*You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountant's Report set out in Appendix I to this document which have been prepared in accordance with IFRS Accounting Standards and the selected historical financial information and operating data included elsewhere in this document. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors". In evaluating our business, you should carefully consider the information provided in "Risk Factors" in this document.*

## 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 IoT communication, semiconductors, smart and robotic solutions and new energy industries. 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%.

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.

## BASIS OF PRESENTATION AND PREPARATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**") and is presented in RMB unless otherwise stated.

The historical financial information has been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets and financial liability at fair value through profit or loss, which are carried at fair value ("**FVPL**").

The preparation of historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates as well as our management's judgement in the process of applying our accounting policies. See Note 4 to the Accountant's Report in Appendix I to this document for the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information.

## MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, directly or indirectly affected by a number of factors, many of which are outside of our control, including general factors impacting the global economy, the electronics sector and the supply chain solutions industry, such as the following:

- overall economic conditions and manufacturing activities in the PRC, which ultimately affect the demand for the import of electronics, and export of end products to overseas markets;

- competitive environment of the supply chain solutions industry, particularly in the electronics sector;

- developments in internet technology, information technology and logistics, which may disrupt the supply chain solutions industry and affect our competitive position; and

- laws and regulations, as well as uncertainty in governmental policies and initiatives on import and export, volatile international relations and geopolitical factors, which may disrupt the international trading landscape in an unpredictable manner.

In the following section, we will discuss more specifically the following factors which we consider to have a direct and material impact to our results of operations:

- demand for cross-border supply chain solutions for electronics;

- our ability to achieve cost-efficiency and improve profitability from logistics and warehousing solutions;

- our ability to derive profitability from cross-border fund arrangements; and

- our ability to compete in the market.

**Demand for cross-border supply chain solutions for electronics**

During the Track Record Period, we had generated most of our revenue from the provision of cross-border supply chain solutions. Such revenue amounted to approximately RMB78.0 million, RMB79.2 million and RMB80.1 million in FY2023, FY2024 and FY2025, respectively, representing approximately 67.0%, 64.4% and 51.0% of our revenue from supply chain solutions during the same periods. Our operation of cross-border fund arrangements, which is significant to our overall results of operations, is premised entirely on our cross-border supply chain solutions (for details, please see the paragraph below headed "*Our ability to derive profitability from cross-border fund arrangements*" in this section).

Macroeconomic conditions, influenced by factors such as trade tensions, geopolitical dynamics, and the international trading landscape, play an important role in ultimately affecting the demand for our cross-border supply chain solutions. Such macroeconomic conditions directly impact our customers by influencing the level of their operating activities. When economic conditions are favourable, manufacturers may ramp up production, leading to increased demand for efficient supply chain solutions (which are our expertise) to import the required electronics for production, and export products to overseas markets.

Moreover, as we specialize in supply chain solutions of electronics and many of our customers operate in the new economy industry verticals, volatility in demand and changes in consumer behaviour (which are typical characteristics of the new economy) may significantly affect the demand for our cross-border supply chain solutions. Positive economic trends and technological advancements can lead to increased consumer demand for modern technology, boosting production and, consequently, the need for our cross-border supply chain solutions to support the manufacturing activities of our customers. In contrast, economic challenges or unexpected shifts in consumer preferences can lead to decline in production, impacting demand for our cross-border supply chain solutions.

The electronics we import into Chinese Mainland are consistently in high demand, as many of them are essential for the manufacturing of modern-day devices, including smartphones, computers, new energy vehicles and other advanced technological products. However, if there are initiatives to promote domestic substitution (國產替代) and other measures aimed at reducing reliance on imported electronics while fostering the development of a self-sufficient domestic supply chain, the demand for our cross-border supply chain solutions could be significantly impacted. Such initiatives and/or measures could lead to a fundamental shift in supply chain dynamics, potentially decreasing the reliance on our cross-border supply chain solutions. This shift would likely encourage manufacturers to source more components locally, thereby reducing the volume of imported electronics. Consequently, our business operations and revenue generation, which are heavily dependent on facilitating the import of these electronics, could be adversely affected.

**Our ability to achieve cost-efficiency and improve profitability from logistics and warehousing solutions**

Benefiting from our specialization on electronics and our in-depth understanding of the specific logistics and warehousing needs for high-value components, we were able to capitalize on these strengths and generate revenue from our logistics and warehousing solutions as a stand-alone offering during the Track Record Period. Our revenue attributable to such logistics and warehousing solutions amounted to approximately RMB38.5 million, RMB43.7 million and RMB76.9 million in FY2023, FY2024 and FY2025, respectively, representing approximately 33.0%, 35.6% and 49.0% of our revenue from supply chain solutions generated during the same periods.

We primarily rely on our third-party logistics service suppliers to provide logistics solutions to our customers. On account of consistent volume of business generated from our supply chain solutions, our logistics service suppliers have been increasingly willing to offer us more favourable terms, which in turn improve our profitability. During the Track Record Period, we had collaborated with 68 third-party logistics service providers and entered into framework collaboration agreements with 56 of them. Our profitability depends in part on our relationship with these third-party logistics service suppliers enabling us to secure sufficient capacity at favourable rate. We also plan to deploy part of the [**REDACTED**] from the [**REDACTED**] to establish our own Hong Kong — Mainland ground transportation fleet with a view to enhancing our operation efficiency, service responsiveness and ultimately our profitability. Please also see "*Future Plans and* [**REDACTED**]".

We maintain warehousing operations in our key operating locations including Shenzhen, Hong Kong and Shanghai. Our warehousing operations are specifically configured for the storage and handling of delicate electronics, requiring heightened standard of care. We are continuously improving our warehousing capabilities (such as automation and reducing turnaround times) to ensure we can serve the complex needs of our customers more efficiently to increase our revenue, while controlling costs, thereby enhancing our profitability. Please also see "*Business — Our Strategies — Investing in the digitization and automation of our warehouse operations and our unified IT systems*".

**Our ability to derive profitability from cross-border fund arrangements**

As an integral part of our business model, we leverage the significant cash flow generated from our cross-border supply chain solutions to generate income from cross-border fund arrangements, which had contributed significantly to our overall profitability during the Track Record Period. Our net income from cross-border fund arrangements amounted to approximately RMB104.0 million, RMB111.9 million and RMB110.8 million in FY2023, FY2024 and FY2025, respectively, representing approximately 47.2%, 47.6% and 41.4% of our Income from Ordinary Course of Business during the same periods.

Such operation is premised on and driven and sustained by the orders from and trade needs of our customers. The viability of these arrangements to generate income heavily depends on large and frequent cash flows from our supply chain solutions, where customers pay us the purchase price for goods in Chinese Mainland. If the business volume of our supply chain solutions significantly declines due to factors such as economic downturns, geopolitical and trade tensions, or supply chain disruptions, we will not be able to sustain income from these arrangements, adversely impacting our financial condition and operational results. During the Track Record Period, the fluctuations in our net income generated from cross-border fund arrangements had been generally in line with those in our GMV.

Our success in generating income from our operation of cross-border fund arrangements is also dependent on our ability to secure favourable exchange rates and appropriate trade finance products from commercial banks. However, we do not have control over what commercial banks may offer, as their terms are subject to market conditions and the prevailing interest rate environment. The foregoing has a direct impact on our ability to generate income from our operation of cross-border fund arrangements, and in turn the profitability and sustainability of our business. Please also see "*Risk Factors — Our operation of cross-border fund arrangements is a critical component of our business model and has contributed significantly to our financial performance. It is driven by large, frequent cash flows generated from our supply chain solutions. If we fail to execute such operation as intended, our financial condition and results of operations may be adversely affected.*"

**Our ability to compete in the market**

Operating in an intensely competitive market characterized by a large number of market players, we believe that our domain expertise in electronics, together with over 20 years of industry experience, will continue to provide us with a significant competitive edge. According to Frost & Sullivan, we ranked fourth among the top five players in the electronics cross-border integrated supply chain solution market in the PRC, with a market share of approximately 0.64%, in terms of the GMV in 2024.

It is critical that we continue to retain and grow with our key account customers, and adapt to their evolving international trade needs. As at 31 December 2025, the average relationship duration with our top 20 customers as measured by GMV contribution in FY2025 exceeded eight years, with eight of these top 20 customers having entrusted us with GMV of more than RMB1 billion in FY2025. Such strong customer loyalty presents significant business opportunities for us as our key account customers continue to grow their business volume with us. It also generates a word-of-mouth effect, helping us attract their upstream and downstream suppliers/customers as our new customers.

One way for us to stay competitive in the market is by maintaining flexibility in our pricing. We strategically evaluate the specifics of customer orders when proposing pricing terms, considering factors such as order sizes, applicable market rates, terms available from commercial banks, and expected settlement dates. This informed assessment allows us to gauge the potential income from cross-border fund arrangements accurately. By doing so, we are able to strategically offer more competitive pricing terms when appropriate. For example, we may offer lower service fee rates for high-volume and high-value orders that can drive income from the operation of cross-border fund arrangements.

## MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Accountant's Report in Appendix I to this document sets forth certain material accounting policy information in Note 2.1, which are important for understanding our financial condition and results of operations. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Our estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from estimates. Our estimates and judgments, which are reviewed by our management on an ongoing basis, are set forth in detail in Note 4 to the Accountant's Report in Appendix I to this document.

## DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue from supply chain solutions | 116,479 | 122,952 | 157,023 |
| Net income from cross-border fund arrangements | 104,042 | 111,911 | 110,775 |
| **Income from Ordinary Course of Business** | **220,521** | **234,863** | **267,798** |
| Other income | 9,636 | 10,652 | 12,735 |
| Employee benefit expenses | (63,908) | (64,179) | (59,444) |
| Transportation expenses | (21,877) | (30,545) | (54,430) |
| Depreciation and amortisation expenses | (20,141) | (23,481) | (27,557) |
| [**REDACTED**] | – | (2,932) | (16,544) |
| Net impairment (losses)/reversals on the financial assets | (3,833) | 5,038 | 1,161 |
| Other gains, net | 1,697 | 68 | 35,508 |
| Other operating expenses | (29,403) | (30,857) | (31,304) |

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Operating profit** | **92,692** | **98,627** | **127,923** |
| Finance income | 14,612 | 12,474 | 7,097 |
| Finance costs | (5,326) | (5,737) | (9,287) |
| Finance income/(costs), net | 9,286 | 6,737 | (2,190) |
| **Profit before income tax** | **101,978** | **105,364** | **125,733** |
| Income tax expense | (18,369) | (19,836) | (17,381) |
| **Profit for the year** | **83,609** | **85,528** | **108,352** |

## Revenue from Supply Chain Solutions

### *Revenue by type of supply chain solutions*

During the Track Record Period, we had recorded revenue from supply chain solutions of approximately RMB116.5 million, RMB123.0 million and RMB157.0 million in FY2023, FY2024 and FY2025, respectively.

The following table sets forth a breakdown of our revenue by type of supply chain solutions (i.e. cross-border supply chain solutions or logistics and warehousing solutions) during the Track Record Period:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Amount | % of total revenue from supply chain solutions | Amount | % of total revenue from supply chain solutions | Amount | % of total revenue from supply chain solutions |
| | *(RMB'000)* | | *(RMB'000)* | | *(RMB'000)* | |
| Revenue from cross-border supply chain solutions | 78,000 | 67.0 | 79,205 | 64.4 | 80,081 | 51.0 |
| Revenue from logistics and warehousing solutions | 38,479 | 33.0 | 43,747 | 35.6 | 76,942 | 49.0 |
| **Total** | **116,479** | **100.0** | **122,952** | **100.0** | **157,023** | **100.0** |

*Revenue from cross-border supply chain solutions*

During the Track Record Period, the majority of our revenue was attributable to customers who engaged us for cross-border supply chain solutions involving international trades. According to Frost & Sullivan, we differentiate ourselves 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 the functional standards of 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). 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. Our revenue generated from cross-border supply chain solutions amounted to approximately RMB78.0 million, RMB79.2 million and RMB80.1 million in FY2023, FY2024 and FY2025, respectively, representing approximately 67.0%, 64.4% and 51.0% of our revenue from supply chain solutions generated during the same periods.

