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Application Proof of

Hope Sea Inc.

(the “**Company**”)

(Incorporated in the Cayman Islands with limited liability)

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Hope Sea Inc.

(Incorporated under the laws of the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the : [REDACTED] (subject to the
[REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] (subject to [REDACTED])
Number of [REDACTED] : [REDACTED](subject to [REDACTED]
and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED]
plus [REDACTED] of [REDACTED],
SFC transaction levy of
[REDACTED], AFRC transaction levy
of [REDACTED] and [REDACTED]
fee of [REDACTED] (payable in full
on application in Hong Kong dollars
and subject to [REDACTED])
Par value : US\$0.00001 per Share
[REDACTED] : [●]

Sole Sponsor, [REDACTED], [[REDACTED]],
[REDACTED] and [REDACTED]

ABCI  農銀國際

[REDACTED] and [REDACTED]
[●]

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the entire document before you decide to [REDACTED] in the [REDACTED].

There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

BUSINESS OVERVIEW

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

We have developed awareness of the pain points our customers face in the long, complex, and costly supply chain management processes. With the benefit of more than 20 years of experience in the cross-border supply chain service industry, our value proposition lies in helping our customers navigate the complexities of international trade and optimise their supply chain. Based on our customers’ needs and their scale of operations, we offer standardised or customised cross-border supply chain solutions through our efficiently integrated resources, systematically optimised processes and unified IT systems and interface platforms. According to Frost & Sullivan, we differentiate from single-purpose service providers (i.e. those offering only logistics or information technology platforms to customers) in the PRC with our offerings of comprehensive solutions that encompass Four Flows (“四流合一”): (i) flow of goods (貨物流, i.e., circulation of goods from our customers’ international upstream suppliers to their operating locations in Chinese Mainland); (ii) flow of funds (資金流, i.e., settlement of purchase price for the goods with international suppliers); (iii) flow of information (信息流, i.e., real time tracking of the flow of goods and flow of funds and synchronization of information with customers); and (iv) flow of commerce (商流, i.e. achieving a seamless integration of the flow of goods, funds and information to complete the end-to-end transaction of our customers with their suppliers). Leveraging the substantial cash

SUMMARY

flow generated from our supply chain solutions, we execute cross-border fund arrangements to improve our overall profitability without exposure to speculative risks. This strategic approach enables us to offer competitive pricing, thereby effectively reducing the overall supply chain costs for our customers.

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

To a lesser extent, our customers may opt to utilize our logistics and warehousing solutions as a standalone offering. This preference is premised on our established relationships with major logistics providers, which give us access to reliable and competitively priced resources, as well as our customized warehousing operations designed for secure, temperature- and humidity-controlled storage of sensitive and high-value electronics. We also began to facilitate international transportation completely offshore in 2023 as part of our logistics and warehousing solutions.

OUR BUSINESS MODEL

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

During the Track Record Period, our supply chain solutions primarily focused on the import of electronics into Chinese Mainland from our customers’ suppliers worldwide. We generate revenue through service fees for providing our supply chain solutions to customers, typically calculated as a percentage of GMV. Leveraging the substantial cash flow from our supply chain solutions, we also derive income from our operation of cross-border fund arrangements, which have significantly contributed to our profitability without any speculative risks. This strategic approach enables us to offer competitive pricing, thereby effectively reducing the overall supply chain costs for our customers. In response to the growing trend of international expansion of PRC enterprises, we have been gradually developing our capability in export solutions since 2008 and international logistics since 2023. Our logistics and warehousing solutions are specifically designed to cater to the unique needs of the electronics industry. We provide secure, temperature and humidity controlled storage environments and precise inventory management to ensure the safe handling and preservation of sensitive electronic components and finished products.

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Our principal operations are strategically located in (i) Shenzhen (established in 2001), capitalizing on its position as a global manufacturing centre and proximity to major manufacturers in a wide range of industry verticals; and (ii) Hong Kong (established in 2006), capitalizing on its position as an international trading and logistics hub and a “super-connector” between Chinese Mainland and global market. In 2016, we established our operation in Shanghai to function primarily as sales office and since March 2024, we transitioned such operation to offer warehousing services in the free-trade zone to cater to customers located in the Yangtze River Delta area, particularly those in the semiconductor industry. In response to the growing prevalence of manufacturing companies establishing production facilities overseas with a view to mitigating geopolitical risks and international trade tension, we have established a subsidiary in Singapore in 2023 with a view to servicing our customers’ needs in other Asian countries.

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

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

Note:

- (1) During the Track Record Period, certain of our customers had utilised both our import solutions and export solutions.

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

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expanded, our GMV increased from approximately RMB30,730.8 million in FY2023 to approximately RMB36,059.3 million in FY2024, and our GMV per customer increased from approximately RMB20.2 million in FY2023 to approximately RMB25.6 million in FY2024.

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

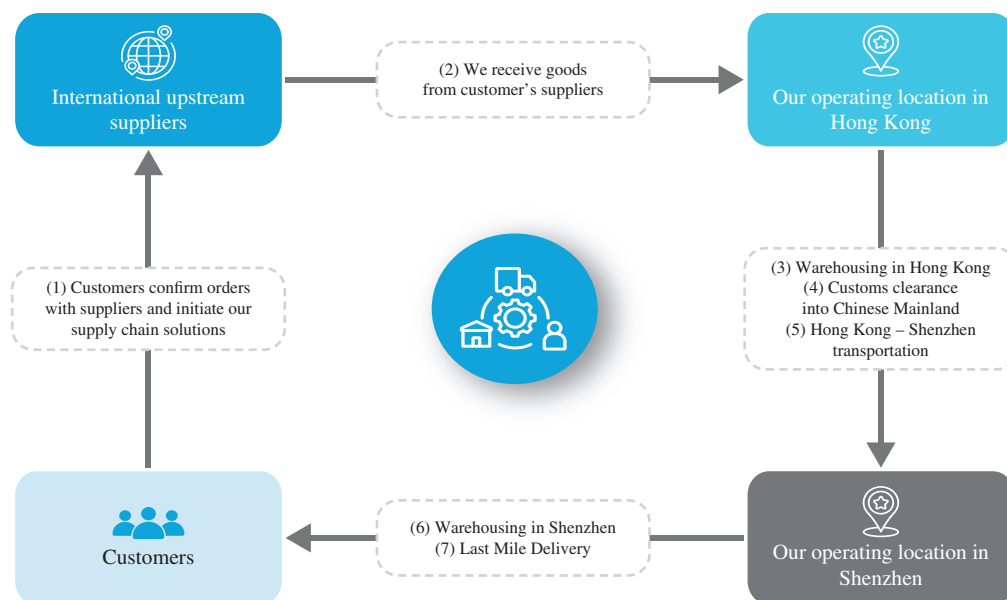
Our import solutions

Our import solutions are primarily premised on using Hong Kong as our transshipment centre and gateway into Chinese Mainland. The service delivery model of our import solutions can be illustrated by the (i) flow of goods; (ii) flow of funds; (iii) flow of information; and (iv) flow of commerce, as more particularly discussed below.

Flow of goods

To ensure our customers benefit from an uninterrupted supply of goods as and when they require, our solutions cover all major aspects of flow of goods, including goods pick-up, goods sorting, warehouse storage, customs clearance and transportation of goods into Chinese Mainland. Our customers benefit from the flexibility of choosing or modifying all, or part of our services based on their specific needs and arrangements with their suppliers in each case.

