance with relevant laws and regulations, including the Law of the People's Republic of China on Tenders and Bids, we have formulated our supplier management system to standardize our supply chain management. This ensures that our suppliers meet our product quality, delivery ability, and service level requirements, promoting the sustainability and capability of our supply chain partners.

We prioritize green procurement and have developed the green procurement management system. This includes prioritizing environmental protection products and services to reduce the environmental impact of our activities. We conduct annual training on green procurement for relevant personnel and regularly communicate the latest green procurement criteria to suppliers to promote coordinated green development across the supply chain.

Integrity and Anti-Corruption

To standardize honest and self-disciplined behavior among our employees and promote enterprise integrity, we have established clean procurement management measures. These measures ensure that bidding and procurement are open, transparent, and subject to multi-level approval. We standardize contract management by embedding probity clauses, improving procurement and contract management systems, and standardizing processes.

Our procurement team evaluates suppliers and implements clean procurement practices. The legal team reviews contract compliance, the audit team conducts regular integrity audits, and the human resources department organizes integrity training and incorporates it into employee assessments. We maintain an open reporting channel directly connected to the chairman's hotline, protect informants, and provide feedback within 15 working days. We conduct quarterly integrity risk assessments and annual internal audits and inspections involving cross-department personnel.

Our anti-corruption goals for the next three years include achieving a 100% handling rate of reports, over 95% employee participation in anti-corruption training, and a 0% procurement violation rate. Suppliers and partners are required to sign a commitment to integrity, with cooperation terminated if they violate the rules.

Corporate Social Responsibility

We actively participate in community public welfare activities, taking initiative in social responsibility while focusing on business development. As at 31 December 2025, we have conducted three public welfare activities. These efforts help create a responsible corporate image and contribute to the sustainability of our business.

DATA COMPLIANCE AND DATA SECURITY

We comply with the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), and the Cybersecurity Review Measures (《網絡安全審查辦法》). We have implemented a stringent data security management system to ensure compliance with applicable laws and regulations and prevailing industry practices in the collection, usage, storage, transmission and dissemination of data.

We are committed to protecting the privacy and security of personal information. We strictly limit the scope of the personal information we receive to ensure that the scope of access is proportionate to, and the usage is narrowly tailored to, the legitimate business needs of our customers. The collection of personal information by us is for the following reasons:

(i) *To provide supply chain solutions.* We collect and use contact information (including the name and phone number) of our customers (or the companies receive or pick up the goods on their behalf).

(ii) *Human resources management.* We collect personal information including name, ID number, place of birth, nationality, ethnicity, age, contact information, address, emergency contact phone number, work experience, and educational background from our employees for the purpose of employment management.

According to our PRC Data Legal Adviser, the above collection and use of personal data is duly authorised and compliant with relevant legal requirements.

We have implemented a comprehensive set of internal control measures, including a robust policy framework addressing various aspects of data security management. Our stringent procedures for protecting personal information encompass notification, consent, collection, purpose limitation, access control, secure storage and backup, risk monitoring, and emergency response. Access to personal information is strictly controlled based on the principle of least necessity, with permissions assigned according to job responsibilities and logs maintained for regular audits. Additionally, personnel with access permissions are required to undergo data security training and sign confidentiality agreements, ensuring compliance and safeguarding data integrity.

Further, our PRC Data Legal Advisor is of the view that, given that (i) our business operations do not involve the processing of important data or core data; (ii) none of the entities of our Group has been notified and designated as operator of critical information infrastructure, the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) and the Cybersecurity Review Measures (《網絡安全審查辦法》) would not have a material adverse impact on our Group's business operations in the PRC and Hong Kong; and (iii) based on the consultation conducted by our PRC Data Legal Advisors with China Cybersecurity Review Certification and Market Supervision and Management Data Centre (中國網絡安全審查認證和市場監管大數據