During the Track Record Period, our cross-border supply chain solutions primarily focused on the import of electronics into Chinese Mainland from our customers' international suppliers. We generated revenue through service fees for providing our supply chain solutions to customers, typically calculated as a percentage of GMV. To diversify our business operations, we have also been developing our export solutions, including our international logistics capability, to support our customers' strategy of "going-out" and facilitate the flow of their products to major global destinations.

The following table sets forth a breakdown of our revenue and GMV by trade type (i.e. import solutions or export solutions) during the Track Record Period:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Amount | % of total | Amount | % of total | Amount | % of total |
| **Revenue from cross-border supply chain solutions** *(RMB'000)* | | | | | | |
| – Import solutions | 76,347 | 97.9 | 76,918 | 97.1 | 76,804 | 95.9 |
| – Export solutions | 1,653 | 2.1 | 2,287 | 2.9 | 3,277 | 4.1 |
| **Total** | **78,000** | **100.0** | **79,205** | **100.0** | **80,081** | **100.0** |

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Amount | % of total | Amount | % of total | Amount | % of total |
| **GMV for goods facilitated through our cross-border supply chain solutions** *(RMB' in million)* | | | | | | |
| – Import solutions . . . . . . . | 29,987.2 | 97.6 | 34,808.3 | 96.5 | 41,151.8 | 96.3 |
| – Export solutions . . . . . . . | 743.6 | 2.4 | 1,251.0 | 3.5 | 1,583.8 | 3.7 |
| **Total** . . . . . . . . . . . . . . . . | **30,730.8** | **100.0** | **36,059.3** | **100.0** | **42,735.5** | **100.0** |

We generate revenue from service fees we charge our customers for our supply chain solutions, typically calculated as a percentage of GMV. The following table sets forth the average fee rate of our import solutions and export solutions (as represented by the total service fees as a percentage of total GMV) during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *(% of GMV)* | |
| **Average fee rate of cross-border supply chain solutions** | | | |
| – Import solutions . . . . . . . . . . . . . | 0.25 | 0.22 | 0.19 |
| – Export solutions . . . . . . . . . . . . | 0.22 | 0.18 | 0.21 |
| **Total service fees as a percentage of GMV** . . . . . . . . . . . . . . . . . . . | **0.25** | **0.22** | **0.19** |

Our average fee rate decreased from approximately 0.25% in FY2023 to approximately 0.22% in FY2024 primarily because we strategically focused on customers with larger order sizes and when proposing pricing terms to such customers, our management had particularly taken into account the extent of income we could generate from our cross-border fund arrangements based on the estimated GMV contribution of such orders, and competitively priced our services to secure such orders as appropriate. As a result of pursuing this strategy, our fee rate decreased from approximately 0.22% in FY2024 to approximately 0.19% in FY2025, and our revenue from cross-border supply chain solutions remained steady despite our GMV growth in FY2025. While our strategy of focusing on customers with larger order sizes and offering more competitive fee rates has successfully driven GMV growth, we recognise the importance of stabilising our average fee rate. Going forward, we will take proactive measures to maintain stability. Specifically, we will (i) strengthen customer loyalty by consistently delivering tailored solutions and diversified offerings, including our warehousing and logistics solutions; (ii) elevate our service standards and quality by leveraging advanced technology to enhance efficiency and transparency across our operations; and (iii) continuously monitor market trends and competitor pricing to ensure our fee rates remain competitive and aligned with industry benchmarks.

*Revenue from logistics and warehousing solutions*

To a lesser extent, our customers may choose to utilize our logistics and warehousing solutions as a stand-alone offering 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 electronic components and finished products and precise inventory management and handling processes to prevent damage and loss. Our revenue attributable to such customers amounted to approximately RMB38.5 million, RMB43.7 million and RMB76.9 million in FY2023, FY2024 and FY2025, respectively, representing approximately 33.0%, 35.6% and 49.0% of our revenue from supply chain solutions generated during the same periods.

In particular, we commenced our operation of international logistics solutions to serve our customers' Re-export Trade needs; our revenue generated from such operation has grown rapidly from approximately RMB0.2 million in FY2023 to approximately RMB9.3 million in FY2024. In FY2025, we had revenue generated from international logistics solutions of approximately RMB34.7 million, representing a significant increase from approximately RMB9.3 million in FY2024.

**Net income from cross-border fund arrangements**

Most of our customers are based in the PRC, and are subject to compliance with relevant foreign exchange control regulations when conducting cross-border trading. As many of our customers prefer to focus their resources on their core business of manufacturing, they generally do not focus on developing the expertise in dealing with commercial banks and government authorities, and often encounter inconveniences and hurdles when conducting cross-border trading. Our cross-border fund arrangements are designed to address such pain points by helping our customers settle with their international counterparties.

We had systematically executed our cross-border fund arrangements and actively derived income from the operation of these cross-border fund arrangements (comprising income from currency exchange operations and income from trade finance structured transfers). Please also see "*Business — Our cross-border fund arrangements*".

Our operation of cross-border fund arrangements is an integral part of our business model and is premised on, and driven and sustained by, our 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, which is in turn integral to our overall profitability. Our management considers the income from cross-border fund arrangements is integral to the evaluation of the overall performance of our management and profitability of our principal operation, namely provision of supply chain solutions.

The following table sets forth a breakdown of our income from cross-border fund arrangements (i.e. currency exchange operations, or trade finance structured transfer) during the Track Record Period:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Amount (RMB'000) | % of net income from cross-border fund arrangements | Amount (RMB'000) | % of net income from cross-border fund arrangements | Amount (RMB'000) | % of net income from cross-border fund arrangements |
| **Income from cross-border fund arrangements** | | | | | | |
| – Currency exchange operations | 49,328 | 47.4 | 59,658 | 53.3 | 45,285 | 40.9 |
| – Trade finance structured transfer[(1)] | 54,714 | 52.6 | 52,253 | 46.7 | 65,490 | 59.1 |
| **Total** | 104,042 | 100.0 | 111,911 | 100.0 | 110,775 | 100.0 |

*Notes:*

(1) Our income from trade finance structured transfer represents the net income after accounting interest income, interest expense, foreign exchange gains, fair value losses or gains and bank charges. For details of the accounting treatment of our trade finance structure transfers, please refer to Note 2.1(i) and Note 3.3(i) of the Accountant's Report in Appendix I to this document. We generate our income from trade finance structured transfer as a whole taking into account (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 and (ii) the differential between the relevant interest income on large denomination certificate of deposit and costs of trade finance instrument. Our income from trade finance structured transfer is ascertainable and can be "locked-in" at the time we enter into the relevant arrangements with commercial banks, and we assess the profitability of the arrangements based on the foregoing differentials as a whole.

For the purpose of assessing the average yield of our cross-border fund arrangements as a function of GMV (which effectively reflects how much income we can generate from the underlying arrangements per GMV), the following table sets forth a breakdown of our GMV underlying, and the average yield (calculated as a percentage of GMV) of, our cross-border fund arrangements (i.e., currency exchange operations or trade finance structured transfer), during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| **GMV underlying cross-border fund arrangements**[1] | | *(RMB' in million)* | |
| – Currency exchange operations | 17,351.1 | 22,573.3 | 21,018.1 |
| – Trade finance structured transfer | 12,035.9 | 13,727.7 | 17,081.8 |
| – Overall cross-border fund arrangements | 20,059.5 | 23,507.6 | 24,408.0 |
| **Average yield of cross-border fund arrangements (as a function of GMV)** | | *(% of GMV)* | |
| – Currency exchange operations | 0.28 | 0.26 | 0.22 |
| – Trade finance structured transfer | 0.45 | 0.38 | 0.38 |
| – Overall cross-border fund arrangements | 0.52 | 0.48 | 0.45 |

*Note:*

(1) In some cases, 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. As a result, the aggregated GMV underlying our cross-border fund arrangements, calculated by adding the GMV from the currency exchange operation and the GMV from the trade finance structured transfer, is greater than our actual GMV in the respective year.

Our average yield of currency exchange operations decreased from approximately 0.28% in FY2023 to approximately 0.26% in FY2024, and further decreased to approximately 0.22% in FY2025 as the commercial banks were more conservative in providing favourable Agreed Rates due to fluctuations in exchange rates between USD and RMB in FY2024 and FY2025.

In general, the yield of our trade finance structured transfer is contingent on the terms of the underlying trade finance instrument offered by commercial banks. In FY2024, on account of market conditions, such as a general decline in deposit rate, the terms of trade finance instruments available were not as profitable to us as compared with FY2023. As a result, our average yield of trade finance structured transfer decreased from 0.45% in FY2023 to 0.38% in FY2024. Since these market conditions subsisted, our average yield on trade finance structured transfers remained relatively stable at 0.38% in FY2025.

**Income from Ordinary Course of Business**

Income from Ordinary Course of Business is the summation of (i) revenue generated from supply chain solutions, and (ii) net income from cross-border fund arrangements, which together represent the revenue/income generated from our principal business operations in the ordinary course of business. It is effectively a measure of our "top-line" performance. The inclusion of net income from cross-border fund arrangements to evaluate our "top-line" performance is materially relevant as our business model is purposedly designed to generate such income in tandem with our revenue from cross-border supply chain solutions, both of which are ultimately driven by and premised on the GMV. The following table sets forth our Income from Ordinary Course of Business during the Track Record Period:

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Amount | % of Income from Ordinary Course of Business | Amount | % of Income from Ordinary Course of Business | Amount | % of Income from Ordinary Course of Business |
| | *(RMB'000)* | | *(RMB'000)* | | *(RMB'000)* | |
| Revenue from supply chain solutions | 116,479 | 52.8 | 122,952 | 52.4 | 157,023 | 58.6 |
| Net income from cross-border fund arrangements | 104,042 | 47.2 | 111,911 | 47.6 | 110,775 | 41.4 |
| **Income from Ordinary Course of Business** | **220,521** | **100.0** | **234,863** | **100.0** | **267,798** | **100.0** |

### Other income

Our other income primarily consists of (i) government grants, (ii) rental income, and (iii) investment income. We recorded other income of approximately RMB9.6 million, RMB10.7 million and RMB12.7 million in FY2023, FY2024 and FY2025, respectively.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grant | 4,365 | 4,973 | 8,960 |
| Rental income | 2,502 | 4,196 | 3,478 |
| Investment income | 2,769 | 1,483 | 297 |
| **Total** | 9,636 | 10,652 | 12,735 |

During the Track Record Period, we had received government grants, including financial incentives and tax preferences, from the governments of Chinese Mainland and Hong Kong primarily as recognition of our contribution to the cross-border trading industry and our efforts in facilitating development of the logistics business generally. During the Track Record Period, all government grants recognised in our consolidated statements of profit or loss and other comprehensive income by our Group were unconditional. As at 31 December 2023, 2024 and 2025, we had no unfulfilled conditions or contingencies related to these grants.

As at the Latest Practicable Date, we owned certain real estate properties in Chinese Mainland and Hong Kong. For details of these properties, please refer to "*Business — Properties — Owned properties*". We leased certain of our owned properties to Independent Third Parties on normal commercial terms for additional rental income to our Group.

During the Track Record Periods, as part of our own cash management activities (which are, for the avoidance of doubt, unrelated to our cross-border fund arrangements), we had placed deposits as collateral to drawdown loans from the commercial banks, which enabled us to earn the differential between the interest of the deposits and cost of the loans without materially affecting our cash flow and exposure to any speculative investment risks.

### Other gains, net

Our other gains mainly consist of (i) net foreign exchange gains or losses, (ii) net gains on disposal of property, plant and equipment, (iii) net gains on disposal of investment properties, and (iv) gains from unclaimed deposits. We recorded other gains of approximately RMB1.7 million, RMB0.1 million and RMB35.5 million in FY2023, FY2024 and FY2025, respectively.

The following table sets out the breakdown of our other gains and losses during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net foreign exchange gains/(losses)[1] | 1,083 | (3,291) | (7,282) |
| Net gains on disposal of property, plant and equipment[2] | 563 | 1,308 | 89 |
| Net gains on disposal of investment properties | – | – | 43,061 |
| Gains from unclaimed deposits[3] | – | 1,897 | 925 |
| Others | 51 | 154 | (1,285) |
| **Total** | 1,697 | 68 | 35,508 |

*Notes:*

(1) Our net foreign exchange gains or losses primarily result from the translation of monetary assets and liabilities denominated in foreign currencies, driven by fluctuations in the RMB to US Dollar exchange rate. For the avoidance of doubt, this does not include foreign exchange gains or losses recognised under our net income from cross-border fund arrangements.