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

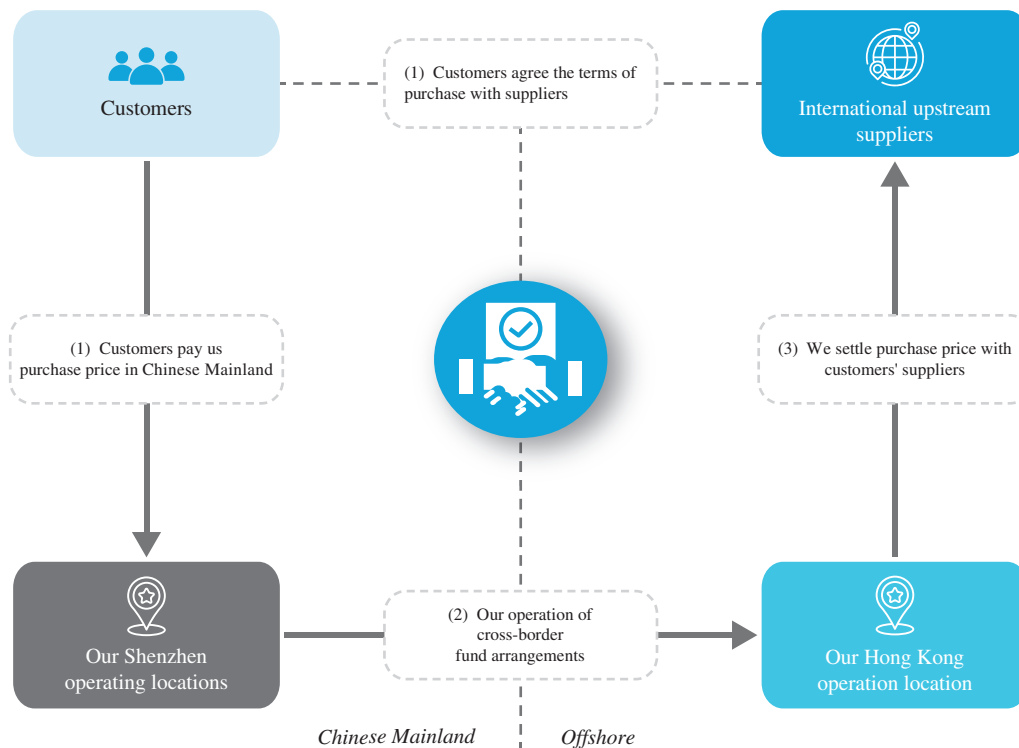


SUMMARY

Flow of funds

Our operation in the flow of funds, facilitated through our cross-border fund arrangements, is an integral component of our import solutions. This enables our customers to settle the purchase price for goods with their international upstream suppliers, thereby completing the trade according to the terms of the purchase. This process can involve complex international settlements, including foreign currency exchange and cross-border fund arrangements, both of which are highly regulated and intricate procedures in the PRC.

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



Flow of Information

Our unified IT systems (powered by the EAS system, the Odoo system and the OTWB system) provide real time tracking of the flow of goods and flow of funds, while our E-Chain platform and API-enabled data synchronization solutions interface with customers to ensure seamless information sharing. Our operational framework is underpinned by a robust and integrated IT infrastructure, designed to manage and streamline the flow of information among our customers, suppliers, and internal operations.

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Flow of Commerce

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

Our export solutions

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

The following table sets forth a breakdown of our revenue from cross-border supply chain solutions 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						
<i>(RMB'000)</i>						
– 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
GMV of goods facilitated through our cross-border supply chain solutions						
<i>(RMB' in million)</i>						
– Import solutions	29,987.3	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

SUMMARY

Our logistics and warehousing solutions

To a lesser extent, our customers may choose to utilize our logistics and warehousing solutions as a stand-alone offering 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 and finished products and precise inventory management and handling processes to prevent damage and loss. 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	
	% of total revenue from supply chain solutions		% of total revenue from supply chain solutions		% of total revenue from supply chain solutions	
	Amount		Amount		Amount	
	(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

We have also facilitated international transportation completely offshore since 2023 as part of our logistics and warehousing solutions. This means we manage logistics operations that do not necessarily involve Chinese Mainland, providing our customers with global logistics support wherever their business takes them. Our revenue attributable to such international logistics solutions amounted to approximately RMB0.2 million, RMB9.3 million and RMB34.7 million in FY2023, FY2024 and FY2025, respectively.

OUR CROSS-BORDER FUND ARRANGEMENT

We operate our cross-border fund arrangements to ensure that our customers will be able to meet their settlement needs, while optimizing our profitability without exposure to speculative risks. We had not incurred any losses from cross-border fund arrangements, either by way of T/T or trade finance structured transfers, during the Track Record Period.

SUMMARY

Most of our customers conduct their principal business in the PRC, which requires compliance with relevant foreign exchange control regulations when engaging in cross-border trading. Lacking expertise in dealing with commercial banks and government authorities, our customers often face inconveniences and burdens. As part of our business model, we execute cross-border fund arrangements to ensure our customers’ settlement needs with their international upstream suppliers are taken care of. We actively derive income from the operation of cross-border fund arrangements, including income from currency exchange operations and income from trade finance structured transfers.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our continued growth and set us apart from our competitors:

- Our market position and over 20 years of specialisation in the supply chain of electronics are exceptionally difficult to replicate and enable us to capitalize on the significant growth potential in the market.
- We have developed adaptable capabilities to service the sophisticated needs of our customers, handling high-volume and high-frequency international trades efficiently.
- Our platform with proprietary configurations offers scalability to our business, enabling us to provide standardised and user-friendly solutions to a large number of SME customers.
- Our unified IT systems ensure seamless flow of information, critical in ensuring we can provide reliable and efficient supply chain solutions.
- Our experienced senior management team and stable workforce enable us to remain competitive in a market where talent is scarce and highly sought after.

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business:

- Investing in the digitization and automation of our warehouse operations and our unified IT systems
- Expanding our service capacity and/or capability
- International expansion to support our customers’ evolving needs
- Investing in our talent

SUMMARY

COMPETITION

According to Frost & Sullivan, the market size of electronics cross-border integrated supply chain solution market in the PRC in terms of GMV reached RMB5.6 trillion in 2024, with the top five market players accounting for 5.21% of the market. In 2024, we were the fourth largest market player, accounting for 0.64% of the market. The GMV of electronics cross-border integrated supply chain solution market in the PRC grew from RMB4.5 trillion in 2020 to RMB5.6 trillion in 2024, representing a CAGR of 5.6%. As the integrated solution providers leverage their scale and expertise to reduce costs, while also offer value-added services and information analytics to enhance operational efficiency, an increasing number of PRC companies (including in particular a vast number of them that have specific requirements for electronics) are inclined to outsource their supply chain processes to integrated supply chain solution providers. Therefore, the GMV of electronics cross-border integrated supply chain solution market in the PRC is expected to reach RMB8.9 trillion in 2029, representing a CAGR of 9.5% from 2025 to 2029.

OUR CUSTOMERS AND SUPPLIERS

Our customers include both mature and high-growth technology companies in the PRC who critically require a stable supply of large volume of high value goods from international suppliers for their production. In FY2023, FY2024 and FY2025 (i) Income from Ordinary Course of Business attributable to our largest customer in each year during the Track Record Period amounted to approximately RMB18.7 million, RMB16.5 million and RMB22.5 million, representing approximately 8.5% and 7.0% and 8.4% of our Income from Ordinary Course of Business generated in each year; and (ii) Income from Ordinary Course of Business attributable to our five largest customers in each period during the Track Record Period amounted to RMB63.6 million, RMB67.1 million and RMB88.1 million, representing approximately 28.8%, 28.5% and 32.9% of our Income from Ordinary Course of Business generated in each year. To the best knowledge of our Directors, each of our five largest customers for each year during the Track Record Period is an Independent Third Party.

During the Track Record Period, we had undertaken business activities in relation to certain entities and countries that were subject to international sanctions. For details of these business activities, please refer to “*Business — Business activities in relation to certain entities and countries subject to international sanctions*”. Based on our current understanding of the Applicable Sanctions Laws and as advised by our International Sanctions Legal Adviser, our Directors are of the view that we are not subject to any material sanction risks as a result of these business activities. In addition, we have implemented, and will continue to enhance, internal control and risk management measures and best practices which we believe will continue to enable us to monitor and evaluate our business and address sanctions risks particularly in light of the rapidly evolving international dynamics. For more details, please refer to “*Business — International Sanctions Risk Management*”.