中心) on March 11, 2025, Hong Kong is a part of the PRC and [**REDACTED**] in Hong Kong should not be deemed as [**REDACTED**] on a foreign stock exchange, so the cybersecurity review requirement under Cybersecurity Review Measure is not applicable to our Company. Based on the foregoing, our PRC Data Legal Advisor is also of the view that our Group's business operations and the proposed [**REDACTED**] in Hong Kong will not give rise to national security risks pursuant to the Cybersecurity Law of the PRC and the Cybersecurity Review Measures. Given that legislation and law enforcement in the PRC on data privacy and cybersecurity are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

As at the Latest Practicable Date, we had not received any cybersecurity, data security or personal data protection related enquiries from any competent regulatory authorities in the PRC. As advised by our PRC Data Legal Advisor, we had complied with applicable PRC laws and regulations with respect to cybersecurity, data security and personal information protection during the Track Record Period and up to the Latest Practicable Date in all material aspects. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage or data loss, nor had we experienced any material unauthorized use of personal data of our customers' overseas end consumers.

LEGAL PROCEEDINGS AND COMPLIANCE

Between 2016 and 2019, we had received subsidies totaling approximately RMB15.4 million from the Industrial and Technology Development Bureau of Futian District, Shenzhen (whose functions are now administered by the Commerce Bureau of Futian District, Shenzhen, hereafter referred to as "**Futian Commerce Bureau**"). These subsidies were contingent upon our maintaining tax residency and not relocating our registered address away from Futian District ("**Subsidy Conditions**"). In 2019, we relocated to Nanshan District in Shenzhen to meet our operational needs considering the following factors: (i) closer proximity to our warehouses for improved management and coordination, (ii) easier access to Shenzhen Bay, which functions as our main hub, for import and export activities, and (iii) Nanshan District offers more appropriate ancillary facilities and an overall business environment more suited to our operations whereas Futian District is more oriented towards the financial industry. As confirmed by our Directors, our relocation was not incentivised by any government subsidies or favourable policies. Consequently, in August 2023, the Futian Commerce Bureau issued a written decision to reclaim the foregoing subsidies. While we were aware that we would no longer be eligible for any subsequent subsidies under the Subsidy Conditions following our relocation, it was not clear that subsides already granted would be subject to clawback. After consulting our litigation counsel, we filed an administrative lawsuit against the relevant government authority in February 2024, requesting that the decision be withdrawn. However, the court did not rule in our favour. We subsequently appealed to a higher-level court in December 2024, and if we do not succeed in the appeal, we are prepared to return the RMB15.4 million of previously received subsidies, which we have made full provisions for since 2021. As at the Latest Practicable Date, the final judgment remained pending. Having consulted with our litigation counsel on this appeal, we currently anticipate receiving the judgment in the first half of 2026.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings, including any bankruptcy or receivership proceedings, that we believe would have a material adverse effect on our business, results of operations, financial conditions or reputation. Our Directors are not involved in any actual or threatened claims or litigations. There are no material legal, arbitral or administrative proceedings before any court current or pending against, or involving the properties, or the businesses of our Group or to which any of the properties or members of our Group is subject. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business.

Our PRC Legal Adviser is of the view that we had complied with all relevant laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

Business Activities in relation to Certain Entities and Countries subject to International Sanctions

Certain countries and organizations, including the United States, the European Union, the United Nations, and the United Kingdom (collectively, the "**Relevant Sanctions Jurisdictions**"), have implemented economic sanctions through executive orders, legislation, or other governmental measures. These sanctions may target specific countries, regions, sectors, entities, or individuals.

Certain customers were added to the BIS Entity List

During the Track Record Period, we had provided supply chain solutions to and imported electronics into China on behalf of four customers ("**Designated Entities**"), who were added by the U.S. Department of Commerce Bureau of Industry and Security ("**BIS**") to the Entity List through amendments to the Export Administration Regulations ("**EAR**"). The table below sets out the details of these Designated Entities:

	Principal business	Principal place of business	Import/ export items involving our Cross-border supply chain solutions	Duration of business relationship with us (up until termination)	Revenue contribution during the Track Record Period	GMV contribution during the Track Record Period
					(in RMB' 000)	*(in RMB' million)*
Entity A . .	Design, production, and sales of integrated circuit, and sensing and laser equipment	Shenzhen, the PRC	Integrated circuits and wafer	Six years	FY2023: 9.8 FY2024: 9.6 FY2025: nil	FY2023: 1.9 FY2024: 1.7 FY2025: nil