(2) Between 2009 and 2017, the government of Futian District, Shenzhen ("**Futian Government**") had sold 30 properties to us as welfare accommodation for our talent as incentive for our contribution to the development of local economy of Futian District. We recorded depreciation for these properties during the holding period. However, in order to cope for our expansion, we relocated the relevant PRC subsidiary away from the Futian District and were no longer eligible for such incentive. We entered into a disposal agreement to return the welfare accommodation properties to Futian Government in FY2023 and recorded other gains upon the closing of such disposal, which took place in FY2024. The net gains on the disposal of property, plant, and equipment recorded during the Track Record Period were primarily attributable to such disposal, together with our disposal of certain equipment and digital devices in the ordinary course of phasing out obsolete items and upgrading to newer technologies.

(3) Over the years, we had received payments in our bank accounts (such bank accounts are designated for receiving payments from our customers) that have not been claimed by our customers. In FY2024 and FY2025, we had treated all such amount as deposits forfeited by our customers, and recorded it as "our gains from unclaimed deposits".

### Employee benefits expenses

Our employee benefits expenses mainly consist of (i) salaries, wages and bonuses, (ii) pension obligations, housing funds, medical insurances and other social insurances, and (iii) other employee benefits. We recorded employee benefits expenses of approximately RMB63.9 million, RMB64.2 million and RMB59.4 million in FY2023, FY2024 and FY2025, respectively.

The following table sets out the breakdown of our employee benefits expenses during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, wages and bonuses | 56,165 | 55,924 | 51,028 |
| Pension obligations, housing funds, medical insurances and other social insurances[(1)] | 4,360 | 4,902 | 5,378 |
| Other employee benefits[(2)] | 3,383 | 3,353 | 3,038 |
| **Total** | 63,908 | 64,179 | 59,444 |

*Notes:*

(1) Our pension obligations, housing funds, medical insurances and other social insurances consist of (i) benefit schemes, including pension obligations, housing funds, medical insurances and other social insurances, that we are required to contribute for our full time employees in the PRC, and (ii) the Mandatory Provident Fund Scheme, which is mandatory for us to contribute for our full time employees in Hong Kong.

(2) Other employee benefits primarily include free catering services and holiday benefits that we offer to our employees.

As at 31 December 2023, 2024 and 2025, we had 267, 270 and 277 employees in Chinese Mainland and 63, 53 and 49 employees in Hong Kong, respectively. Please refer to "*Business — Employees*" for further details.

**Transportation expenses**

We recorded transportation expenses of approximately RMB21.9 million, RMB30.5 million and RMB54.4 million in FY2023, FY2024 and FY2025, respectively. In FY2023, we commenced our operation of international logistics solutions and thereby incurred expenses from engaging third party logistics service providers.

The following table sets out the breakdown of our transportation expenses during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Transportation expenses for international logistics solutions | 211 | 7,945 | 30,505 |
| Greater China transportation expenses | 21,666 | 22,600 | 23,925 |
| **Total** | 21,877 | 30,545 | 54,430 |

### Depreciation and amortisation expenses

We recorded depreciation and amortisation expenses of approximately RMB20.1 million, RMB23.5 million and RMB27.6 million in FY2023, FY2024 and FY2025, primarily consists of the depreciation and amortisation expenses in connection with our intangible assets, property, plant and equipment, right of use assets and investment properties.

The following table sets out the breakdown of our depreciation and amortisation expenses during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Depreciation and amortisation expenses in connection with | | | |
| Intangible assets | 350 | 466 | 694 |
| Property, plant and equipment | 2,078 | 1,792 | 1,361 |
| Right-of-use assets | | | |
| Offices | 6,138 | 6,764 | 6,799 |
| Warehouses and dormitories | 9,556 | 12,360 | 17,189 |
| *Subtotal* | 15,694 | 19,124 | 23,988 |
| Investment properties | 2,019 | 2,099 | 1,513 |
| **Total** | **20,141** | **23,481** | **27,557** |

### Net impairment (losses)/reversals on the financial assets

Our net impairment losses or reversals on the financial assets primarily represents provisions for losses arising from the accounts and other receivables in the ordinary course of business. For details, see Notes 3.1(b) to the Accountant's Report of our Group included in Appendix I of this document.

During the Track Record Period, we had net impairment losses on financial assets of approximately RMB3.8 million in FY2023, and net impairment reversals on financial assets of approximately RMB5.0 million and RMB1.2 million in FY2024 and FY2025, respectively.

The following table sets out the breakdown of our net impairment reversals or losses on financial assets during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Reversal of/(allowance for) impairment losses of accounts receivable | 803 | 56 | (88) |
| (Allowance for)/reversal of impairment losses of other receivables | (4,636) | 4,982 | 1,249 |
| **Total** | (3,833) | 5,038 | 1,161 |

**Other operating expenses**

Our other operating expenses mainly consist of (i) storage fees, (ii) travel and entertainment expenses, (iii) taxes and surcharges, (iv) property management fees, and (v) customs operation service fees.

The following table sets out the breakdown of our other operating expenses during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Storage fees(1) | 9,014 | 8,007 | 7,225 |
| Travel & entertainment expenses | 4,517 | 4,109 | 4,603 |
| Taxes and surcharges | 2,789 | 3,900 | 2,872 |
| Property management fees | 1,840 | 2,092 | 2,096 |
| Customs operation service fees(2) | 1,800 | 2,025 | 2,905 |
| Office expenses | 2,387 | 1,888 | 2,160 |
| Insurance expenses | 2,994 | 1,558 | 2,302 |
| Bank charges | 1,269 | 1,430 | 1,377 |
| Auditor's remuneration | 640 | 742 | 596 |
| Professional service expenses | 330 | 592 | 735 |
| Others(3) | 1,823 | 4,514 | 4,433 |
| **Total** | 29,403 | 30,857 | 31,304 |

*Notes:*

(1) We recorded (i) our short-term leases with no more than one year of lease term for properties to be used as warehouses, and (ii) miscellaneous fees incurred for our warehouse operation as storage fee. As at the Latest Practicable Date, one of our leased warehouses was recorded under storage fee.

(2) Our customs operation service fees primarily consist of import and export declaration fees, certification fees, import and export inspection fees, agency inspection fees, and commodity inspection fees.

(3) Our other operating expenses primarily consist of miscellaneous expenses, including selling expenses such as marketing exhibition expenses, advertisement expenses and operation expenses such as repair and maintenance costs.

### Operating profit

Our operating profit amounted to approximately RMB92.7 million, RMB98.6 million and RMB127.9 million in FY2023, FY2024 and FY2025, respectively.

### Finance income

Our finance income consists of (i) interest income from demand deposits and (ii) interest income from time deposits.

The following table sets out the breakdown of our finance income during the Track Record Period:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest income from demand deposits[(1)] | 12,749 | 9,931 | 7,055 |
| Interest income from time deposits[(2)] | 1,806 | 2,509 | – |
| Others | 57 | 34 | 42 |
| **Total** | 14,612 | 12,474 | 7,097 |

*Note:*

1. Demand deposits are deposits that can be withdrawn at any time without conditions.

2. Time deposits are deposits that are locked in for a specified period of time in exchange for a more favourable deposit interest rate compared to demand deposits.

### Finance costs

Our finance costs mainly represented interest on our other bank borrowings, lease liabilities and redemption liabilities interest. Our finance costs amounted to approximately RMB5.3 million, RMB5.7 million and RMB9.3 million in FY2023, FY2024 and FY2025, respectively.

### Income tax expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. In FY2023, FY2024 and FY2025, our effective tax rates, calculated as income tax expense divided by profit before tax, were approximately 18.0%, 18.8% and 13.8%, respectively. In FY2025, we had gains from disposal of one of our investment properties located in Hong Kong amounting to approximately RMB43.1 million and such gains are not subject to profits tax pursuant to the applicable laws and regulations; as a result, our effective tax rate decreased from 18.8% in FY2024 to 13.8% in FY2025.

*PRC corporate income tax*

Our income tax provision in respect of our PRC operations has been calculated at the applicable tax rates on the taxable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof. Except for some subsidiaries enjoying the preferential tax rates, our subsidiaries incorporated in the PRC are subject to the enterprise income tax rate of 25%.

Our subsidiaries, Shenzhen HFY Supply Chain, Shenzhen HFY E-commerce and Shenzhen HFY Smart Supply Chain, which are tax residents in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, enjoy a preferential corporate income tax rate of 15%.

*Hong Kong profits tax*

Our subsidiaries incorporated in Hong Kong had been subject to Hong Kong profits tax at a rate of 16.5% on the assessable profits during the Track Record Period.

*Cayman Islands*

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation.

*British Virgin Islands*

Our BVI subsidiary and all dividends, interest, rents, royalties, compensation and other amounts paid by our BVI subsidiary to persons who are not resident in the BVI and any capital gains realized with respect to any shares, debt obligations, or other securities of our BVI subsidiary by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI.

*Singapore income tax*

Our subsidiary incorporated in Singapore is subject to corporate income tax at a rate of 17% on the assessable profits since 2023 (the year of its incorporation).

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax represents the estimated tax payable on the taxable income for the reporting period, using tax rates enacted at the end of such reporting period, plus any adjustment to tax payable in respect of previous reporting periods. For more information on the deferred tax assets and liabilities, see Note 18 of the Accountant's Reports in Appendix I to this document.

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current income tax | 770 | 24,498 | 36,861 |
| Deferred income tax | 17,599 | (4,662) | (19,480) |
| **Total** | 18,369 | 19,836 | 17,381 |

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

## REVIEW OF HISTORICAL RESULTS OF OPERATION

### FY2025 compared to FY2024

***Revenue from supply chain solutions***

Our revenue from supply chain solutions increased by approximately RMB34.1 million, or 27.7%, from approximately RMB123.0 million for FY2024 to approximately RMB157.0 million for FY2025, primarily due to increase in revenue from logistics and warehousing solutions.

*Revenue from cross-border supply chain solutions*

Our revenue from cross-border supply chain solutions remained stable at approximately RMB79.2 million in FY2024 and approximately RMB80.1 million in FY2025. In FY2025, we continued our strategy of focusing our resources on customers with larger order sizes with a view to achieving higher return from the operation of cross-border fund arrangements and improving our overall profitability. Consequently, we effectively increased our GMV per customer from approximately RMB25.6 million in FY2024 to approximately RMB32.3 million in FY2025, and increased our GMV from approximately RMB36,059.3 million in FY2024 to approximately RMB42,735.5 million in FY2025. As a result of pursuing such strategy, our fee rate decreased from 0.22% in FY2024 to 0.19% in FY2025, while our revenue from cross-border supply chain solutions remained steady despite our GMV growth in FY2025.

*Revenue from logistics and warehousing solutions*

Our revenue from logistics and warehousing solutions increased significantly by approximately RMB33.2 million or 75.9% from approximately RMB43.7 million in FY2024 to approximately RMB76.9 million in FY2025, primarily attributable to the growth in our international logistics solutions as we managed to attract more customers and secure additional orders from existing customers during the ramp-up period of this operation.

***Net income from cross-border fund arrangements***

Our net income from cross-border fund arrangements remained relatively stable at approximately RMB110.8 million in FY2025, as compared with approximately RMB111.9 million in FY2024, primarily due to the decrease in our currency exchange operations from approximately RMB59.7 million in FY2024 to approximately RMB45.3 million in FY2025 as our GMV underlying currency exchange operations decreased from approximately RMB22,573.3 million in FY2024 to approximately RMB21,018.1 million in FY2025 and the average yield of currency exchange operations decreased from 0.26% in FY2024 to 0.22% in FY2025, partially offset by the increase in our trade finance structured transfer operation from approximately RMB52.3 million in FY2024 to approximately RMB65.5 million in FY2025 as a result of our increased volume of GMV underlying trade finance structured transfer operation from approximately RMB13,727.7 million in FY2024 to RMB17,081.8 million in FY2025.