SUMMARY

Our suppliers primarily consist of suppliers of logistics services and leasing of properties. In FY2023, FY2024 and FY2025, (i) our purchases from our largest supplier in each year during the Track Record Period amounted to RMB5.1 million, RMB5.1 million and RMB16.4 million, representing approximately 7.7%, 6.2% and 14.9% of our total purchases, respectively; and (ii) our purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB21.8 million, RMB22.8 million and RMB45.1 million, representing approximately 32.8%, 28.0% and 41.0% of our total purchases, respectively. To the best knowledge of our Directors, except for Tranquil Management (a company owned as to 35% by Mr. Fung, 35% by Ms. Yeung and 30% by Ms. Fung, who are our Controlling Shareholders), each of our five largest suppliers for each year during the Track Record Period is an Independent Third Party.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and other comprehensive income

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income during the Track Record Period:

	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)
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

SUMMARY

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.

Our profit for the year increased by approximately 2.3% from approximately RMB83.6 million in FY2023 to approximately RMB85.5 million in FY2024, primarily attributable to the increase in Income from Ordinary Course of Business by approximately RMB14.3 million, which was partially offset by the increase in transportation expenses of approximately RMB8.7 million. Our profit for the year increased significantly from approximately RMB85.5 million in FY2024 to approximately RMB108.4 million in FY2025, primarily attributable to (i) the increase in our Income from Ordinary Course of Business of approximately RMB32.9 million; and (ii) our net gains on disposal of investment properties of approximately RMB43.1 million as we disposed of one of our investment properties in Hong Kong in FY2025, partially offset by the increase in (i) our transportation expense of approximately RMB23.9 million; and (ii) [REDACTED] of approximately RMB13.6 million.

Summary of Consolidated Statements of Financial Position

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total non-current assets	91,907	99,158	97,609
Total current assets	13,946,613	14,459,355	19,036,013
Total assets	14,038,520	14,558,513	19,133,622
Total non-current liabilities	51,332	49,361	32,022
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

SUMMARY

Net current assets

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 and 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.

Net Assets

Our net assets decreased from approximately RMB995.3 million as at 31 December 2023 to approximately RMB764.8 million as at 31 December 2024, primarily due to dividends declared in FY2024 of approximately RMB313.6 million, (which had been fully paid as at 17 June 2025), partially offset by profit for the year of approximately RMB85.5 million.

Our net assets further decreased from approximately RMB764.8 million as at 31 December 2024 to approximately RMB724.0 million as at 31 December 2025, primarily due to dividends declared in FY2025 of approximately RMB142.5 million (which had been fully paid as at 30 June 2025), partially offset by profit for the year of approximately RMB108.4 million.

Summary of Consolidated Statements of Cash Flow

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

	Year ended 31 December		
	2023	2024	2025
	(RMB'000)		
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	<u>9,915</u>	<u>(259,209)</u>	<u>(95,743)</u>
Net increase/(decrease) in cash and cash equivalents	<u>15,592</u>	<u>(18,747)</u>	<u>(30,710)</u>
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	<u>709,710</u>	<u>687,129</u>	<u>648,913</u>

SUMMARY

Key Financial Ratios

The following table sets forth our key financial ratios as at the dates or for the periods indicated.

	Year ended 31 December		
	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%.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “*Risk Factors*” in this document. Some of the major risks we face include the following:

- Economic volatility, trade tensions, geopolitical risks, export control and trade restrictions affecting our customers could ultimately have a material adverse impact on our business operations, results of operations and prospects.
- 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 operations have been premised on Hong Kong’s status as a “super-connector”. Any adverse changes to Hong Kong, or even the perception of such changes, could ultimately have a material adverse impact on our business operations, results of operations and prospects.
- We specialize in the offering of supply chain solutions for electronics and are susceptible to sector-specific risks.
- We operate in a highly competitive and fragmented industry, and there is no assurance we will be able to compete successfully.

SUMMARY

As different [REDACTED] may have different interpretations and criteria when determining the significance of a risk, you should carefully read the “*Risk Factors*” section in its entirety before you decide to [REDACTED] in our Shares.

OUR CONTROLLING SHAREHOLDERS

Immediately after the [REDACTED], Mr. Fung, Ms. Yeung and Ms. Fung will be able to control approximately [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any [REDACTED] that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Scheme) or [REDACTED] (assuming the [REDACTED] is fully exercised and without taking into account any [REDACTED] that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme) voting rights in our Company through Hope Atlas (the directors of which are Mr. Fung and Ms. Yeung) and Hope Horizon (the director of which is Ms. Fung). For the purposes of the Listing Rules only, since Ms. Fung is the daughter of Mr. Fung and Ms. Yeung, they and their respective investment holding companies are regarded as a group of Controlling Shareholders. For the avoidance of doubt, each of (i) Mr. Fung and Ms. Yeung; and (ii) Ms. Fung has confirmed that they are not acting in concert and are not bound to vote together, and each of them is entitled to, and intends to, exercise their respective voting rights in the Company independently and at their own discretion. Accordingly, Mr. Fung, Ms. Yeung, Hope Atlas, Ms. Fung and Hope Horizon will be our Controlling Shareholders.

DIVIDENDS

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.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings, including any bankruptcy or receivership proceedings, that we believe would have a material adverse effect on our business, results of operations, financial conditions or reputation. Our Directors are not involved in any actual or threatened claims or litigations. There are no material legal, arbitral or administrative proceedings before any court current or pending against, or involving

SUMMARY

the properties, or the businesses of our Group or to which any of the properties or members of our Group is subject. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business.

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

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
[REDACTED] of our [REDACTED] ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets of our Group attributable to our owners of the Company per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

1. The calculation of [REDACTED] is based on [REDACTED] expected to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any [REDACTED] that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Scheme).
2. See “Appendix II — Unaudited [REDACTED] Financial Information” for further details regarding the assumptions used and the calculation method.

[REDACTED]

The total amount of [REDACTED] in connection with the [REDACTED], including [REDACTED], is estimated to be approximately [REDACTED] (based on the [REDACTED] of HK\$[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] 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 Shares under the [REDACTED] based on the [REDACTED]. The amount of the [REDACTED] is expected to account for

SUMMARY

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 for FY2024 and FY2025, respectively, (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.

[REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] and HK\$[REDACTED]), we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- [REDACTED], or approximately HK\$[REDACTED] will be allocated to the expansion of service capacity and/or capability, including acquiring self-owned warehouses, digitizing and automating our warehouse operations, expanding our operation in Shanghai and establishing our own Hong Kong — mainland ground transportation fleet.
- [REDACTED], or approximately HK\$[REDACTED] will be allocated to upgrading our unified IT systems.
- [REDACTED], or approximately HK\$[REDACTED] will be allocated to our international expansion.
- [REDACTED], or approximately HK\$[REDACTED] will be allocated to working capital and general corporate uses.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since 31 December 2025, being the end date of our latest audited financial statements, and there has been no event since 31 December 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I.

SUMMARY

Our business has continued on a growth trajectory following the Track Record Period. In the month ended 31 January 2026, our GMV amounted to approximately RMB4,312.5 million, representing an increase of approximately 51.4% compared to approximately RMB2,848.0 million in the month ended 31 January 2025. In addition, we had 121 customers who utilized our warehousing and logistics solutions in the month ended 31 January 2026, as compared to 76 in the month ended 31 January 2025. Such trajectory reflects continued increasing demand for both of our cross-border supply chain solutions and warehousing and logistics solutions.

Sino-U.S. and Global Trade Tension

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

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

In addition, in April 2025, the U.S. government adopted a two-tier tariff structure: a universal 10% baseline tariff on all imports to the U.S. and individualized reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan. On 10 April 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days. In April 2025, China and the European Union also announced higher tariff rates on U.S. goods entering their borders. On 12 May 2025, China and the U.S. agreed to a temporary de-escalation of bilateral tariffs. The U.S. reduced additional tariffs on the majority of Chinese exports from 145% to 30%, while China lowered its additional tariffs on U.S. goods from 125% to 10%. Other planned tariff increases have been temporarily suspended. On 10 and 11 June 2025, the U.S. government reaffirmed that tariffs on Chinese imports would remain at a combined rate of 55%, comprising three existing components: a 25% Section 301 tariff imposed since 2018, a 20% tariff introduced in February 2025, and a 10% reciprocal tariff imposed on 2 April 2025.