	Principal business	Principal place of business	Import/ export items involving our Cross-border supply chain solutions	Duration of business relationship with us (up until termination)	Revenue contribution during the Track Record Period	GMV contribution during the Track Record Period
					(in RMB' 000)	*(in RMB' million)*
Entity B . .	Manufacturing and sales of intelligent unmanned aerial vehicles	Shenzhen, the PRC	Integrated circuits	Eight years	FY2023: 77.5 FY2024: 25.4 FY2025: nil	FY2023: 31.2 FY2024: 6.7 FY2025: nil
Entity C . .	Sales of integrated circuits for capacitor products, filters, and other products	Chengdu, the PRC	Capacitor	11 years	FY2023: 15.9 FY2024: 6.4 FY2025: nil	FY2023: 1.0 FY2024: 0.2 FY2025: nil
Entity D . .	Provision of systematic solutions and supporting hardware solutions for automated production and aviation	Beijing, the PRC	Integrated circuits and transistor	10 years	FY2023: 5.1 FY2024: nil FY2025: nil	FY2023: 1.1 FY2024: nil FY2025: nil

The U.S. government imposes export controls for national security, foreign policy, and other various policy reasons. One of the primary U.S. export control regimes is governed by the EAR, which are administered and enforced by the BIS. BIS is responsible for regulating the export, reexport, or transfer (in-country) of a diverse range of goods, software, and technology (collectively, "**items**") including most commercial items, "dual-use" items (i.e., those items having both commercial and military or proliferation applications), and less-sensitive military items. Items subject to the EAR may require a license from BIS depending on the Export Control Classification Number ("**ECCN**"), the destination, and the intended end use or end user. BIS also maintains several restricted party lists, including the Entity List (Supplement No. 4 to 15 C.F.R. Part 744), which imposes additional license requirements on listed parties.

The Designated Entities were added to the Entity List pursuant to amendments to the EAR administered by BIS. Consequently, the Designated Entities are prohibited from receiving items subject to the EAR without a license. These restrictions apply even if the Designated Entity is not the end user but is otherwise involved in the transaction (e.g., as purchaser or consignee). License applications involving Entity List parties are subject to a presumption of denial. Notably, the Entity List restrictions applicable to the Designated Entities apply to items subject to the EAR only where such items would be imported, procured, or obtained by the Designated Entities *post-designation* to the Entity List. In addition, U.S. or non-U.S. suppliers may continue to provide items *post-Entity List designation* even to Designated Entities provided that: (i) the items are not subject to the EAR; or (ii) the parties obtain the necessary export licenses from BIS (subject to a licensing policy of denial).

To the best knowledge of our Directors, we were not involved in any import or export services related to items subject to the EAR for or on behalf of the Designated Entities following their respective designations. We have conducted an internal review of our supply chain records and documentation, including supplier invoices and packing lists, which are used to verify product model, brand, origin, quantity, price, and weight for import and export logistics services. Based on such review, and to the best of our knowledge: (a) none of the items provided to these customers have been assigned ECCNs; (b) none originated from, or were exported from, the United States at any point in the supply chain, including via direct shipment or transshipment; and (c) none contained U.S.-origin parts, components, software, or technology. As such, our International Sanctions Legal Adviser is of the opinion that our services to the Designated Entities did not involve any items subject to the EAR. With a view to minimising our compliance risks with the EAR, we either discontinued or gradually scaled down the business activities with the relevant Designated Entities (which for the avoidance of doubt, were only limited to items outside the scope of the EAR). We had terminated our business relationship with the Designated Entities by the end of November 2024.

Our International Sanctions Legal Adviser is of the view that on the basis that our services to such customers did not involve any items subject to the EAR, our business activities with such customers during the Track Record Period were not in violation of Applicable Sanctions Laws.