***Other income***

Our other income increased by approximately RMB2.1 million, or 19.6%, from approximately RMB10.7 million in FY2024 to approximately RMB12.7 million in FY2025, primarily due to the increase in government grants from approximately RMB5.0 million in FY2024 to approximately RMB9.0 million in FY2025, primarily because the relevant government authority granted a one-time subsidy of approximately RMB6.0 million as an incentive in recognition of our import and export performance in FY2025, partially offset by the decrease in investment income from approximately RMB1.5 million in FY2024 to approximately RMB0.3 million in FY2025 due to our reduced investment activities that form part of our cash management activities.

***Employee benefits expenses***

Our employee benefits expenses decreased by approximately RMB4.7 million, or 7.4%, from approximately RMB64.2 million in FY2024 to approximately RMB59.4 million in FY2025 primarily due to lower discretionary bonus payments for the year.

***Transportation expenses***

Our transportation expenses increased significantly by approximately RMB23.9 million, or 78.2%, from approximately RMB30.5 million in FY2024 to approximately RMB54.4 million in FY2025, primarily due to our increased transportation expenses in connection with our offering of international logistics solutions to support the significant ramp up of this operation in FY2025.

***Depreciation and amortisation expenses***

Our depreciation and amortisation expenses increased by approximately RMB4.1 million, or 17.4%, from approximately RMB23.5 million in FY2024 to approximately RMB27.6 million in FY2025, primarily attributable to the increase in depreciation expenses of right-of-use assets because we (i) entered into a long-term lease for a new warehouse in the second half of FY2024, (ii) replaced a warehouse with higher rental and (iii) changed the existing lease for a warehouse from short-term use to long-term.

***Net impairment (losses)/reversals on the financial assets***

Our net impairment reversals on financial assets decreased by approximately RMB3.9 million from approximately RMB5.0 million in FY2024 to approximately RMB1.2 million in FY2025, primarily because we did not have material provisions made for expected losses of other receivables in FY2025.

***Other gains, net***

Our net other gains increased from approximately RMB0.1 million in FY2024 to approximately RMB35.5 million in FY2025, primarily due to the net gains on disposal of investment properties of approximately RMB43.1 million in FY2025 as we disposed one of our investment properties in Hong Kong to an entity owned as to 80% by Ms. Yeung and 20% by Ms. Fung (our Controlling Shareholders). The consideration was determined on an arm's length basis taking into account the valuation report prepared by an independent third party valuer.

***Other operating expenses***

Our other operating expenses remained stable at approximately RMB30.9 million in FY2024 and approximately RMB31.3 million in FY2025.

***Finance income***

Our finance income decreased by approximately RMB5.4 million, or 43.1%, from approximately RMB12.5 million in FY2024 to approximately RMB7.1 million in FY2025, primarily due to lower market interest rates on demand deposits in FY2025 and the reallocation of funds from time deposits to working capital to support increased business activity.

***Finance cost***

Our finance cost increased by approximately RMB3.6 million, or 61.9%, from approximately RMB5.7 million in FY2024 to approximately RMB9.3 million in FY2025, primarily due to the increase in interest expenses on other bank borrowings from approximately RMB2.3 million in FY2024 to approximately RMB7.4 million in FY2025 as we secured more bank loans to support our operation, partially offset by the absence of interest on redemption liabilities in FY2025 as our redemption liabilities were mostly settled in FY2024.

***Income tax expenses***

Our income tax expenses decreased by approximately RMB2.5 million, or 12.6%, from approximately RMB19.8 million in FY2024 to approximately RMB17.4 million in FY2025 primarily because our gains from disposal of one of our investment properties located in Hong Kong amounting to approximately RMB43.1 million are not subject to profits tax pursuant to the applicable laws and regulations.

***Profit for the year***

As a result of the foregoing, our profit for the year increased by approximately RMB22.8 million, or 26.7%, from approximately RMB85.5 million for FY2024 to approximately RMB108.4 million for FY2025.

**FY2024 compared to FY2023**

***Revenue from supply chain solutions***

Our revenue from supply chain solutions increased by approximately RMB6.5 million, or 5.6%, from approximately RMB116.5 million for FY2023 to approximately RMB123.0 million for FY2024, primarily due to increase in revenue from logistics and warehousing solutions.

*Revenue from cross-border supply chain solutions*

Our revenue from cross-border supply chain solutions increased slightly by approximately RMB1.2 million, or 1.5%, from RMB78.0 million in FY2023 to RMB79.2 million in FY2024. In FY2024, we strategically focused on customers with larger order sizes and when proposing pricing terms to the customers, our management made an informed assessment on the extent of income these orders can generate from the operation of cross-border fund arrangements, thereby offering more competitive pricing terms when appropriate. Our effective implementation of this strategy resulted in the GMV per customer to increase from approximately RMB20.2 million in FY2023 to approximately RMB25.6 million in FY2024. This strategic shift led to a decrease in our average fee rate from approximately 0.25% in FY2023 to approximately 0.22% in FY2024, due to the more competitive pricing terms offered. As a result, while our GMV grew by 17.3% in FY2024, our revenue from cross-border supply chain solutions remained steady with a marginal increase.

*Revenue from logistics and warehousing solutions*

Our revenue from logistics and warehousing solutions increased by approximately RMB5.2 million or 13.5% from approximately RMB38.5 million in FY2023 to approximately RMB43.7 million in FY2024, primarily attributable to the expansion of our service scope by commencing the operation of international logistics solutions. We began to facilitate international transportation completely offshore in late 2023. Our revenue attributable to such international logistics services increased from approximately RMB0.2 million in FY2023 to approximately RMB9.3 million in FY2024.

***Net income from cross-border fund arrangements***

Our net income from cross-border fund arrangements increased by approximately RMB7.9 million, or 7.6%, from approximately RMB104.0 million in FY2023 to approximately RMB111.9 million in FY2024, primarily attributable to the increase in our income from currency exchange operations from approximately RMB49.3 million in FY2023 to RMB59.7 million in FY2024, as our GMV underlying currency exchange operations increased from approximately RMB17,531.1 million in FY2023 to approximately RMB22,573.3 million in FY2024, in line with our overall GMV increase in FY2024. This increase was partially offset by the decrease in our trade finance structured transfer from approximately RMB54.7 million in FY2023 to approximately RMB52.3 million in FY2024 due to the decrease in average yield of our trade finance structured transfer from 0.45% to 0.38%. In general, the yield of our trade finance structured transfer is contingent on the terms of the underlying trade finance instrument offered by commercial banks. In FY2024, on account of market conditions, such as a decline in overall deposit interest rate, the terms of trade finance instruments available were not as profitable to us as compared with FY2023.

***Other income***

Our other income increased by approximately RMB1.1 million, or 11.5%, from approximately RMB9.6 million in FY2023 to approximately RMB10.7 million in FY2024, primarily due to the increase in rental income from approximately RMB2.5 million in FY2023 to approximately RMB4.2 million in FY2024, as we managed to lease out one of our self-owned properties to an Independent Third Party in the fourth quarter of 2023. Such increase was partially offset by the decrease in investment income from approximately RMB2.8 million in FY2023 to approximately RMB1.5 million in FY2024, as we had made less investments as part of our own cash management activities.

***Employee benefits expenses***

Our employee benefits expenses remained stable at approximately RMB63.9 million in FY2023 and approximately RMB64.2 million in FY2024.

***Transportation expenses***

Our transportation expenses increased significantly by approximately RMB8.6 million, or 39.3%, from approximately RMB21.9 million in FY2023 to approximately RMB30.5 million in FY2024, primarily due to the expansion of our service scope by the commencement of international logistics solutions in late 2023, which led to our increased engagement of third-party logistics service providers as we primarily collaborate with them to arrange logistics for our customers. Our transportation expenses for international logistics solutions increased from approximately RMB0.2 million in FY2023 to approximately RMB7.9 million in FY2024.

***Depreciation and amortisation expenses***

Our depreciation and amortisation expenses increased by approximately RMB3.4 million, or 16.9%, from approximately RMB20.1 million in FY2023 to approximately RMB23.5 million in FY2024, primarily attributable to the increase in depreciation expenses of right-of-use assets because we entered into a long-term lease for a warehouse in Hong Kong in FY2024.

***Net impairment reversals/(losses) on the financial assets***

We recorded net impairment losses on financial assets of approximately RMB3.8 million in FY2023 and recorded impairment reversals of approximately RMB5.0 million in FY2024, primarily due to the reversal of provisions made for expected losses of other receivables from our advanced payment of purchase price for goods provided to Customer B and Customer X at the end of 2023, which had been fully settled in FY2024.

***Other gains, net***

Our other gains decreased by approximately RMB1.6 million, or 94.1%, from approximately RMB1.7 million in FY2023 to approximately RMB0.1 million in FY2024, primarily due to the foreign exchange losses of approximately RMB3.3 million incurred in FY2024 resulting from the appreciation of US Dollars against RMB during the year. Such losses were partially offset by our gains of approximately RMB1.3 million from disposal of property, plant and equipment as we entered into a disposal agreement to return the welfare accommodation properties to Futian Government in FY2023; we recorded other gains upon the closing of such disposal, which took place in FY2024.

***Other operating expenses***

Our other operating expenses increased by approximately RMB1.5 million, or 5.1%, from approximately RMB29.4 million in FY2023 to approximately RMB30.9 million in FY2024, primarily due to the increase in other expenses from approximately RMB1.8 million in FY2023 to approximately RMB4.5 million in FY2024, as we incurred more miscellaneous selling expenses such as marketing exhibition expenses, advertisement expenses and repair and maintenance costs for business operation and expansion needs.

***Finance income***

Our finance income decreased by approximately RMB2.1 million, or 14.4%, from approximately RMB14.6 million in FY2023 to approximately RMB12.5 million in FY2024, primarily due to the decrease in interest income from demand deposits from approximately RMB12.7 million in FY2023 to approximately RMB9.9 million in FY2024 as the interest rates for demand deposits decreased in FY2024, which was partially offset by the increase in interest income from time deposits of approximately RMB0.7 million in FY2024 primarily due to the increase in the average balance of our time deposits in FY2024.

***Finance cost***

Our finance costs remained stable at approximately RMB5.3 million in FY2023 and approximately RMB5.7 million in FY2024.

***Income tax expenses***

Our income tax expenses increased by approximately RMB1.4 million, or 7.6%, from approximately RMB18.4 million in FY2023 to approximately RMB19.8 million in FY2024, primarily due to our growth in profit before income tax from approximately RMB102.0 million in FY2023 to approximately RMB105.4 million in FY2024.

***Profit for the year***

As a result of the foregoing, our profit for the year increased by approximately RMB1.9 million, or 2.3%, from approximately RMB83.6 million for FY2023 to approximately RMB85.5 million for FY2024.