SUMMARY

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

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

SUMMARY

Recent Geopolitical Conflicts

In addition, our Directors have noted that the ongoing geopolitical conflicts, including the continuing armed conflicts in certain regions globally, have contributed to elevated logistics costs across international supply chains. As our business involves coordinating logistics solutions on behalf of customers, any increase in logistics costs is passed through to and ultimately borne by our customers as part of our service arrangements. Accordingly, our Directors are of the view that such cost increases have not had, and are not expected to have, any material adverse impact on our business, financial condition, or results of operations up to the Latest Practicable Date.

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

DEFINITIONS AND GLOSSARIES

In this document, unless the context otherwise requires, the following terms shall have the following meanings.

“Accountant’s Report”	the accountant’s report of our Group, the text of which is set out in Appendix I to this document
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council
“AGV(s)”	automated guided vehicles that are used to transport materials and goods within a facility, following predefined paths and routes with the coordinated guidance of sensors, markers, and control systems
“AI”	artificial intelligence
“API”	application programming interface, a software intermediary that allows two applications to connect to each other
“App”	a mobile application, which is an application designed to run on smartphones, tablets, or other mobile devices
“Applicable Sanctions Laws”	all applicable laws and regulations relating to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the United States government, the European Union and its member states, the United Kingdom, and the United Nations
“AS”	automated storage system, a technology-driven solution that uses robotics and software to efficiently manage, store, and retrieve goods with minimal human intervention
“associate(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS AND GLOSSARIES

“Beijing HFY Supply Chain”	Beijing HuaFuYang Supply Chain Management Co., Ltd., (北京華富洋供應鏈管理有限公司), a company established in the PRC with limited liability on 28 June 2016, and our wholly-owned subsidiary
“BMS”	billing management system, a modular system designed to support the preparation of quotations and management of accounts receivable
“Board” or “Board of Directors”	the board of Directors
“Business day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Cayman Companies Act” or “Companies Act”	the Companies Act (As Revised) of the Cayman Islands (Chapter 22, Law 3 of 1961), as consolidated and revised from time to time
	[REDACTED]
“China,” “Chinese Mainland” or the “PRC”	The People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Hope Sea Inc., an exempted company incorporated in the Cayman Islands on 22 April 2025 with limited liability

DEFINITIONS AND GLOSSARIES

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and as the context requires, refers to Hope Atlas, Mr. Fung, Ms. Yeung, Hope Horizon and Ms. Fung as further described in “ <i>Relationship with our Controlling Shareholders</i> ” in this document
“COVID-19”	outbreaks of coronavirus disease 2019, an infectious disease caused by coronavirus (severe acute respiratory syndrome coronavirus 2, SARS-CoV-2)
“CRM”	customer relationship management, a modular system designed to support customer management, business development opportunities and sales analysis
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of our Company
“document”	this document, which is a [REDACTED] of the Company being issued in connection with the [REDACTED] and registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance
“EIT”	enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“ESG”	Environmental, Social and Corporate Governance

[REDACTED]

DEFINITIONS AND GLOSSARIES

“Extreme Conditions” the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

“Four Flows” the functional standards defining an integrated supply chain solutions provider in the PRC, encompassing four flows (四流合一): the flow of goods (貨物流), flow of funds (資金流), flow of information (信息流) and flow of commerce (商流); for a more detailed discussion, please see “*Business — Our business model*”

“Frost & Sullivan” or “Industry Consultant” Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company

“Fuyang Xuntong” Fuyang Xuntong (Shanghai) Supply Chain Management Co., Ltd. (富揚迅通(上海)供應鏈管理有限公司), a company established in the PRC with limited liability on 15 December 2023, and our wholly-owned subsidiary

“GDP” gross domestic product

“GFA” gross floor area

[REDACTED]

“GMV” gross merchandise value, and unless the context otherwise requires, refers to the gross merchandise value of goods facilitated by our supply chain solutions

“Group,” “our Group,” “we” or “us” our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)

DEFINITIONS AND GLOSSARIES

[REDACTED]

“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards

[REDACTED]

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS AND GLOSSARIES

[REDACTED]

“Hong Kong Union Honest”	Union Honest Trading Limited (中安貿易有限公司), a company incorporated in Hong Kong with limited liability on 24 February 2014 and our wholly-owned subsidiary
“Hope Atlas”	Hope Atlas Limited, a company incorporated in BVI with limited liability on 11 March 2025 and one of our Controlling Shareholders
“Hope Horizon”	Hope Horizon Limited, a company incorporated in BVI with limited liability on 11 March 2025 and one of our Controlling Shareholders
“Hope Sea Import & Export”	Hope Sea Import & Export Limited (富洋進出口有限公司), a company incorporated in Hong Kong with limited liability on 6 July 2006 and our wholly-owned subsidiary
“Hope Sea International”	Hope Sea International Co., Limited, a company incorporated in BVI with limited liability on 30 April 2025 and our wholly-owned subsidiary

DEFINITIONS AND GLOSSARIES

“Hope Sea Supply Chain”	Hope Sea Supply Chain Limited (富洋供應鏈有限公司), a company incorporated in Hong Kong with limited liability on 13 July 2016 and our wholly-owned subsidiary
“Income from Ordinary Course of Business”	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 and is effectively a measure of our “top-line” performance. See also “ <i>Financial Information – Description of Major Components of our Results of Operations – Income from Ordinary Course of Business</i> ”
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, are independent of the Company or are not its connected persons
“Intellectual Property Adviser”	DeHeng Law Offices (Shenzhen), our legal adviser as to PRC laws in respect of intellectual property

[REDACTED]

“IP”	Intellectual property
“IT”	information technology

DEFINITIONS AND GLOSSARIES

[REDACTED]

“Latest Practicable Date” 9 March 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

“Listing Committee” the Listing Committee of the Stock Exchange

[REDACTED]

“Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

“Main Board” the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

“Memorandum and Articles” or “Memorandum and Articles of Association” or “Memorandum” or “Articles” the memorandum and/or articles of association of our Company, as amended and restated, which shall become effective on the [REDACTED], a summary of which is set out in Appendix III to this document

“Ministry of Finance” or “MOF” the Ministry of Finance of the PRC (中華人民共和國財政部)

“Mr. Fung” Mr. Fung So Kwan (馮蘇軍), a non-executive Director, chairman of our Board and one of our Controlling Shareholders; he is also the spouse of Ms. Yeung, father of Ms. Fung and father-in-law of Mr. Cheung Sen Kwong

DEFINITIONS AND GLOSSARIES

“**Ms. Fung**” Ms. Fung Yeung (馮揚), an executive Director and one of our Controlling Shareholders; she is also the daughter of Mr. Fung and Ms. Yeung, and spouse of Mr. Cheung Sen Kwong

“**Ms. Yeung**” Ms. Yeung Chun Kwai (楊春葵), one of our Controlling Shareholders; she is also spouse of Mr. Fung, mother of Ms. Fung and mother-in-law of Mr. Cheung Sen Kwong

“**MOFCOM**” Ministry of Commerce of the PRC (中華人民共和國商務部)

“**NDRC**” the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

“**OFAC**” the U.S. Department of Treasury’s Office of Foreign Assets Control

[REDACTED]

“**OMS**” order management system, a modular system designed to support and optimize orders management

[REDACTED]

“**PBOC**” People’s Bank of China (中國人民銀行)