Considering (i) our revenue attributable to our transactions with the Designated Entities merely amounted to approximately RMB108,312, RMB41,402 and nil collectively in FY2023, FY2024 and FY2025, respectively (ii) our core business does not depend on items subject to the EAR; and (iii) our ability to secure alternative customers for our services, our Directors are of the view, with the Sole Sponsor concurring that, our termination of the business relationship with the Designated Entities and compliance with the EAR will not have any material adverse impact on our business operation, financial positions and prospects.

Further, we provide domestic warehousing solutions to Customer D (which comprises two entities under the same group) (Please refer to "*Business — Our customers*"). One of such entities was added to the Entity List during the Track Record Period. Our revenue attributable to the warehousing solutions provided to Customer D was approximately RMB9.0 million, RMB11.4 million and RMB14.2 million in FY2023, FY2024 and FY2025, respectively. Considering (i) our transactions with such entity have been limited to warehousing solutions in the PRC and have not involved any nexus with the Relevant Sanctions Jurisdictions, and (ii) the electronic components warehoused in connection with these transactions were not subject to the EAR and have not been imported from, or exported to, jurisdictions outside the PRC, Our International Sanctions Legal Adviser is of the view that our transactions with Customer D were not in violation of Applicable Sanctions Laws. Furthermore, our International Sanctions Legal Adviser is of the view that our transactions with Customer D do not involve items under the EAR, nor do they amount to Primary Sanctioned Activities or Secondary Sanctionable Activities, considering (i) the warehouse solutions we provided for and on behalf of Customer D involved no nexus with the United States. Specifically, these services did not involve USD-denominated payments, U.S.-based subsidiaries, or U.S. persons employed by or acting on our behalf, (ii) we have conducted an internal review of our supply chain records and documentation. Based on such review, and to the best of our knowledge: (a) none of the items provided to Customer D have been assigned ECCNs; (b) none originated from, or were exported from, the United States at any point in the supply chain, including via direct shipment or transshipment; and (c) none contained U.S.-origin parts, components, software, or technology, and (iii) we have also reviewed our customer and supplier lists and confirmed that none of the parties involved in the warehouse solutions provided for Customer D are Sanctioned Persons. To the best knowledge of our Directors, based on our screening measures adopted, save for the six customers disclosed above, none of our customers during the Track Record Period and up to the Latest Practicable Date had been subject to the U.S. sanctions or other sanction programmes that could potentially prohibit or restrict our business activities with such customers.

Business activities in relation to Relevant Regions

During the Track Record Period, we had provided export solutions to two China-based customers and assisted them with customs clearance and transportation services for their export of Chinese-origin point-of-sale machines, repair parts, rack-mounted servers, switches and network management devices to a consignee in Zimbabwe and an entity in Russia. These transactions were conducted by our Hong Kong subsidiaries and did not involve any nexus with the Relevant Sanctions Jurisdictions other than certain payments received in USD. Our revenue generated from such transactions were approximately RMB0.1 million, RMB0.4 million and nil in FY2023, FY2024 and FY2025, respectively, representing merely 0.08%, 0.31% and nil of our revenue from supply chain solutions during the same periods.