## DISCUSSION OF MAJOR ITEMS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as at the dates indicated.

| | As at December 31 | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4,676 | 3,991 | 3,394 |
| Right-of-use assets | 31,659 | 43,544 | 46,818 |
| Investment properties | 46,329 | 44,309 | 39,591 |
| Deferred tax assets | 6,067 | 2,463 | 1,691 |
| Intangible assets | 1,234 | 1,320 | 1,559 |
| Other non-current assets | 1,942 | 3,531 | 4,556 |
| **Total non-current assets** | **91,907** | **99,158** | **97,609** |
| **Current assets** | | | |
| Other receivables | 769,601 | 523,223 | 527,432 |
| Derivative financial assets | 149,395 | 68,567 | 33,901 |
| Accounts receivable | 11,065 | 7,729 | 17,646 |
| Notes receivable | 71,107 | 12,190 | 7,961 |
| Restricted cash | 12,210,246 | 13,146,652 | 17,777,105 |
| Cash and cash equivalents | 709,710 | 687,129 | 648,913 |
| Prepaid income tax | 3,873 | 5,179 | 14,068 |
| Other current assets | 11,839 | 8,686 | 8,987 |
| Current assets excluding assets classified as held for sale | 13,936,836 | 14,459,355 | 19,036,013 |
| Assets classified as held for sale | 9,777 | – | – |
| **Total current assets** | **13,946,613** | **14,459,355** | **19,036,013** |
| **Total assets** | **14,038,520** | **14,558,513** | **19,133,622** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | 16,294 | 22,589 | 25,502 |
| Deferred tax liabilities | 35,038 | 26,772 | 6,520 |
| **Total non-current liabilities** | **51,332** | **49,361** | **32,022** |
| **Current liabilities** | | | |
| Lease liabilities | 15,827 | 21,748 | 22,588 |
| Derivative financial liabilities | 135,413 | 74,135 | 30,742 |
| Borrowings | 12,186,404 | 13,133,738 | 18,084,832 |
| Accounts payable | 1,331 | 1,176 | 3,399 |
| Notes payable | 201,772 | 18,765 | 5,803 |
| Income tax payable | 776 | 4,218 | 251 |
| Other payables and accruals | 406,048 | 490,524 | 230,029 |
| Redemption liabilities | 44,301 | 10 | – |
| **Total current liabilities** | **12,991,872** | **13,744,314** | **18,377,644** |
| **Total liabilities** | **13,043,204** | **13,793,675** | **18,409,666** |
| **Net current assets** | **954,741** | **715,041** | **658,369** |
| **Net non-current assets** | **40,575** | **49,797** | **65,587** |
| **Total equity** | **995,316** | **764,838** | **723,956** |

***Property, plant and equipment***

Our property, plant and equipment comprise buildings, machinery and motor vehicles, electronic devices, office and other equipment and leasehold improvement. We entered into a disposal agreement to return 30 properties to the Futian Government in FY2023, which were sold to us between 2009 and 2017 for use as welfare accommodation for our talent as incentive for our contribution to the development of local economy. During the period between the execution of such agreement (which took place in FY2023) and closing of such agreement (which took place in FY2024), we had accounted for these properties as assets held for sale. The balance of our property, plant and equipment only slightly decreased from approximately RMB4.7 million as at 31 December 2023 to approximately RMB4.0 million as at 31 December 2024, and further decreased to approximately RMB3.4 million as at 31 December 2025 primarily due to depreciation.

***Right-of-use assets***

Our right-of-use assets are mainly associated with properties that we rent for our operations to use as our offices and warehouses. Our right-of-use assets increased from approximately RMB31.7 million as at 31 December 2023 to approximately RMB43.5 million as at 31 December 2024, primarily because we have entered into more leases to expand our warehousing operations and office spaces in FY2024 to support our business expansion and growth. Our right-of-use assets increased from approximately RMB43.5 million as at 31 December 2024 to approximately RMB46.8 million as at 31 December 2025, primarily because we renewed the lease for one office property and two warehouse properties upon expiry, and transitioned two warehouse leases from short-term arrangements to long-term leases in FY2025.

***Investment properties***

Our investment properties remained relatively stable at approximately RMB46.3 million and RMB44.3 million as at 31 December 2023 and 2024, respectively, as we had not made any material acquisition of properties for investment purposes. In June 2025, we disposed of one of our investment properties located in Hong Kong to an entity owned as to 80% by Ms. Yeung and 20% by Ms. Fung (our Controlling Shareholders) for a consideration of approximately RMB46.3 million, which was determined on arm's length based on a valuation report prepared by an independent third-party valuer. The disposal resulted in a decrease of approximately RMB4.2 million in our investment properties, and as at 31 December 2025, we had investment properties of approximately RMB39.6 million. For details of our investment properties, please refer to "*Business — Properties — Owned properties*".

***Other Receivables***

We had other receivables of approximately RMB769.6 million, RMB523.2 million and RMB527.4 million as at 31 December 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our other receivables as at the dates indicated.

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Advance made on behalf of customers[(1)] | 737,707 | 483,045 | 516,581 |
| Value-added tax recoverable[(2)] | 39,673 | 45,761 | 15,226 |
| Rental deposit | 1,925 | 966 | 905 |
| Amount due from related parties[(3)] | 2,388 | 571 | – |
| Others | 313 | 304 | 895 |
| Less: Allowance for expected credit losses | (12,405) | (7,424) | (6,175) |
| **Total** | 769,601 | 523,223 | 527,432 |

*Note:*

1. As an integral component of our supply chain solutions, we facilitate flow of funds for our customers through our operation of cross-border fund arrangements. In connection with the foregoing, we offer value-added services to eligible customers to enhance the liquidity of their supply chain, including advanced payment of tariff and VAT and advanced payment of purchase price for goods. For details, please refer to "*Business — Our import solutions — Flow of funds*".

2. As part of our export solutions, we apply for value-added tax refunds on behalf of our customers from the relevant tax authorities. Based on our credit and risk assessment of these customers, we may pay eligible customers the tax refunds upon receipt of their invoices, but before we receive the refunds from the tax authorities. We record these tax refunds recoverable from the relevant tax authorities as value-added tax recoverable.

3. We had long-term rental deposits of approximately RMB0.5 million, RMB0.5 million and RMB0.5 million paid to our related parties as at 31 December 2023, 2024 and 2025, respectively, which we recorded as our other non-current assets. Such deposits are trade in nature. Other than the foregoing, all of our amounts due from related parties are non-trade in nature.

Our other receivables decreased significantly from approximately RMB769.6 million as at 31 December 2023 to approximately RMB523.2 million as at 31 December 2024, primarily due to the decrease in (i) advance made on behalf of customers, as we had provided advanced payment of purchase price of goods to two key account customers (each of whom has over nine years of relationship, and excellent credit rating, with us), being Customer B (one of our five largest customers in each year during the Track Record Period) and Customer X (one of our key account customers with a significant contribution of GMV during the Track Record Period; our revenue attributable to Customer X amounted to approximately RMB1.5 million, RMB1.7 million and RMB273,700 in FY2023, FY2024 and FY2025 respectively, while GMV attributable to Customer X amounted to approximately RMB358.4 million, RMB180.9 million and RMB94.9 million in the same periods), based on our credit and risk assessment results, amounting to approximately RMB277.3 million in aggregate as at 31 December 2023 (such advanced payment had been repaid to us in FY2024). Such decrease was partially offset by the increase in value-added tax recoverable from approximately RMB39.7 million to approximately RMB45.8 million, as one of our customers that we applied for tax refund on its behalf did not respond to the enquiry letter from relevant tax authority for the tax refund in time, resulting a delay for us to receive the tax refund from the tax authority. We have been receiving such tax refunds by tranches, and we had received full amount of such tax refund as at 31 December 2025.

Our other receivables increased from approximately RMB523.2 million as at 31 December 2024 to approximately RMB527.4 million as at 31 December 2025, primarily due to the increase in advance payment made on behalf of customers from approximately RMB483.0 million as at 31 December 2024 to approximately RMB516.6 million as at 31 December 2025, as we had provided advanced payment of VAT of approximately RMB33.6 million to one of our key account customers, Customer Y (our revenue attributable to Customer Y amounted to approximately RMB0.3 million, RMB1.9 million and RMB2.6 million in FY2023, FY2024 and FY2025, respectively, while GMV attributable to Customer Y amounted to approximately RMB104.5 million, RMB1,712.5 million and RMB2,078.3 million to our GMV in the same periods) based on our credit and risk assessment result. Such an increase was partially offset by the decrease in our value-added tax recoverable of approximately RMB37.3 million, as the customer who resulted a delay for us to receive the tax refund in FY2024 as discussed above had satisfied the requests of the relevant tax authority, enabling us to receive the tax refund that we had applied for on behalf of this customer.

As at 31 January 2026, approximately RMB497.3 million, or 93.2% of our other receivables as at 31 December 2025, had been settled.

All of our non-trade nature amounts due from related parties had been settled as at 31 December 2025.

***Derivative financial instruments***

Our derivative financial instruments were primarily related to the foreign exchange forward contracts that we had entered into in connection with our trade finance structured transfers. By design, we enter into foreign exchange forward contracts to enable us to "lock-in" and ascertain the income that we can realise at maturity of our trade finance structured transfers. For details, please refer to "*Business — Our Cross-border Fund Arrangements — Trade finance structured transfer*". Under IFRS 9, to the extent any such foreign exchange forward contract has yet to mature as at the balance sheet date, we measure its fair value based on the difference between the market rate as at the balance sheet date and the forward rate agreed in the forward contract and record such fair value on our balance sheet as derivative financial assets/liabilities as at such balance sheet date.

Our derivative financial assets decreased from approximately RMB149.4 million as at 31 December 2023 to approximately RMB68.6 million as at 31 December 2024 and our derivative financial liabilities decreased from approximately RMB135.4 million as at 31 December 2023 to approximately RMB74.1 million as at 31 December 2024. Our derivative financial assets further decreased from approximately RMB68.6 million as at 31 December 2024 to approximately RMB33.9 million as at 31 December 2025 and our derivative financial liabilities further decreased from approximately RMB74.1 million as at 31 December 2024 to approximately RMB30.7 million as at 31 December 2025.

The derivative financial assets/liabilities recorded on our balance sheet are primarily a technical accounting treatment that is a function of:

(a) the number of foreign exchange forward contracts that have yet to mature as at the relevant balance sheet date; and

(b) the fair value of each of the foreign exchange forward contracts in (a), which is itself a function of: (x) the "locked-in" forward rate agreed in such foreign exchange forward contract, and (y) the market rate as at the relevant balance sheet date.

The foregoing is not necessarily representative of the overall performance of our trade finance structured transfers, or the financial risks that we are subject to. In particular, the market rate, which forms the reference basis for the fair value assessment as at the relevant balance sheet date, is largely determined by market conditions as at the relevant balance sheet date and has no relevance to the income we will realise upon maturity (such income is, by design, already "locked-in" and ascertained at the time of execution of the trade finance structured transfer).

***Accounts receivable***

Our accounts receivable represent service fees due from our third party customers, net of allowance for expected credit losses. Our accounts receivable were approximately RMB11.1 million, RMB7.7 million and RMB17.6 million as at 31 December 2023, 2024 and 2025, respectively. Our accounts receivable decreased from 31 December 2023 to 31 December 2024, primarily because of our service fees of approximately RMB1.5 million receivable from the Customer B and Customer X, to whom we provided advanced payment for purchase price at the end of FY2023. Our accounts receivable increased from approximately RMB7.7 million as at 31 December 2024 to approximately RMB17.6 million as at 31 December 2025 in line with our business growth, in particular the expansion of our warehousing and logistics solutions operation, for which we typically grant longer credit periods.

The following table sets forth our accounts receivable and allowance for credit losses as at the dates indicated.

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Accounts receivable – third parties | 11,251 | 7,860 | 17,872 |
| Less: Allowance for expected credit losses | (186) | (131) | (226) |
| Accounts receivable, net | 11,065 | 7,729 | 17,646 |

During the Track Record Period, the credit period granted to our customers typically ranged from 7 to 90 days. We monitor and maintain strict control over our outstanding accounts receivable. Our senior management regularly reviews our overdue balances, and our sales and marketing personnel closely follow up with our customers on payment status. The following table sets forth an aging analysis of our accounts receivable as at the dates indicated.

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Less than 90 days | 9,999 | 7,488 | 17,762 |
| More than 90 days but less than 180 days | 525 | 372 | 63 |
| More than 180 days | 727 | – | 47 |
| **Total** | **11,251** | **7,860** | **17,872** |

We determine the expected credit losses on accounts receivable by using lifetime expected credit losses for all accounts receivable. We calculate the expected credit loss rates by considering historical loss rates and adjusting for forward looking macroeconomic data. We update the historical observations on default rates and analyse changes in forward looking estimates at the end of each reporting period. In addition, we have closely monitored the credit qualities and the collectability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made. In this regard, our Directors consider that the expected credit risks of them are adequately covered.

We calculate our accounts receivable turnover days by dividing the average of opening and closing balance of accounts receivable for the relevant period by the revenue from supply chain solutions generated for the same period, multiplied by the number of days in that period. The following table sets forth the number of our accounts receivable turnover days for the years indicated.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Accounts receivable turnover days . . . . . . . | 31.2 | 27.5 | 29.1 |

Our accounts receivable turnover days decreased from approximately 31.2 days in FY2023 to approximately 27.5 days in FY2024, primarily attributable to our continuing efforts in efficiently collecting our accounts receivable. Our accounts receivable turnover days increased from 27.5 days in FY2024 to 29.1 days in FY2025 primarily because we extended our credit period as appropriate for some of our customers in FY2025 due to market competition.

As at 31 January 2026, approximately RMB12.9 million, or 72.1% of our accounts receivable as at 31 December 2025, had been settled.