DEFINITIONS AND GLOSSARIES

“PDA”	personal digital assistant, a handheld electronic device used to manage personal information
[REDACTED]	
“PRC Legal Adviser”	DeHeng Law Offices (Shenzhen), our legal adviser as to PRC laws
“Primary Sanctioned Activity”	any activities in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting or involving the property or interests in property of, a Sanctioned Person by a [REDACTED] applicant, such as us, that is incorporated or located in a Relevant Sanctions Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law and regulation
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Relevant Regions”	Russian Federation and Zimbabwe
“Regulation S”	Regulation S under the US Securities Act
“Relevant Sanctions Jurisdiction”	any jurisdiction that is relevant to us and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this document, Relevant Sanctions Jurisdictions include United States, European Union, United Nations, and the United Kingdom
“Re-export Trade”	the process of exporting imported goods without significant alteration

DEFINITIONS AND GLOSSARIES

“RFID(s)”	radio frequency identification, a technology that uses electromagnetic fields to automatically identify and track tags attached to objects, which contain electronically stored information
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RS”	retrieval system, a technology-based solution designed to efficiently locate, access, and retrieve stored items or data with minimal human intervention
“SAFE”	State Administration of Foreign Exchange (國家外匯管理局) of the PRC
“Sanctioned Country”	the following countries subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law and regulation of the United States as at the Latest Practicable Date: Cuba, Iran, North Korea, and the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People’s Republic and Donetsk People’s Republic regions, Zaporizhzhia and Kherson regions
“Sanctioned Person”	(i) any individual or entity domiciled in, organized under the laws of or which has its headquarters or principal place of business in a Sanctioned Country, (ii) any official or entity of the government of a Sanctioned Country, or otherwise owned or controlled by the government of a Sanctioned Country, (iii) any individual or entity designated on the OFAC Specially Designated Nationals and Blocked Persons List or Sectoral Sanctions Identifications List, and (iv) any entity that is, directly or indirectly, owned 50% or more or is otherwise controlled by one or more persons or entities described in (iii) above
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS AND GLOSSARIES

“Secondary Sanctionable Activity”	certain activity by us that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Sanctions Jurisdiction (including designation as a Sanctioned Person or the imposition of penalties), even though we are not incorporated or located in that Relevant Sanctions Jurisdiction and does not otherwise have any nexus with that Relevant Sanctions Jurisdiction
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SG Hope Sea Supply Chain”	Hope Sea Supply Chain Pte. Ltd., a company incorporated in Singapore with limited liability on 2 October 2023, and our wholly-owned subsidiary
“Shanghai HFY Supply Chain”	Shanghai HuaFuYang Supply Chain Management Co., Ltd., (上海華富洋供應鏈管理有限公司), a company established in the PRC with limited liability on 26 July 2016, and our wholly-owned subsidiary
“Share(s)”	ordinary shares in the capital of our Company with a par value of US\$0.00001 each
“Shareholders(s)”	holder(s) of the Share(s)
“Shenzhen HFY E-commerce”	Shenzhen HuaFuYang E-commerce Co., Ltd., (深圳市華富洋電商有限公司), a company established in the PRC with limited liability on 6 September 2016, and our wholly-owned subsidiary
“Shenzhen HFY Supply Chain”	Shenzhen HuaFuYang Supply Chain Co., Ltd., (深圳市華富洋供應鏈有限公司, previously known as Shenzhen HuaFuYang Electronics Co., Ltd. (深圳市華富洋電子有限公司) and Shenzhen HuaFuYang Import and Export Co., Ltd. (深圳市華富洋進出口有限公司)), a company established in the PRC with limited liability on 6 July 2001 and our wholly-owned subsidiary

DEFINITIONS AND GLOSSARIES

“Shenzhen HFY Smart Supply Chain”	Shenzhen HuaFuYang Smart Supply Chain Co., Ltd., (深圳市華富洋智慧供應鏈有限公司, previously known as Shenzhen Tianfu Asia Supply Chain Management Co., Ltd. (深圳市天富亞洲供應鏈管理有限公司), and Shenzhen Tianfu Import and Export Co., Ltd. (深圳市天富進出口有限公司)), a company established in the PRC with limited liability on 27 February 2014 and our wholly-owned subsidiary
“Shenzhen Union Honest”	Shenzhen Union Honest Investment Consultancy Co., Ltd., (深圳市港中安投資顧問有限公司), a company established in the PRC with limited liability on 19 November 2014 and our wholly-owned subsidiary
“SKU”	acronym for minimum stock keeping unit, a unique identifier for each distinct product and service that can be purchased
“Sky Rich Technologies”	Sky Rich Technologies (Asia) Limited (天富科技(亞洲)有限公司), a company incorporated in Hong Kong with limited liability on 16 May 2013 and our wholly-owned subsidiary
“SME customers”	customers of our Group that are small to medium-sized enterprises

[REDACTED]

“sq.m”	square meters

[REDACTED]

“Sole Sponsor”	the sole sponsor as named in the section headed “ <i>Directors and Parties Involved in the</i> [REDACTED]”

DEFINITIONS AND GLOSSARIES

“STA” State Taxation Administration (國家稅務總局) of the PRC

“[REDACTED]” [●]

“State Council” State Council of the People’s Republic of China (中華人民共和國國務院)

[REDACTED]

“Stock Exchange” The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

“subsidiary(ies)” has the meaning ascribed to it in section 15 of the Companies Ordinance

“TMS” transportation management system, a modular system designed to support logistics planning for the “Hong Kong — Shenzhen” fulfillment services arrangements

“ton(s)” a unit of weight in the metric system, equal to 1,000 kilograms

“Track Record Period” the three years ended 31 December 2023, 2024 and 2025

[REDACTED]

“U.S.” or “United States” the United States of America, its territories, its possessions and all areas subject to its jurisdiction

“US\$” or “US dollars” United States dollars, the lawful currency of the United States

“US Securities Act” the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

DEFINITIONS AND GLOSSARIES

“VAT”	value-added tax; all amounts are exclusive of VAT in this document except where indicated otherwise
“VPN”	virtual private network, a technology that creates a secure and encrypted connection over the internet to protect data and privacy while accessing remote networks
“WMS”	warehouse management system, a modular system designed to support the turnover of inventory in warehouses, the inventory records and the standardization of processes across different warehouses
“YoY”	year-on-year
“%”	per cent

In this document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” “controlling shareholder” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Unless otherwise expressly stated or the context otherwise requires, the words “including”, “include”, “in particular” and words of similar effect are not intended to limit the general effect of the words that precede them; and general words shall not be given a restrictive meaning because they are preceded or followed by particular examples.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- geopolitical dynamics, trade tariffs and barriers disrupting the international trading landscape;
- developments in financial markets (such as the interest rate environment and foreign exchange fluctuations) affecting the exchange rate and the availability and terms of trade finance products we can secure from commercial banks, which are integral to our cross-border fund arrangements;
- our ability to successfully implement our business plans and strategies in the time frame anticipated, if at all;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;

FORWARD-LOOKING STATEMENTS

- any changes in the laws, rules, and regulations of the central and local governments in jurisdictions where we operate or that may affect international trade, and the rules, regulations, and policies of the governmental authorities relating to all aspects of our business and business plans; and
- various business opportunities that we may pursue.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” and elsewhere in this document. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view based on its best estimates only as at the date of this document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. These risks could materially and adversely affect our business, financial condition and operating results. The [REDACTED] of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial or highly unlikely, could also harm our business, financial conditions and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section. You should also seek professional advice from relevant advisers regarding your prospective [REDACTED] in the context of your particular circumstances.

Our business and operations are subject to a number of risks. Many of these risks are beyond our control and can generally be categorised into: (a) risks related to our business and industry; (b) risks related to doing business in the jurisdictions where we operate; and (c) risks related to the [REDACTED].

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Economic volatility, trade tensions, geopolitical risks, export control and trade restrictions affecting our customers could ultimately have a material adverse impact on our business operations, results of operations and prospects.

Our operations are highly sensitive to changes in the international trading landscape and other external economic variables, which are inherently volatile and affected by events and conditions beyond our control. The impact of recent U.S. trade measures on the global supply chain is yet to be fully seen, and the situation is rapidly evolving. These measures have the potential to disrupt established supply chains, increase costs, and create barriers to market entry, among other things. Any prolonged tariffs imposed by the U.S., along with retaliatory tariffs from the PRC and other countries, will introduce significant uncertainty into global trade dynamics. Any prolonged downturn in international trade or economic conditions in key markets could negatively affect the demand for our supply chain solutions and ultimately the sustainability of our business and growth prospects. There is no assurance that we will be able to implement any mitigation measures, promptly or at all, in response to these changes.