Our International Sanctions Legal Adviser has reviewed the sanctions risks associated with these activities based on the information provided by us and has not identified any violations of Applicable Sanctions Laws. Although the Relevant Regions were subject to various sanctions during the Track Record Period, neither of the Relevant Regions was designated as a Sanctioned Country (i.e., subject to a comprehensive embargo) under the laws of any Relevant Sanctions Jurisdiction. Our International Sanctions Legal Adviser is of the view that our activities involving two China-based customers did not constitute Primary Sanctioned Activities or Secondary Sanctionable Activities, as (i) none of our customers in the Relevant Regions is or has been a Sanctioned Person, (ii) the transactions did not involve any nexus with the Relevant Sanctions Jurisdictions, apart from certain USD payments (which did not constitute a violation of Applicable Sanctions Law), (iii) no U.S.-based subsidiaries or U.S. persons employed by or acting on behalf of us were involved in the transactions within the Relevant Regions, (iv) we had neither knowledge of, nor any reasonable basis to suspect, that any owners, directors, employees, consignees, or suppliers of our customers were Sanctioned Persons under Applicable Sanctions Laws; (v) we have had no dealings with sectors in Russia subject to sectoral sanctions (including no sales to Russia's technology, defense, and related materiel, metals and mining, quantum computing, financial services, aerospace, electronics, accounting, management consulting and trust/corporate formation sectors); (vi) we have no knowledge of, nor any reasonable basis to suspect, that any owners, directors, employees, consignees, suppliers, or ultimate customers of the consignee in Russia and Zimbabwe were Sanctioned Persons under Applicable Sanctions Laws; and (vii) our business operations have no connection to Sanctioned Countries (i.e., countries that are subject to a general and comprehensive embargo). We have not, directly or indirectly, undertaken any contract or engaged in any activity with counterparties located in Sanctioned Countries, nor have we provided goods or services to any person in such jurisdictions. In addition, we have conducted an internal review of our supply chain records and documentation, including supplier invoices and packing lists. Based on such review, (a) none of the items provided to these customers have been assigned ECCNs; (b) none originated from, or were exported from, the United States at any point in the supply chain, including via direct shipment or transshipment; and (c) none contained U.S.-origin parts, components, software, or technology. As such, our International Sanctions Legal Adviser is of the opinion that our services to two China-based customers did not involve any items subject to the EAR.

Given the scope of the [**REDACTED**] and the intended [**REDACTED**] (Please refer to "*Future Plans and* [**REDACTED**]" in this document), our International Sanctions Legal Adviser is of the view that participation in the [**REDACTED**] will not trigger the application of any Applicable Sanctions Laws to the involved parties. Accordingly, the sanctions risk exposure to us, [**REDACTED**], Shareholders, and parties involved in the [**REDACTED**], [**REDACTED**], and [**REDACTED**] of our Shares is considered to be very low.

To ensure ongoing compliance, we will neither knowingly nor intentionally engage in business with any Sanctioned Person, nor conduct any activities in a Sanctioned Country that could result in a violation of Applicable Sanctions Laws.

We will also ensure that [**REDACTED**] from the [**REDACTED**] are not used, directly or indirectly, to finance or facilitate activities or business involving any Sanctioned Country or Sanctioned Person. Our Directors will continuously monitor the [**REDACTED**] from the [**REDACTED**] and any other funds raised through the [**REDACTED**] to ensure compliance with Applicable Sanctions Laws. Furthermore, we will continue to implement enhanced internal control and risk management measures to monitor and assess our business activities for economic sanctions risks. For further details, please refer to the section titled "*Business — International Sanctions Risk Management*" in this document.

Our Directors are of the view, with the Sole Sponsor concurring that as a whole, we are not subject to any international sanction risks that would materially affect our business operations or financial conditions, given that (i) our review of our relevant business activities (as assisted by our International Sanctions Legal Adviser) has not identified any violations of Applicable Sanctions Laws; (ii) we have not been notified that any International Sanctions penalties would be imposed on us for business activities in the past, or been subject to relevant investigations; and (iii) we have adopted and will continue to implement enhanced internal control and risk management measures (which our International Sanctions Legal Adviser has reviewed and confirmed to be adequate and in line with international standards) to address International Sanctions risks.

IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19, first reported in December 2019, quickly developed into a global pandemic that materially and adversely affected the global economy and business environment. As governments worldwide implemented lockdown measures to contain the outbreak, the PRC's electronics international trade market experienced growth from 2020 to 2022 due to accumulated orders from production suspensions. However, the gradual recovery of the global electronic market caused fluctuations in trade volume from 2023 to 2024.

Although, according to Frost & Sullivan, the gradual recovery of the global electronic market from the COVID-19 pandemic induced fluctuations in trade volume from 2023 to 2024, we managed to recover and continue growing our business operations in FY2024, achieving an increased GMV by approximately 17.3%, from approximately RMB30,730.8 million in FY2023 to approximately RMB36,059.3 million in FY2024. As COVID-19 related impacts further subsided and we continued to grow, our total GMV grew from approximately RMB36,059.3 million in FY2024 to approximately RMB42,735.5 million in FY2025.