***Notes receivable***

Our notes receivable represent the balance of discounted but unmatured notes receivable from our customers who settle their payments with us by bank acceptance notes, which were originally issued by banks not with the list of low-risk banks. Our notes receivable amounted to approximately RMB71.1 million, RMB12.2 million and RMB8.0 million as at 31 December 2023, 2024 and 2025, respectively.

As confirmed by Frost & Sullivan, it is common in the industry for supply chain solutions providers to accept bank acceptance notes as settlement of the balance due from customers, with such note receivable having a maturity date of up to six months. Our Directors have also considered various factors for accepting bank acceptance notes with maturity date of up to six months, including: (i) in the interest of maintaining a long-standing business relationship with the relevant customers, (ii) to secure payments from customers that may not be able to settle the amount due as promptly as required, (iii) our flexibility of accepting a relatively longer-term note receivable gives us an advantage in competing for new orders in the market, and (iv) we had not encountered any default or past due on the payment of the notes receivable during the Track Record Period. Considering that all of our notes receivable were issued by commercial banks, our management determined that the credit risk associated with the Group's notes receivable was not material. As our customers had a tendency to decrease their use of bank acceptance notes as settlement method during the Track Record Period, our notes receivable decreased from approximately RMB71.1 million as at 31 December 2023 to approximately RMB12.2 million as at 31 December 2024 and further decreased to approximately RMB8.0 million as at 31 December 2025.

As at 31 January 2026, approximately RMB1.2 million, or 15.5% of our notes receivable as at 31 December 2025, had been matured and derecognised.

### *Cash and cash equivalents*

We had cash and cash equivalents of approximately RMB709.7 million, RMB687.1 million and RMB648.9 million as at 31 December 2023, 2024 and 2025, respectively.

### *Restricted cash*

Our restricted cash consist of (i) deposits related to our cross-border fund arrangements, (ii) deposits related to other investments, (iii) time deposits and (iv) guarantee deposits. The interest receivable on such deposits was only restricted from withdrawal and therefore forms part of our restricted cash. The following table sets forth a breakdown of our restricted cash as at the dates indicated:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Related to cross-border fund arrangements[1] | 11,165,389 | 12,846,538 | 17,440,500 |
| Related to other investment[2] | 495,789 | 75,000 | – |
| Time deposit | 200,000 | – | – |
| Guarantee deposit[3] | 14,000 | 5,200 | 61,950 |
| Others[4] | 17,707 | 24,971 | 19,630 |
| *Subtotal* | 11,892,885 | 12,951,709 | 17,522,080 |
| ***Interest Receivable*** | | | |
| Related to cross-border fund arrangements | 296,539 | 191,807 | 253,164 |
| Related to other investment | 16,528 | 1,212 | – |
| Related to time deposit | 1,806 | – | – |
| Related to guarantee deposit | 33 | 12 | 134 |
| Others | 2,455 | 1,912 | 1,727 |
| *Subtotal* | 317,361 | 194,943 | 255,025 |
| **Total** | 12,210,246 | 13,146,652 | 17,777,105 |

*Note:*

1. When we execute our cross-border fund arrangements through trade finance structured transfer, we strategically utilize deposits as collateral and standard trade finance instruments offered by commercial banks to effectively transfer the funds. For each trade finance structured transfer, the ratio of amount available for drawdown under the trade finance instrument to the amount of deposit utilised as collateral depends on the terms of the trade finance instrument.

2. As part of our own cash management activities that are unrelated to our cross-border fund arrangements, we placed deposits as collateral to drawdown loans from the commercial banks, which enabled us to utilize the cash flow from the loans to earn the differential between the interest of the deposits and cost of the loans without materially affecting our cash flow and exposure to any speculative investment risks.

3. We provided deposits to commercial banks as guarantee for certain loans we obtained from such banks during the Track Record Period.

4. Other restricted cash primarily consists of deposits made to a commercial insurer who issued a letter of guarantee for VAT and tariffs payable by us, and deposits made to commercial banks for bank acceptance notes issued to the upstream suppliers of our customers for the purpose of settling the purchase price for goods.

Our restricted cash increased from approximately RMB12,210.2 million as at 31 December 2023 to approximately RMB13,146.7 million as at 31 December 2024, primarily attributable to the increase in deposits related to our cross-border fund arrangements, which is in line with our growth in GMV in FY2024.

Our restricted cash further increased from approximately RMB13,146.7 million as at 31 December 2024 to approximately RMB17,777.1 million as at 31 December 2025, primarily attributable to the increase in deposits related to cross-border fund arrangements by approximately RMB4,594.0 million as our GMV underlying trade finance structured transfer operation increased from approximately RMB13,727.7 million in FY2024 to approximately RMB17,081.8 million in FY2025.

***Borrowings***

Our borrowings primarily consist of (i) forfaiting borrowings related to our cross-border fund arrangements, (ii) bank borrowings related to our cross-border fund arrangements, (iii) bank borrowings related to other investments, and (iv) borrowings secured by the discounted bank acceptance notes. The following table sets forth a breakdown of our borrowings as at the dates indicated:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Forfaiting borrowings related to cross-border fund arrangements[1] | 7,171,940 | 9,574,643 | 15,283,587 |
| Bank borrowings related to cross-border fund arrangements[1] | 4,343,754 | 3,320,834 | 2,167,944 |
| Bank borrowings related to other investments | 509,952 | 75,000 | – |
| Borrowings secured by the discounted bank acceptance notes[2] | 71,107 | 12,190 | 7,911 |
| Other bank borrowings[3] | 89,651 | 151,071 | 625,390 |
| **Total** | 12,186,404 | 13,133,738 | 18,084,832 |

*Notes:*

1. The deposits collateral we provided when we execute our cross-border fund arrangements through trade finance structured transfer enabled us to obtain standard trade finance instruments from commercial banks, including forfaiting and loans, thereby enabling us to access the necessary funding in Hong Kong to settle the purchase price of goods with the customers' international upstream suppliers. For each trade finance structured transfer, the ratio of amount available for drawdown under the trade finance instrument to the amount of deposit utilised as collateral depends on the terms of the trade finance instrument. The amount of our forfaiting borrowings and bank borrowings that are related to our cross-border fund arrangements had been generally consistent with the amount of our restricted cash related to cross-border fund arrangements.

2. During the Track Record Period, we accepted bank acceptance notes from our customers as a means for the settlement of our fees, for the bank acceptance notes issued by commercial banks that are not deemed as low risks, we recorded the amount of the notes as borrowings after we discounted the notes until the maturity of the notes. The amounts of our borrowings secured by the discounted bank acceptance notes during the Track Record Period had been generally in line with those of our notes receivable.

3. Other bank borrowings primarily represent bank loans obtained by us for our operational needs.

Our borrowings increased from approximately RMB12,186.4 million as at 31 December 2023 to approximately RMB13,133.7 million as at 31 December 2024, primarily attributable to the increase in forfaiting borrowings and bank borrowings related to cross-border fund arrangements of approximately RMB1,394.9 million in total, which is in line with our growth in GMV in FY2024. This increase was partially offset by the decrease in bank borrowings related to other investments, as we reduced our investment activities as part of our cash management activities in FY2024.

Our borrowings further increased from approximately RMB13,133.7 million as at 31 December 2024 to approximately RMB18,084.8 million as at 31 December 2025, primarily attributable to (i) an increase in forfaiting borrowings related to cross-border fund arrangements which is in line with the growth in our GMV underlying trade finance structured transfer operation in FY2025, partially offset by the decrease in bank borrowings related to cross-border fund arrangements as we opted to utilize more forfaiting borrowings than bank borrowings based on the market conditions; and (ii) an increase in other borrowings because we secured more bank loans to support our operation.

***Accounts payable***

Our accounts payable represent service fees payable to our third party suppliers. Our accounts payable remained stable at approximately RMB1.3 million and RMB1.2 million as at 31 December 2023 and 2024 and increased to approximately RMB3.4 million as at 31 December 2025, primarily attributable to the increase in transportation expenses in FY2025 incurred as our operation of international logistics solutions experienced significant growth.

During the Track Record Period, our suppliers generally granted us credit periods of 45 days upon receipt of confirmation of monthly statement. The following table sets forth an aging analysis of our accounts payable as at the dates indicated.

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Less than 30 days | 1,331 | 1,176 | 3,389 |
| More than 30 days but less than 60 days | – | – | 10 |
| **Total** | 1,331 | 1,176 | 3,399 |

We calculate our accounts payable turnover days by dividing the average of opening and closing balance of accounts payable for the relevant period by the summation of transportation expenses and storage fees incurred for the same period, multiplied by the number of days in that period. The following table sets forth the number of our accounts payable turnover days for the years indicated.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Accounts payable turnover days | 18.2 | 11.7 | 13.4 |

Our accounts payable turnover days decreased from approximately 18.2 days in FY2023 to approximately 11.7 days in FY2024, primarily due to an increase in transportation expenses related to our international logistics solutions, which typically have a shorter settlement period. Our accounts payable turnover days increased from approximately 11.7 days in FY2024 to approximately 13.4 days in FY2025, primarily because we managed to obtain better payment terms with longer credit terms benefiting from the increase in transaction volume of our international logistics solutions operation.

As at 31 January 2026, approximately RMB3.2 million, or 94.4% of our accounts payable as at 31 December 2025, had been settled.

***Notes payable***

Our notes payable represents the bank acceptance notes issued to the upstream suppliers of our customers. During the Track Record Period, we offered value-added services, including advanced payment of purchase price for goods, to eligible customers to facilitate their flow of funds. Where the relevant upstream suppliers accept bank acceptance notes as payment method, we would settle with them by this means and record notes payable for the bank acceptance notes issued to them. For details of our value-added services, please refer to "*Business — Our import solutions — Flow of funds*".

Our notes payable decreased significantly from approximately RMB201.8 million as at 31 December 2023 to approximately RMB18.8 million as at 31 December 2024, primarily because we provided advanced payment of purchase price for goods to Customer X at the end of FY2023, which was settled with the respective upstream suppliers through bank acceptance notes and we did not have any significant advance payment for purchase price of goods on behalf of our customers settled through bank acceptance notes as at 31 December 2024 as compared to 31 December 2023, and the notes payable in relation to Customer X as at 31 December 2023 had been fully settled in FY2024.

Our notes payable decreased from approximately RMB18.8 million as at 31 December 2024 to approximately RMB5.8 million as at 31 December 2025, primarily due to a decrease in our customers' demand for bank acceptance notes to be issued to their upstream suppliers for settlement of purchase price for goods.

As at 31 January 2026, nil of our notes payable as at 31 December 2025, had been settled, as they had not yet reached maturity.

***Other payables and accruals***

Our other payables and accruals primarily consist of (i) dividend payable, (ii) VAT and tariff payable to customs, (iii) amounts to be paid on behalf of customers, (iv) return government subsidies, and (v) employee benefits payables. The following table sets forth a breakdown of our other payables and accruals as at the dates indicated:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Dividend payable | 211,100 | 313,500 | – |
| VAT and tariff payable to customs(1) | 88,143 | 84,989 | 124,219 |
| Amounts to be paid on behalf of customers(2) | 62,709 | 34,920 | 73,993 |
| Amounts due to related parties(3) | 893 | 16,631 | – |
| Return government subsidies(4) | 15,357 | 15,357 | 15,357 |
| Employee benefits payables | 19,272 | 13,469 | 9,574 |
| Payable for [**REDACTED**] | – | – | 3,114 |
| Trading deposits received | 229 | 5,000 | – |
| Unpaid cheque payables | 2,251 | 2,934 | 1,937 |
| Other taxes payable | 4,585 | 2,342 | 517 |
| Others | 1,509 | 1,382 | 1,318 |
| **Total** | 406,048 | 490,524 | 230,029 |

*Notes:*

1. When facilitating the flow of goods for our customers, we are generally responsible for customs clearance on their behalf. We record VAT and tariff payable to customs after we have claimed clearance with customs but before making the actual payments.

2. As an integral component of our supply chain solutions, we facilitate flow of funds for our customers and make payments on their behalf for (i) the purchase price of goods to their respective upstream suppliers, and (ii) the relevant VAT and tariff to customs. We record the payments received from our customers but yet to be disbursed to the respective suppliers or customs, as amounts to be paid on behalf of customers. For details, please refer to "*Business — Our import solutions — Flow of funds*".