Our customers are primarily located in the PRC, making us particularly vulnerable to economic variables affecting the country. In particular, the ongoing geopolitical and trade tensions between the PRC and the U.S. pose significant uncertainties to import and export activities of our customers, and in turn, our business volume. These tensions can manifest in various forms, such as trade barriers, tariffs and other restrictive measures, which can disrupt the normal flow of goods and services. As we specialize in providing supply chain solutions for electronics, many of our customers operate in the new economy sector, which is particularly sensitive to these geopolitical and trade tensions, and even consumer products in such sector have come under heightened scrutiny in recent years. Imposition of trade control measures could lead to a reduction in international trade of certain products, thereby diminishing the demand for our supply chain solutions. Any adverse developments in the foregoing could significantly impact our revenue and growth prospects.

RISK FACTORS

To comply with sanctions imposed on our customers, we may be required to terminate our business relationships with them, potentially resulting in a material loss of business. During the Track Record Period, we had terminated business relationships with four customers due to U.S. sanction designations on such customers. These customers collectively contributed approximately RMB35.2 million, RMB8.7 million and nil of our GMV in FY2023, FY2024 and FY2025, respectively, representing approximately 0.11%, 0.02% and nil of our total GMV during the same periods. For details of these customers and our business relationship with them, please refer to “*Business — Business activities in relation to certain entities and countries subject to international sanctions*”. While the foregoing had affected only a small number of customers relative to our overall customer base and had not materially impacted our business volume during the Track Record Period, further developments in U.S. sanctions or other sanction programmes could result in more of our customers being affected, directly or indirectly. This could potentially lead to a termination of business relationships with a larger number of customers and in turn result in a material loss of our business.

The regulatory environment for international trade is complex and constantly evolving. Navigating frequent changes and complexities in trade policies, customs regulations, and import/export controls requires substantial operation and financial resources and expertise. Failure to comply with the relevant regulations may result in severe consequences, including fines, sanctions, and reputational damage, potentially leading to a material loss of business and significant impediment to our growth prospects. There is no assurance that we will always be able to stay abreast of these changes to minimize disruptions to our supply chain solutions and achieve sustainable growth.

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 operation of cross-border fund arrangements is a pivotal aspect of our business model and has significantly contributed to our financial performance. During the Track Record Period, the income generated from such operation amounted to approximately RMB104.0 million, RMB111.9 million and RMB110.8 million in FY2023, FY2024 and FY2025, representing approximately 47.2%, 47.6% and 41.4% of our Income from Ordinary Course of Business during the same periods, respectively.

The viability of our cross-border fund 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 the goods in Chinese Mainland. If the business volume of our supply chain solutions significantly declines for any reason (such as economic downturns, geopolitical and trade tensions, or disruptions in the supply chain), we will not be able to generate sufficient cash flow to sustain the income from our operation of cross-border fund arrangements, leading to an adverse impact to our financial condition and results of operation.

RISK FACTORS

Furthermore, generating income from our operation of cross-border fund arrangements is dependent on our ability to secure favourable exchange rates and appropriate trade finance products from commercial banks:

- With respect to our currency exchange operations, we actively derive income from the differential between the Market Rate and the Agreed Rate. However, there is no assurance that we will consistently be able to secure a more favorable Agreed Rate. The rates we can obtain are subject to what commercial banks can offer and are influenced by the broader foreign exchange and money markets, over which we have no control.
- With respect to our operations of trade finance structured transfer, we actively derive income from the differential between the income on deposits and costs of the trade finance instruments, and the differential between the spot rate at the time of execution and the future exchange rate agreed under the foreign exchange forward contracts. However, there is no assurance that the commercial banks will always have suitable products for us to devise such transfers to generate income based on such differentials. Material changes in interest rates and/or product offerings (in particular pricing terms) and business sentiment of the commercial banks, which relate to the broader financial markets and are not within our control, could narrow the differentials we can achieve. In addition, depending on the terms of the trade finance products available in the market at the relevant time, such trade finance transfer may require us to place an amount of deposit as collateral that is greater than the amount we can drawdown under the corresponding trade finance instrument (see also “*Our trade finance structured transfers may have a temporary impact on our cashflow*”). This may limit the amount of trade finance structured transfers we can enter into at any given time. If we do not have sufficient liquidity, we may not be able to fully capitalize on such arrangements to improve our profitability (which are an integral component of our business model), which could adversely affect our growth prospects in the long term.

Any adverse development of the foregoing could adversely affect our ability to generate income from our operation of cross-border fund arrangements, and in turn adversely affect the profitability and sustainability of our business. We are also subject to execution risks, particularly considering the significant amount of cash flow we manage in the ordinary course of business. For example, our currency exchange operations require a high degree of precision for day-to-day execution, which is generally executed within a narrow window of a few hours each day. Devising our trade finance structured transfer also requires careful identification and matching of appropriate products offered by the commercial banks from time to time to “lock-in” the intended income without exposure to speculative risks. For details of our cross-border fund arrangements and the income generated therefrom, please refer to “*Business — Our cross-border fund arrangements*”.

If we fail to execute these operations as intended, we may suffer significant, unexpected loss and/or fail to meet the settlement needs of our customers with their international upstream suppliers.

RISK FACTORS

Our operations have been premised on Hong Kong’s status as a “super-connector”. Any adverse changes to Hong Kong, or even the perception of such changes, could ultimately have a material adverse impact on our business operations, results of operations and prospects.

Our business operations have significantly benefited from Hong Kong’s status as a strategic international trading and logistics hub, often referred to as a “super-connector” between Chinese Mainland and the global market. In FY2023, FY2024 and FY2025, approximately 97.8%, 97.0% and 95.5% of the GMV of goods imported by us into Chinese Mainland were through our operating location in Hong Kong, respectively while only approximately 2.2%, 3.0% and 4.5% of the GMV of goods were imported directly into Chinese Mainland during the same periods. Please refer to “*Business — Our import solutions*” for the details of Hong Kong’s strategic importance for our business model.

Any adverse changes in the economic, political, or legal environment in Hong Kong, or even the perception of such changes by the international business community or media, could potentially divert international trade away from Hong Kong and undermine its role as a transshipment hub and gateway to Chinese Mainland. Such developments could disrupt our operations, increase our operational costs, and diminish our ability to efficiently service the needs of our customers. We may need to drastically alter our operating locations and/or business model and reallocate or repurpose resources to offer our supply chain solutions without depending on Hong Kong as a transshipment centre. There is no assurance that we will be able to implement these changes promptly, if at all, to minimize disruptions to our business operations. There is no assurance that our new operating location in Singapore, which was only established in 2023, will be effective in mitigating the foregoing risks or achieve the same level of success as our operating location in Hong Kong or succeed at all. Establishing a new operating location requires substantial investments and management resources, which could have an adverse impact on our profitability. There is no assurance that we will be able to gauge future trends, preferences, and market demand accurately to ensure that such new operating locations align with our customers’ needs and sustain our competitiveness and growth.

We specialize in the offering of supply chain solutions for electronics and are susceptible to sector-specific risks.

Our specialization in the supply chain solutions for electronics has enabled us to establish a strong market presence and domain expertise, particularly in light of the significant growth experienced by the new economy sector (which is heavily reliant on a wide array of electronics for the manufacturing of modern-day products, including smartphones, computers, new energy vehicles and other advanced technological products) in recent years. However, this also limits our diversification and exposes us to higher risks if this sector underperforms or does not experience the same level of growth as it had in the past. Should the new economy sector experience a downturn for any reason (such as economic, technological, or other disruptive events), demand for electronics for manufacturing, and in turn, our supply chain solutions could decline.