We responded swiftly and proactively to the spread of COVID-19 in our office premises and warehouses, implementing measures such as daily disinfection of office areas, supplying face masks and sanitizer to employees, daily monitoring of body temperature and health status.

Based on our financial condition and key operating parameters as a whole during the Track Record Period as discussed above, our Directors are of the view that the COVID-19 pandemic had not had any material adverse impact on our business during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL AND RISK MANAGEMENT

We have various internal guidelines, written policies and procedures to monitor and alleviate the risks arising from our daily operations. Our Directors and senior management are responsible for formulating and overseeing the implementation and effectiveness of our internal control and risk management systems, which are designed to ensure our ongoing compliance with the applicable laws, regulations and rules relevant to our business operations and/or corporate governance, and to prevent any recurrence of any incidents of non-compliance.

Financial Reporting

We have in place various accounting policies in connection with our financial reporting risk management, such as financial reporting management, internal audit, investment management, and budget management. We also have procedures in place to implement such policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

We will establish an audit committee which comprises all our independent non-executive Directors with written terms of reference in accordance with Appendix 14 of the Listing Rules. The primary duties of the audit committee include, among other things, overseeing our financial reporting, internal control and risk management systems, and ensuring the compliance of our financial reporting with the Listing Rules and relevant legal requirements.

Operational Risk Management

Operational risks arise mainly from inadequate or failed internal controls and systems, human errors, information technology system failures or external events. We consider operational risks to be inherent in our business and believe that they can be controlled or mitigated through adequate operational policies and procedures.

Our Directors and senior management oversee our overall operations. Our Directors are responsible for managing and controlling operational risks as well as performing periodic investigations into the quality and effectiveness of our internal control systems and procedures and our overall operational risk management. With the view to preventing losses from operational errors and maintaining our reputation, we have adopted the following measures to identify, assess, monitor, control and mitigate operational risks, and to strengthen our operational risk management:

- maintaining a comprehensive corporate governance structure with clearly defined duties of our Board, senior management, operation management committee as well as the various departments;
- maintaining a risk management system to ensure the independence of different departments and committees in performing their risk management duties;
- maintaining and continuously improving our operational procedures and internal control system, and utilizing our IT system to monitor and control the performance of each procedure;
- providing training to our employees in order to enhance their awareness against non-compliance;
- reviewing, assessing and adjusting our internal control procedures and risk management systems on an annual basis in response to the development of our business process as well as regulatory requirements;
- adopting a code of conduct with consistent disciplinary measures for employee misconduct; and
- providing a reporting channel for violations and abnormal conduct or incidents.

Risk Management in relation to our cross-border fund arrangements

Our operation of cross-border fund arrangements is a pivotal aspect of our business model and has significantly contributed to our financial performance. Given the substantial cash flow we manage in the ordinary course of business, effective risk management is critical to ensuring the stability and reliability of these operations. For instance, our currency exchange operations require precise execution within a narrow window of a few hours each day. Additionally, devising our trade finance structured transfers necessitates careful identification and matching of appropriate products offered by commercial banks to "lock-in" the intended income without exposure to speculative risks.

Our funds management team is responsible for the execution of our cross-border fund arrangements. To prevent losses from failing to preserve effective risk management, we have adopted the following measures:

- We have implemented an internal management policy with clearly defined duties for each key personnel on our funds management team, including their respective scope of work, reporting lines, and work procedures. This clarity ensures accountability and smooth operation of our fund arrangements;

- We maintain detailed operational records of all our cross-border fund arrangement activities. This includes underlying transaction details such as transaction amounts, counterparties, responsible persons, applicable exchange rates, and interest rates;

- We have established comprehensive operation procedures for all aspects of our cross-border fund arrangements. This includes the reporting of customers' settlement needs, selection of appropriate means for fund arrangements and suitable products and monitoring the flow of funds; and

- We closely monitor the customs declaration status to ensure the genuineness of the trade transactions underlying the cross-border fund arrangements.