3. Our amounts due to related parties include lease liabilities. Apart from these, all other amounts due to related parties are non-trade in nature.

4. In 2020, the Industrial and Technology Development Bureau of Futian District, Shenzhen (the functions of which are currently administered under the Commerce Bureau of Futian District, Shenzhen) requested to claw back certain subsidies granted to us from 2016 to 2019, amounting to approximately RMB15.4 million in aggregate, upon which we had made full provision to our historical financial information to reflect the potential financial impact, and subsequently recorded such amount as return government subsidies payable as at 31 December 2023, 2024 and 2025. Despite rounds of negotiation and communication, the relevant government authority had issued a written decision officially demanding the claw back in August 2023. We subsequently filed an administrative lawsuit (in which the lower court did not rule in our favour) and appealed to a higher-level court. Please also refer to "*Risk Factors — We may be involved in lawsuits, claims, disputes, regulatory investigations or legal or administrative proceedings in our ordinary course of business*". As at the Latest Practicable Date, the final judgment was pending. Since we had already made full provision for the RMB15.4 million in 2020, we do not expect the final judgment would have any negative impact on our profit or loss positions for the Track Record Period. 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.

Our other payables and accruals increased from approximately RMB406.0 million as at 31 December 2023 to approximately RMB490.5 million as at 31 December 2024, primarily due to the increase in dividend payable of approximately RMB102.4 million as we declared dividends of approximately RMB313.6 million in FY2024. As at 31 December 2024, we had paid approximately RMB211.2 million of the dividends declared.

Our other payables and accruals decreased from approximately RMB490.5 million as at 31 December 2024 to approximately RMB230.0 million as at 31 December 2025, primarily due to the decrease in dividend payable of approximately RMB313.5 million as our dividends declared had been fully settled as at 31 December 2025, partially offset by (i) the increase in VAT and tariff payable to customs from approximately RMB85.0 million as at 31 December 2024 to approximately RMB124.2 million as at 31 December 2025 due to our increased utilisation of the letters of guarantee that we obtained from commercial insurers to enhance our cash liquidity, and (ii) amounts to be paid on behalf of customers from approximately RMB34.9 million as at 31 December 2024 to approximately RMB74.0 million as at 31 December 2025 in line with our business and GMV growth.

As at 31 January 2026, approximately RMB201.8 million, or 87.7% of our other payables and accruals as at 31 December 2025, had been settled.

***Redemption liabilities***

Our redemption liabilities represent our liabilities arising from the obligations to repurchase the partnership interests of Fuyang Lianchuang, the shareholding platform for our equity scheme to incentivize directors, supervisors, senior management and other key employees, which was implemented in 2018. Under the equity scheme, the participants were entitled to request the controlling shareholder of Shenzhen HFY Supply Chain to repurchase the partnership interests held by the participants at a price calculated as the principal purchase amount paid by the participants plus an annual interest rate of 8%, less any dividends distributed during the holding period, in the event an initial public offering of Shenzhen HFY Supply Chain had not occurred by 2023.

The following table sets forth a breakdown of our redemption liabilities as at the dates indicated:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Redemption liabilities . . . . . . . . . . . . . | 44,301 | 10 | – |

We had redemption liability of only approximately RMB10,000 as at 31 December 2024 as we repurchased all of the partnership interests in Fuyang Lianchuang from the participating personnel, and derecognised the redemption liabilities in August 2024. The considerations of the foregoing repurchase were fully settled as at 31 December 2025.

## NET CURRENT ASSETS

The table below sets forth our current assets, current liabilities and net current assets as at the dates indicated:

| | As at December 31 | | | As at 31 January |
|---|---|---|---|---|
| | **2023** | **2024** | **2025** | **2026** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* |
| **Current assets** | | | | |
| Other receivables . . . . . . . . . . . . | 769,601 | 523,223 | 527,432 | 576,318 |
| Derivative financial assets. . . . . . | 149,395 | 68,567 | 33,901 | 31,286 |
| Accounts receivable . . . . . . . . . . | 11,065 | 7,729 | 17,646 | 16,858 |
| Notes receivable . . . . . . . . . . . . . | 71,107 | 12,190 | 7,961 | 13,493 |
| Restricted cash . . . . . . . . . . . . . . | 12,210,246 | 13,146,652 | 17,777,105 | 17,709,496 |
| Cash and cash equivalents. . . . . . | 709,710 | 687,129 | 648,913 | 671,452 |
| Other current assets. . . . . . . . . . . | 11,839 | 8,686 | 8,987 | 11,211 |

| | As at December 31 | | | As at 31 January |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* |
| Prepaid income tax | 3,873 | 5,179 | 14,068 | 5,930 |
| Current assets excluding assets classified as held for sale | 13,936,836 | 14,459,355 | 19,036,013 | 19,036,044 |
| Assets classified as held for sale | 9,777 | – | – | – |
| **Total current assets** | 13,946,613 | 14,459,355 | 19,036,013 | 19,036,044 |
| **Current liabilities** | | | | |
| Lease liabilities | 15,827 | 21,748 | 22,588 | 22,063 |
| Derivative financial liabilities | 135,413 | 74,135 | 30,742 | 79,689 |
| Borrowings | 12,186,404 | 13,133,738 | 18,084,832 | 18,005,764 |
| Accounts payable | 1,331 | 1,176 | 3,399 | 1,243 |
| Notes payable | 201,772 | 18,765 | 5,803 | 13,655 |
| Income tax payable | 776 | 4,218 | 251 | (41) |
| Other payables and accruals | 406,048 | 490,524 | 230,029 | 260,579 |
| Redemption liabilities | 44,301 | 10 | – | – |
| **Total current liabilities** | 12,991,872 | 13,744,314 | 18,377,644 | 18,382,952 |
| **Net current assets** | 954,741 | 715,041 | 658,369 | 653,092 |

Our net current assets decreased from approximately RMB954.7 million as at 31 December 2023 to approximately RMB715.0 million as at 31 December 2024, primarily due to an increase in borrowings, an increase in other payables and accruals and a decrease in other receivables, partially offset by an increase in restricted cash and a decrease in notes payable.

Our net current assets decreased from approximately RMB715.0 million as at 31 December 2024 to approximately RMB658.4 million as at 31 December 2025, primarily due to an increase in borrowings, partially offset by an increase in restricted cash.

Our net current assets remained stable at approximately RMB653.1 million as at 31 January 2026.

## LIQUIDITY AND CAPITAL RESOURCES

### Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Track Record Period, we had financed our operations primarily through cash generated from our operating activities and bank borrowings. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flow generated from our operating activities, bank borrowings, [**REDACTED**] from the [**REDACTED**] and other funds raised from the capital markets from time to time. We had cash and cash equivalents of approximately RMB709.7 million, RMB687.1 million and RMB648.9 million as at 31 December 2023, 2024 and 2025, respectively. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

### Working Capital Sufficiency Confirmation

Taking into consideration of financial resources presently available to us, including cash and cash equivalents, anticipated cash flow from operations and available financing facilities and [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have available sufficient working capital to meet our present requirements, that is for the next 12 months from the date of this document. Nothing has come to the Sole Sponsor's attention that would lead it to cast doubt on the aforementioned views of our Directors.

### Cash Flows

The following table sets forth a summary of our consolidated statements of cash flow for years indicated.

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *(RMB'000)* | |
| Cash generated from operations | 204,147 | 38,291 | 62,284 |
| Interest received | 12,749 | 9,931 | 7,055 |
| Income taxes paid | (13,464) | (22,362) | (49,717) |
| Net cash generated from operating activities | 203,432 | 25,860 | 19,622 |
| Net cash (used in)/generated from investing activities | (197,755) | 214,602 | 45,411 |
| Net cash generated from/(used in) financing activities | 9,915 | (259,209) | (95,743) |
| Net increase/(decrease) in cash and cash equivalents | 15,592 | (18,747) | (30,710) |
| Cash and cash equivalents at beginning of the year | 697,424 | 709,710 | 687,129 |
| Exchange losses on cash and cash equivalents | (3,306) | (3,834) | (7,506) |
| Cash and cash equivalents at end of the year | 709,710 | 687,129 | 648,913 |

***Net cash generated from operating activities***

In FY2025, our net cash generated from operating activities was approximately RMB19.6 million, primarily due to our profit before tax of approximately RMB125.7 million, as adjusted by (i) changes in working capital, which primarily included an increase in borrowings related to cross-border fund arrangements of approximately RMB3,176.3 million, partially offset by an increase in restricted cash related to operating activities of approximately RMB3,066.6 million, (ii) non operating items, which primarily included the gains on disposal of investment properties of approximately RMB43.1 million, and (iii) income taxes paid of approximately RMB49.7 million.

In FY2024, our net cash generated from operating activities was approximately RMB25.9 million, primarily due to our profit before tax of approximately RMB105.4 million, as adjusted by (i) changes in working capital, which primarily included an increase in restricted cash related to operating activities of approximately RMB1,583.2 million, partially offset by an increase in borrowings related to cross-border fund arrangements of approximately RMB1,379.8 million, and (ii) non-cash items, which primarily included depreciation of right-of-use assets of approximately RMB19.1 million and net fair value losses on derivative of trade finance structured transfer of approximately RMB21.4 million.

In FY2024 and FY2025, we had generally entered into more trade finance structured transfers and the terms of the trade finance products available in the market at the time generally required us to place an amount of deposits as collateral that was greater than the amount available we could draw down under the corresponding trade finance instrument, our cash flow was temporarily affected prior to maturity of the overall arrangements (upon maturity, such impact would be reversed, and we would record a net cash generated from such arrangements); as many of such arrangements we had entered into had a maturity date beyond 31 December 2024 or 31 December 2025, we had recorded a decrease in "net cash generated from operating activities" on our consolidated statements of cash flow for FY2024 and FY2025 as compared with FY2023. Please also refer to "*Risk Factors – Our trade finance structured transfers may have a temporary impact on our cash flow*". In general, the extent of impact of our trade finance structured transfers to our cash flow prior to maturity of the overall arrangements would depend on the terms of the trade finance products available in the market, which are subject to change from time to time, depending on general market conditions, the money market and interest rate environment and business appetite of commercial banks. When executing trade finance structured transfers, our management ensures that we will be in a sufficient cash position such that any impact will not adversely affect our ability to fund our operations and meet our financial commitments. Notwithstanding that we recorded a decrease in "net cash generated from operating activities" in FY2024 and FY2025 (as compared to FY2023), we had maintained a sufficient cash position during FY2024 and FY2025. As at 31 December 2024 and 31 December 2025, we had cash and cash equivalents of approximately RMB687.1 million and RMB648.9 million, respectively.

In FY2023, our net cash generated from operating activities was approximately RMB203.4 million, primarily due to our profit before tax of approximately RMB102.0 million, as adjusted by (i) changes in working capital, which primarily included a decrease in restricted cash related to operating activities of approximately RMB206.5 million and an increase in notes payables of approximately RMB150.3 million, partially offset by an increase in other receivables of approximately RMB273.9 million, and (ii) non-cash items, which primarily included net fair value gains on derivative of trade finance structured transfer of approximately RMB95.7 million.

***Net cash (used in)/generated from investing activities***

In FY2025, our net cash generated from investing activities was approximately RMB45.4 million, which was primarily because of our proceeds from the disposal of an investment property of approximately RMB46.3 million.

In FY2024, our net cash generated from investing activities was approximately RMB214.6 million, which was primarily because of our cash from time deposits of approximately RMB204.3 million, as our proceeds from time deposits matured in FY2024.

In FY2023, our net cash used in investing activities was approximately RMB197.8 million, which was primarily due to placement of time deposit of approximately RMB200 million, because we placed in certain time deposits as our own cash management activities.

***Net cash generated from/(used in) financing activities***

In FY2025, our net cash used in financing activities was approximately RMB95.7 million, which was primarily due to (i) the dividend paid of approximately RMB456.0 million, (ii) the repayment of other bank borrowings of approximately RMB151.1 million, (iii) the placement of guaranteed deposits of RMB62.0 million, (iv) repayment of loans from related parties of approximately RMB16.6 million, and (v) the payment of lease liabilities of approximately RMB26.0 million, partially offset by the proceeds from other bank borrowings of approximately RMB625.4 million.