RISK FACTORS

In an environment of escalating geopolitical and trade tension, there is a heightened risk that a broader array of electronics commonly used in the new economy sector may become subject to increased tariffs, bans or import/export restrictions. Such measures are often enacted in a short time frame, leaving businesses with little time to adjust their operations or explore alternative supplies. The imposition of new tariffs, sanctions or expanded product bans could significantly reduce the volume of our customers’ import of electronics, and in turn demand for our supply chain solutions. Any of the foregoing could ultimately have a material adverse impact on our business operations, results of operations and prospects.

In addition, 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, 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 diversification strategy into other industrial verticals, including home-use smart devices and portable diagnostic devices with a view to enhancing the resilience of our business in the rapid changing international trading landscape may not achieve the level of success as anticipated, if at all.

We operate in a highly competitive and fragmented industry, and there is no assurance we will be able to compete successfully.

The supply chain solutions industry is intensely competitive and characterized by a large number of market players. Many areas in which we operate evolve rapidly with innovative and disruptive technologies, shifting customers’ preferences and needs, price sensitivity of customers, and frequent introductions of new services.

Some of our current and potential competitors may have significant pricing, marketing or operating advantages as compared to us. If our competitors take predatory pricing positions or decide to grow their business by spending significant amounts on sales and marketing efforts, our ability to retain existing customers and acquire new customers may become limited, which could adversely impact our business operations, results of operations and prospects. Competitors who are able to adopt new and disruptive technologies ahead of us or better anticipate shifting customer needs could gain a significant competitive edge, which could in turn negatively impact our established market position and competitiveness. For example, some of our competitors may be able to better and more efficiently leverage advanced analytics, automation, and/or AI to optimize their processes and offer enhanced supply chain solutions at competitive prices.

There is no assurance that we will be able to maintain our market position and compete effectively by adapting promptly to changes in the industry. Failure to do so could result in material adverse impact on our business operations, results of operations and prospects.

RISK FACTORS

We rely on leased properties for our business operations.

We rely on leased properties for our business operations, including our office premises, warehouses and employee dormitories located in Chinese Mainland and Hong Kong. Please refer to “*Business — Property — Leased properties*”.

We may not be able to successfully extend or renew such leases upon expiration, on commercially reasonable terms or at all. Our landlords could increase the rent or impose more stringent payment terms when negotiating the renewal of our leases, which could in turn adversely affect our profitability and results of operations.

As disclosed in “*Business — Property — Leased properties*”, there are certain issues relating to our leased properties. In the worst case scenario we may not be able to enforce the relevant lease agreements to continue occupying and using the relevant leased properties and have to seek alternative premises for relocation.

Any unplanned relocation may disrupt our operations and we may incur relocation costs and capital expenditures for the installation and configuration of warehousing facilities and technology systems. Further, we may compete with other businesses for premises at certain locations or of desirable size and there is no assurance that we will be able to relocate such operations to suitable alternative premises in a timely manner or at all. Any of the foregoing could adversely affect our business operations, results of operations and prospects.

We rely on our suppliers to deliver integrated supply chain solutions to our customers. Any increase in the pricing of and/or deterioration in the quality of the services provided by our suppliers may have a material adverse impact on our business operations, results of operations and prospects.

Our ability to provide integrated supply chain solutions to our customers depends on the availability, reliability, and quality of services offered by our suppliers, such as third-party logistics providers, over which we have limited control. There is no assurance that we will be able to maintain seamless integration of these services to ensure efficiency and effectiveness of our supply chain solutions.

For example, we were able to obtain more favourable terms than market from our logistics services providers on account of our recurring, large business volume and long term business relationship with them. However, there is no assurance this will always be the case. If the pricing of services provided by our suppliers increases and we are unable to pass on these additional costs to our customers, our profitability could be adversely affected. For instance, transportation fee as a percentage of our Income from Ordinary Course of Business has increased from 13.0% in FY2024 to 20.3% in FY2025. The pricing of our suppliers could be influenced by various factors, including market demand, regulatory changes, and economic conditions.

RISK FACTORS

Further, we have limited control and supervision over the service delivery of our suppliers. There is no assurance that our suppliers will always have the capacity to meet our demands or adhere to our service requirements. Any failure on their part to deliver consistent and high-quality services can lead to operational inefficiencies, delays, and customer dissatisfaction. There is no assurance we will be able to identify suitable alternative suppliers in a timely manner, if at all.

Failure to manage any of the foregoing supplier-related risks could result in material adverse impact on our business operations, results of operations and prospects.

Our financial position and results of operations could be materially adversely impacted if our expenditure on new warehouses and related equipment does not align with customer demand or if there is a lack of funding for these investments.

To facilitate our future expansion, including the entry into new markets by establishing new operating locations, we may incur substantial capital expenditures. Our operations may require significant expenditure on warehouses and equipment, the amount and timing of which depend on various factors, including anticipated order volume and the price and availability of appropriate premises that could be re-fitted as our warehouses. If our anticipated demand for warehouses or related equipment differs materially from actual usage, our operations may either fall short of or exceed optimal capacity. In the case of underutilization, we may incur unnecessary costs for maintaining excess capacity, leading to reduced operational efficiency and profitability. Conversely, if demand exceeds our expectations, we may face shortages in space or equipment, resulting in potential delays, increased operational costs, and an inability to meet customer demand. Both scenarios could negatively impact our financial performance and overall business operations.

Our expenditure on warehouses and related equipment depends on our ability to generate cash flow from operations and our access to credit, debt and equity capital markets. There is no assurance we will be able to secure the necessary funding for expansion without adversely affect our day-to-day operations. Even with sufficient funding, warehouses and related equipment that best suit our needs may not be available at reasonable prices or at all. For example, warehouse resources may be scarce in an area that best fits our network expansion plan due to local zoning plans or other regulatory controls. In addition, we are likely to incur material expenditures prior to realising any of the anticipated benefits, and the return on the expenditures may be lower, or may be realised more slowly, than we expected. Furthermore, the carrying value of the related assets may be subject to impairment, which may adversely affect our financial conditions and operating results.

Our operations may be subject to transfer pricing adjustment.

We engage in intra-group transactions among our subsidiaries to deliver services to our customers. Such intra-group transactions involve transfer pricing arrangement. During the Track Record Period, such intra-group transactions had primarily involved procurement agent services among our subsidiaries. For details of our intra-group transactions and transfer pricing

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arrangements, please refer to “*Business — Intra-group transactions*”. According to regulations concerning transfer pricing between associated enterprises, intra-group transactions should comply with the arm’s length principle. If the intra-group transactions fail to comply with the arm’s length principle, the relevant tax authority has the power to make an adjustment following certain procedures.

There is no assurance that competent tax authorities will not subsequently challenge our transfer pricing arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If a competent tax authority later determines that the transfer prices and terms that we have applied are not in compliance with the applicable transfer pricing rules and regulations, such authority may require us to re-assess the transfer prices, re-allocate the income, and/or adjust the taxable income, in order to reflect the accurate taxable income and/or pay all outstanding tax and statutory interest, if any. Any such reallocation or adjustment may result in a higher overall tax liability for us and may adversely affect our business, operations and financial results.

We offer select customers with advanced cash payments as a value-added service of our supply chain solutions to expedite the settlement and customs clearance process, which subject us to credit risks associated with such customers.

As a value-added service of our supply chain solutions to enhance the liquidity of their supply chain, we offer select customers advanced cash payments of purchase price for goods for settlement with international suppliers and tariffs and VAT payable at customs clearance using our own funds. For details, please refer to “*Business — Our Business model — Our import solutions — Flow of funds*”.

This subjects us to credit risks associated with such customers, who may fail to meet their repayment obligations to us, due to bankruptcy, lack of liquidity, operational failures, or other financial difficulties. The assessment and management of credit risk require significant judgment and resources, including diligent evaluation of a customer’s creditworthiness prior to the provision of credit limit, and ongoing monitoring of their financial condition. There is no assurance that our control measures will be sufficient to prevent financial losses that could have a material adverse effect on our financial condition and results of operations. There is also no assurance that our customers will always provide true, accurate and up-to-date credit information and other relevant assessment information to us. Efforts to recover outstanding debts may result in significant legal and administrative costs, further affecting our profitability.