In addition, we have established internal control and risk management policies to prevent risks arising from our value-added services of advanced payment of tariff and VAT, and advanced payment of purchase price for goods. For details, please refer to "*Our import solutions — flow of funds*".

International Sanctions Risk Management

Given the nature of the cross-border supply chain solutions business, we often help our customers to connect with their upstream suppliers from all around the globe, thereby increasing the risks of conducting business with persons and entities or facilitating trade of goods that are restricted for trading by certain countries and/or regions. We have adopted the following enhanced internal control and risk management measures which we believe enable us to monitor and evaluate our business to identify and mitigate potential economic sanction risks:

- We have established comprehensive compliance policies and procedures, including the export control compliance management policy and export control process flowchart, which clearly set out the processes for identifying controlled items/parts, entities and persons and compliance screening. Our designated risk management team is responsible for ensuring adherence to regulatory requirements and internal policies;

- We regularly monitor and review announcements and documents from the governments of the United States, the European Union, China, and other regions on a weekly basis to stay promptly informed of any updates to the list of companies, items/parts, and persons that are restricted for trading. We then upload any such changes into our Odoo and EAS systems to ensure our databases reflect the latest regulatory updates;

- We conduct thorough screening and inspections on the goods for which we facilitate cross-border trading. This includes inspecting underlying trading documents, invoices, and packing lists to ensure the goods do not fall within any categories of sanctioned goods and that they are not sourced from sanctioned jurisdictions;

- Our systems are equipped with automated compliance check functions to identify customers, suppliers, or items/parts that fall under the trading restriction database automatically. The Odoo and EAS systems will automatically halt order processing if any red flags are identified until we provide instructions that the associated risks have been cleared; and

- We have also adopted a U.S. export control compliance procedure to ensure our compliance with the EAR, including procedures for reporting and internal review, training and recordkeeping.

- We offer import and export control compliance training to our employees quarterly and provide telephone consultations, on-site training, and explanatory sessions to our customers and suppliers as needed. This ongoing education ensures that our employees, customers, and suppliers are well-informed and compliant with export control regulations.

Our International Sanctions Legal Adviser has reviewed and evaluated these internal control measures and is of the view that these measures are consistent with guidance published by OFAC regarding sanctions compliance programs, and these measures appear appropriate for the purposes for which they are designed, adequate and effective for us based on our business model and risk assessment, to comply with applicable international sanctions laws and address sanctions risks.

Having discussed with our International Sanctions Legal Adviser, our Directors are of the view that the above measures will provide a reasonably adequate and effective framework to assist us in identifying and monitoring any material risks relating to international sanctions.

Based on the due diligence conducted by the Sole Sponsor (including having discussed with our International Sanctions Legal Adviser), nothing has come to the Sole Sponsor's attention that would reasonably cause them to cast doubt on the aforementioned view of our Directors in any material respect.

As a whole, our Directors are of the view that we are not subject to any material sanctions risk, primarily due to the following reasons:

(a) We implement stringent "know-your-customer" (KYC) processes, including specific screening procedures designed to identify sanctioned parties and associated risks. Additionally, we have a policy in place not to engage in violative dealings (i.e. business or transactions that are prohibited or restricted by sanctions laws or regulations).

(b) We maintain a policy not to engage in dealings with jurisdictions considered to be high risk. We do not import from, or arrange logistics involving, such jurisdictions.

(c) Our customer base is primarily composed of entities established or incorporated in Chinese Mainland or Hong Kong. We have a policy that scrunitises dealings with entities established or incorporated in jurisdictions considered to be high risk.