In FY2024, our net cash used in financing activities was approximately RMB259.2 million, which was primarily due to (i) the dividend paid of approximately RMB211.2 million, (ii) the repayment of other bank borrowings of approximately RMB89.7 million, (iii) the payment of redemption liabilities of RMB45.8 million, and (iv) repayment of borrowing secured discounted bank acceptance notes of approximately RMB71.1 million, partially offset by the proceeds from other bank borrowings of approximately RMB151.1 million.

In FY2023, our net cash generated from financing activities was approximately RMB9.9 million, which was primarily due to (i) the proceeds from other bank borrowings of approximately RMB89.7 million, and (ii) proceeds from borrowing secured discounted bank acceptance notes of approximately RMB71.1 million, partially offset by (i) repayment of borrowing secured discounted bank acceptance notes of approximately RMB119.6 million, and (ii) placement of guarantee deposits of approximately RMB14.0 million.

## CAPITAL EXPENDITURES AND COMMITMENTS

### Capital Expenditures

During the Track Record Period, our capital expenditures were approximately RMB3.7 million, RMB1.6 million and RMB2.5 million in FY2023, FY2024 and FY2025, respectively, primarily consisting of purchase of property, plant and equipment and other non-current assets.

### Capital Commitments

During the Track Record Period and up to the Latest Practicable Date, we had not had any material capital commitments.

## INDEBTEDNESS

The table below sets out the details of our indebtedness as at the dates indicated:

| | As at 31 December | | | As at 31 January |
|---|---|---|---|---|
| | **2023** | **2024** | **2025** | **2026** |
| | | *(RMB'000)* | | *(RMB'000, unaudited)* |
| **Current** | | | | |
| Lease Liabilities | 15,827 | 21,748 | 22,588 | 22,063 |
| **Borrowings** | | | | |
| Borrowings related to cross-border fund arrangements[1] | 11,515,694 | 12,895,477 | 17,451,531 | 17,332,894 |
| Other borrowings | 670,710 | 238,261 | 633,301 | 672,879 |
| Subtotal | 12,186,404 | 13,133,738 | 18,084,832 | 18,005,773 |
| Amount due to related parties (non-trade in nature) | 893 | 16,631 | – | – |
| **Non-current** | | | | |
| Lease liabilities | 16,294 | 22,589 | 25,502 | 22,399 |
| **Total** | 12,219,418 | 13,194,706 | 18,132,922 | 18,050,235 |

*Notes:*

(1) Our borrowings related to cross-border fund arrangements consist of forfaiting borrowings related to cross-border fund arrangements and bank borrowings related to cross-border fund arrangements.

### *Borrowings*

As at 31 December 2023, 2024 and 2025, our borrowings, were approximately RMB12,186.4 million, RMB13,133.7 million and RMB18,084.8 million, respectively, among which, approximately RMB11,515.7 million, RMB12,895.5 million and RMB17,451.5 million were related to our cross-border fund arrangements. See "— *Discussion of major items of financial position — Borrowings*".

Our borrowings amounted to approximately RMB18,005.8 million as at 31 January 2026, approximately RMB17,332.9 million of which was related to our cross-border fund arrangements. These cross-border fund arrangement related borrowings include both bank loans and forfaiting borrowings. For bank loans, we are typically required to repay the principal and accrued interest upon maturity.

All of our borrowings as at 31 December 2023, 2024 and 2025 were secured and/or guaranteed.

As at 31 January 2026, being the latest feasible date for determining our indebtedness, we had unutilized bank facilities of approximately RMB503.2 million. Certain of the bank loan agreements we have entered into contain covenants that impose certain common restrictions or maintenance requirements on us, which we believe will not affect our utilization of the remaining balance of this banking facilities.

Our Directors confirm that as at the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank loans and other borrowings, nor did we breach any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date.

***No Other Outstanding Indebtedness***

Except as disclosed above, as at 31 January 2026 we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either secured or unsecured, or guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since 31 January 2026 and up to the Latest Practicable Date.

***Lease Liabilities***

As at 31 December 2023, 2024 and 2025, our lease liabilities, including the current and non-current portion, were approximately RMB32.1 million, RMB44.3 million and RMB48.1 million, respectively, primarily because we (i) renewed three leases for properties to use as our warehouse and office, and entered into one new lease for office use in FY2023, (ii) renewed two leases for properties to use as our warehouse and office, and entered into two new leases for warehouse use in FY2024, (iii) we renewed the lease for one office property and two warehouse properties upon expiry, and transitioned two warehouse leases from short-term arrangements to long-term leases in FY2025.

Our lease liabilities, including the current and non-current portion, decreased from approximately RMB48.1 million to approximately RMB44.5 million as at 31 January 2026 because we terminated one lease for warehouse use based on our operational needs.

***Amount due to Related Parties (non-trade in nature)***

As at 31 December 2023, 2024 and 2025, our non-trade nature amount due to related parties were approximately RMB0.9 million, RMB16.6 million and nil, respectively, primarily due to the interest-free advance we obtained from our related parties for the repurchase of the partnership interests in Fuyang Lianchuang from the participating personnel. As at 31 December 2025, all of our non-trade nature amount due to related parties had been settled, and all guarantees provided by related parties in our favour are expected to be released on or before the [**REDACTED**].

We did not have any non-trade amount due to related parties as at 31 January 2026.

### Contingent Liabilities

As at the Latest Practicable Date, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

## KEY FINANCIAL RATIOS

The following tables set forth certain of our key financial ratios as at the dates and for the years indicated.

| | Year ended December 31 | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Net profit margin(1) | 37.9% | 36.4% | 40.5% |
| Current ratio(2) | 1.1 | 1.1 | 1.0 |
| Return on equity(3) | 8.0% | 9.7% | 14.6% |

*Notes:*

1. Net profit margin equals to profit for the year divided by Income from Ordinary Course of Business.

2. Current ratio equals to current assets divided by current liabilities.

3. Return on equity equals to profits for the year divided by average balance of total equity at the beginning and the end of that year multiplied by 100%.

***Net profit margin***

As our operation of cross-border fund arrangements is an integral part of our business model and is premised on, and driven and sustained by, our customers' orders and trade needs. Our management considers that it is critical to assess our net profit margin taking into account both of our revenue from supply chain solutions and net income from cross-border fund arrangements (i.e. Income from Ordinary Course of Business). Given such, we present our net profit margin as calculated by profit for the year divided by Income from Ordinary Course of Business. Our net profit margin was approximately 37.9%, 36.4% and 40.5% in FY2023, FY2024 and FY2025, respectively.

Our net profit margin increased significantly from approximately 36.4% for FY2024 to approximately 40.5% for FY2025, primarily due to other gains of approximately RMB35.5 million, primarily as a result of the net gains on disposal of investment properties of approximately RMB43.1 million as we disposed of an investment property in Hong Kong.

Our net profit margin decreased from approximately 37.9% for FY2023 to approximately 36.4% for FY2024, primarily due to (i) the increase in transportation expenses of approximately RMB8.6 million, and (ii) increase in depreciation and amortisation expenses of approximately RMB3.4 million because we entered into a long-term lease for a warehouse in Hong Kong in FY2024.

***Current ratio***

Our current ratio remained relatively stable at approximately 1.1 as at 31 December 2023 and 2024, and approximately 1.0 as at 31 December 2025.

**Return on equity**

Our return on equity increased from 8.0% in FY2023 to 9.7% in FY2024, primarily because we declared dividends of RMB313.6 million in FY2024.

Our return on equity increased from 9.7% in FY2024 to 14.6% in FY2025, primarily because (i) our profit for the year increased significantly from approximately RMB85.5 million in FY2024 to approximately RMB108.4 million in FY2025, and (ii) we declared dividends of RMB142.5 million in FY2025.

## RELATED PARTY TRANSACTIONS

We may enter into transactions with our related parties from time to time. For more details about our related party transactions during the Track Record Period, see Note 33 to the Accountant's Report in Appendix I to this document. Our Directors believe that each of the related party transactions set out in Note 33 to the Accountant's Report in Appendix I to this document was conducted on an arm's length basis and would not distort our track record results or make our historical results not reflective of our future performance.

## FINANCIAL RISKS

Our activities expose us to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our Directors and senior management manage and monitor our exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

### Foreign Exchange Risk

Our principal business involves overseas settlement and is exposed to foreign exchange risk. The following sensitivity analysis has been determined based on the exposure to foreign currency rates. The analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A 5% increase or decrease is used when reporting foreign currency rate risk internally to key management personnel and represents our Directors' assessment of the reasonably possible change in foreign currency rates. If RMB appreciates or depreciates by 5% against the foreign currencies and other factors remain unchanged, we will reduce or increase our profit for the year by approximately RMB12.4 million, RMB2.0 million and RMB0.3 million in FY2023, FY2024 and FY2025, respectively. This is mainly attributable to our exposure to the foreign currency bank balance as at 31 December 2023, 2024 and 2025.

### Cash Flow and Interest Rate Risks

We hedge cash flow risk by our deposit collateral and loans or forfaiting in trade finance structured transfer. The principal and interest of deposits are used to repay the principal and interest of borrowings so the overall cash flow risk is mitigated. In trade finance structured transfers, some commercial banks offer bank borrowings with floating interest rate term and we simultaneously hedge the interest rate risk by entering into interest rate swap arrangements with the lending commercial bank.

Our Directors consider that the impact to our profit or loss and cash positions for the respective years are not material.

### Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk is primarily attributable to our cash and bank balances, restricted and pledged bank deposits, accounts receivable, other receivables and notes receivable.

### Liquidity Risk

To manage the liquidity risk, we monitor and maintain levels of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. See Note 3.1 to the Accountant's Report in Appendix I to this document for more details.

## DIVIDEND

During the Track Record Period, we had declared dividends of approximately RMB210.5 million, RMB313.6 million and RMB142.5 million in FY2023, FY2024 and FY2025, which had been fully paid as at 1 August 2024, 17 June 2025 and 30 June 2025, respectively. The determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a dividend policy or a pre-determined dividend payout ratio. We will continue to re-evaluate the foregoing based on our financial condition and the prevailing economic environment, among other relevant considerations.

## DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Island on 22 April 2025 and is an investment holding company. As at the Latest Practicable Date, there were no reserve available for distribution to the Shareholders.

## DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as at the Latest Practicable Date, there has been no material adverse change in our financial and trading positions or prospects since 31 December 2025, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since 31 December 2025 which would materially affect the information in the Accountant's Report set out in Appendix I to this document.

## [**REDACTED**]

The total amount of [**REDACTED**] in connection with the [**REDACTED**], including [**REDACTED**], is estimated to be approximately [**REDACTED**] (based on the [**REDACTED**] of [**REDACTED**] per [**REDACTED**] and assuming the [**REDACTED**] is not exercised). The total [**REDACTED**] mainly comprise of professional fees paid and payable to the professional parties for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], among which, (a) [**REDACTED**] expenses are expected to be approximately [**REDACTED**], representing approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**], including (i) fees for legal advisers and reporting accountant of approximately [**REDACTED**], representing approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**], and (ii) other [**REDACTED**] fees and expenses of approximately [**REDACTED**], representing approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**], as well as (b) the [**REDACTED**] expenses (including but not limited to commissions and fees) of approximately [**REDACTED**], representing approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**], payable to the [**REDACTED**] in connection with the [**REDACTED**] of [**REDACTED**] under the [**REDACTED**] based on the [**REDACTED**]. The amount of the [**REDACTED**] is expected to account for approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**]. Among the approximately [**REDACTED**] of [**REDACTED**] to be borne by us, (i) approximately [**REDACTED**] and [**REDACTED**] has been charged to our consolidated statements of profit or loss and other comprehensive income in FY2024 and FY2025, and (ii) approximately [**REDACTED**] will be charged to our consolidated statements of profit or loss and other comprehensive income during the year ending 31 December 2026, and (iii) approximately [**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The professional fees and/or other expenses related to the preparation of the [**REDACTED**] are currently in estimates for reference only and the actual amount to be recognised is subject to adjustment based on audit and the then changes in variables and assumptions.

## UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED [REDACTED]

For details of our unaudited [**REDACTED**] adjusted consolidated [**REDACTED**], see Appendix II to this document.