LICENSES AND PERMITS

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had obtained all the approvals, permits, consents, licenses and registrations that were material to our business and operations and all of them were in force as at the Latest Practicable Date. We renew all such material permits and licenses from time to time to comply with the relevant laws and regulations in all material respects. Our Directors are of the view that there is no material legal impediment to renewing such licenses and permits. We had obtained the following licenses and permits that are, in the opinion of our Directors, material to our business, as at the Latest Practicable Date:

Holder	Name of the license/permit	Issuing authority	Date of grant	Date of expiry
Shenzhen HuaFuYang . . .	AEO Advanced Certification	Shenzhen Customs	December 2014 (renewed in November 2020 and August 2025)	August 2030
Shenzhen HuaFuYang . . .	Certificate of Conformity Quality Management System Certification (ISO9001)	Guangdong Zhijian Zhongcheng Certification Co., Ltd. (an independent registered certification service provider certified by CNAS and IAF)	November 2023	November 2026
Shenzhen HuaFuYang . . .	Certificate of Conformity Environmental Management System Certification (ISO14001)	Guangdong Zhijian Zhongcheng Certification Co., Ltd. (an independent registered certification service provider certified by CNAS and IAF)	January 2024	January 2027
Shenzhen HuaFuYang . . .	Certificate of Conformity Occupational Health and Safety Management System Certification (ISO45001)	Guangdong Zhijian Zhongcheng Certification Co., Ltd. (an independent registered certification service provider certified by CNAS and IAF)	January 2024	January 2027

Holder	Name of the license/permit	Issuing authority	Date of grant	Date of expiry
Shenzhen HuaFuYang . . .	Certification as meeting the requirements of TAPA FSR 2023 Facility Security Requirements dated 15 September 2023 (Level A)	Transported Asset Protection Association, APAC	28 January 2025	27 January 2028
Hope Sea Import & Export	Radio Dealers License (Unrestricted)	Office of the Communications Authority	1 December 2025	30 November 2026

Our PRC Legal Adviser has advised us that we had obtained all material requisite licenses and permits and such licenses and permits remain in full effect and had not been revoked or cancelled during the Track Record Period and up to the Latest Practicable Date. Our PRC Legal Adviser also has advised us that, to the best of their knowledge, there is no legal impediment to renew these licenses and permits, as long as we comply with the relevant legal requirements and provided that we take all necessary steps and submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable PRC laws and regulations.

AWARDS AND RECOGNITIONS

The table below sets forth our major awards and recognitions during the Track Record Period:

Year(s) of award	Award	Granted by
2025	Top 50 Private Service Enterprises of Guangdong Province 2025 (2025廣東省服務業民營企業50強)	Guangdong Federation of Industry and Commerce (廣東省工商業聯合會)
2025	Top 30 Shenzhen Logistics and Supply Chain Service Import & Export Enterprises 2025 (2025深圳物流與供應鏈服務進出口企業30強)	Shenzhen Logistics and Supply Chain Management Association (深圳市物流與供應鏈管理協會) and Shenzhen Institute of Modern Supply Chain Management (深圳市現代供應鏈管理研究院)

Year(s) of award	Award	Granted by
2025	Top 500 Enterprises of Shenzhen 2025 (2025深圳500強企業)	Shenzhen Enterprise Confederation (深圳市企業聯合會) and Shenzhen Entrepreneurs Association (深圳市企業家協會)
For three consecutive years of 2023, 2024 and 2025	Top 500 Service Enterprises of the PRC (中國服務業企業500強)	China Enterprise Federation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會)
2023	Excellent Case of Guangdong Province in Service Trade for Supporting Chinese Manufacturing to Go Global and Achieving One-Stop Supply Chain Management (廣東省服務貿易優秀案例—"助力中國智造全球出海,實現一站式供應鏈管理")	Guangdong Provincial Department of Commerce (廣東省商務廳)
2023	Outstanding Vice President Organization — 2022 (2022年度"優秀副會長單位")	Guangdong Shenzhen Customs Brokers Association (廣東深圳報關協會)
2023	Outstanding Contribution Award — Member Enterprise Demand Feedback Platform (突出貢獻獎—會員企業訴求意見反饋平台)	Guangdong Shenzhen Customs Brokers Association (廣東深圳報關協會)
2023	Leading Enterprise in High-Quality Foreign Trade Development (外貿高質量發展領軍企業)	Shenzhen Import and Export Chamber of Commerce (深圳市進出口商會)
2023	Shenzhen Trade Headquarters Enterprise (深圳市貿易型總部企業)	Shenzhen Municipal Bureau of Commerce (深圳市商務局)