Certain customers had in the past defaulted on their repayment obligations to us. During the Track Record Period, such defaulted repayment amounted to approximately RMB0.5 million, RMB2.7 million and nil in FY2023, FY2024 and FY2025, respectively. While we have implemented various measures to assess and manage credit risks (such as obtaining collateral and personal guarantees where appropriate to do so), there is no assurance such measures will always be effective. Any significant bad debt arising from our customers’ defaults on their repayment obligations to us could have a material adverse impact on our business operations, results of operation and prospects.

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If customs authorities later disagree with the classification and/or value of imported items, which could affect the tax payable, and request additional payments to make up for the difference, we may need to bear such additional payment upfront and seek reimbursement from our customers.

As part of our import supply chain solutions, we assist our customers in classifying their items based on standard customs codes, and in assessing and managing any import taxes payable based on such classification and value of the items. However, there is a risk that customs authorities may later disagree with the classification and/or value of the imported items and subsequently require a higher tax payment. In such cases, we may be obligated to settle the increased tax amount upfront with the customs authorities. While we have the right under our contract with our customers to seek reimbursement from our customers for the tax difference, as a practical matter there is no guarantee that we will be able to secure such payment. This recovery process, which could occur after the import and delivery of the relevant items to our customers, could be challenging and may result in adverse financial impact on us if our customers are unwilling, unable or unreasonably delay to reimburse us. Consequently, this could impact our cash flow and profitability and potentially adversely affect our customer relationships.

Our sanctions screening measures may not always be effective.

The complexity and constantly evolving nature of international sanctions regimes present significant challenges to our business. Sanctions lists are frequently updated, and new restrictions may be imposed with little notice, increasing the difficulty of ensuring real-time compliance. Any dealings with SDNs, Blocked Persons, or other sanctions targets create risks under sanctions laws. New requirements or restrictions could come into effect which might increase regulatory scrutiny of our business or result in certain of our business activities being deemed to have violated sanctions, or being sanctionable, or may also require us to discontinue our arrangements with counterparties in such jurisdictions or elsewhere, or prevent us from having dealings in jurisdictions subject to such U.S. sanctions. Additionally, the sophisticated methods employed by sanctioned parties to evade detection, including the use of shell companies, complex ownership structures, and indirect financial channels, may limit the effectiveness of our screening measures.

There is no assurance that we will not have any instances of violations of sanctions laws or regulations in the future. Violations of sanctions laws and regulations, or engaging in sanctionable conduct, could expose us to potential civil or criminal penalties or sanctions designations under the relevant applicable sanctions laws, which may have material adverse consequences on our business operations, results of operation and prospects. In addition, Applicable Sanctions Laws are constantly evolving and new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or being sanctionable. We cannot entirely exclude the risk of any changes in Applicable Sanctions Laws resulting in us having greater exposure to penalties under Applicable Sanctions Laws in connection with future transactions. Our internal control and risk management measures may not be able to

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react timely or comprehensively to such changes. There is no assurance that our activities in any particular country or region will be in compliance with evolving Applicable Sanctions Laws or that they will not result in negative media attention or reputational damage.

Our insurance coverage may not be adequate.

We have obtained insurance policies to cover certain potential risks and liabilities that may arise in the course of our business operations. Our management currently considers our insurance coverage to be sufficient for our operational needs. However, there can be no assurance that our existing insurance coverage will be adequate to cover all potential losses in the future or that we will be able to successfully claim our losses when they occur. This uncertainty poses a significant risk to our financial stability and operational continuity.

There is no assurance that future events will not result in significant claims. The nature of our business exposes us to various risks, including operational disruptions, legal liabilities, and property damage. Should any of these risks materialize, the financial impact could be substantial, and our current insurance coverage may not be sufficient to fully compensate us for the losses incurred.

Further, there is no assurance that we will be able to renew our insurance policies on terms and conditions that are acceptable to us, or at all. The insurance market is subject to fluctuations, and renewal terms could be influenced by a range of factors including our claims history, changes in the insurer’s risk assessment, and broader market conditions. If we are unable to renew our insurance policies on terms favourable to us, or if the cost of renewal significantly increases, it could adversely affect our business operations, results of operations and prospects.

The trend towards outsourcing of supply chain processes by PRC companies may diminish or reverse, which could lead a significant decline in demand for our supply chain solutions.

Our business has significantly benefited from the increasing propensity of PRC companies to outsource their supply chain processes. This trend has been a key driver of our growth and is central to our strategic expansion of service capability. According to Frost & Sullivan, the outsourcing of supply chain processes by PRC companies, particularly SME companies, has shown a steady increase over recent years, reflecting a broader trend of PRC companies adopting the approach of focusing their resources on their core operations. However, there is a risk that this trend could diminish or even reverse in the future.

Several factors could contribute to such a shift. Economic shifts, such as a downturn in the global economy or changes in trade dynamics, could lead companies to reconsider their outsourcing strategies. Policy changes, including new regulations or incentives aimed at encouraging domestic management of supply chains, could also impact the outsourcing trend. Additionally, advancements in technology, such as automation and artificial intelligence, could enable companies to handle more of their supply chain processes in-house efficiently to

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achieve cost savings. Moreover, if some of our customers, particularly SME customers that are transitioning into large-scale enterprises, take a strategic move towards in-house management of supply chain processes, they may pursue a strategy of supply chain integration to gain better control over their operations, reduce costs, and enhance responsiveness to market conditions. If this trend towards in-house management gains momentum, it could lead to a reduction in the demand for our supply chain solutions and in turn have a material adverse impact on our business operations, results of operation and prospects. In particular, if trade tariffs are imposed on the import of certain items into the PRC, our customers may seek alternative domestic suppliers for such items in the PRC and reduce their reliance on international import, which could in turn negatively affect the demand for our import supply chain solutions. There is no assurance we will be able to revise our business model and growth strategy promptly, if at all, to sustain our business growth.

The relevant PRC authority may require us to make up social security and housing fund contributions in full and/or impose penalties on us.

During the Track Record Period, we had not made full contributions to social insurance and housing provident fund for our employees in the PRC based on their actual salary (please refer to “*Business — Remuneration and benefits*” for details). There is no assurance that the relevant PRC authority will not order us to make up such contributions in full and/or impose penalties on us. If such risk materializes, our financial condition and results of operations may be adversely affected.

We may be involved in lawsuits, claims, disputes, regulatory investigations or legal or administrative proceedings in our ordinary course of business.

We may, from time to time, become subject to lawsuits, claims, disputes, regulatory investigations or legal or administrative proceedings that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activities. Actions brought against us, with or without merit, may result in administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results that could have material adverse effect on our reputation, business operations, results of operation and prospects. For example, in August 2023, 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) issued a written decision to claw back certain subsidies granted to us from 2016 to 2019, amounting to RMB15.4 million in aggregate, recorded as return government subsidies payable as at 31 December 2023, 2024 and 2025. We filed an administrative lawsuit against the relevant government authority in February 2024 requesting the decision be withdrawn, but the court did not rule in our favour. We subsequently appealed to a higher-level court in December 2024, and as at the Latest Practicable Date, the final judgment was pending. If we do not succeed in the appeal, we will need to return RMB15.4 million of subsidies previously granted to us to the Commerce Bureau of Futian District, Shenzhen, which could negatively affect our cash flows. We have made full provision for the foregoing since 2021, which we recorded as “return government subsidies payable” in our consolidated statements of financial position. Such payable was approximately RMB15.4

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million, representing only approximately 2.4% of our cash and cash equivalent as at 31 December 2025. However our cash position fluctuates based on operating needs and there is no assurance that we will be able to maintain it at a consistently high level.

Even if we succeed in defending ourselves against these actions, we may incur significant costs and divert management’s attention and resources in such defence. In addition, from time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. It is possible that the administrative and court authorities would not interpret and enforce the statutory provisions and contractual terms in a manner favourable to us, and it may be more difficult to predict the outcome of any administrative and court proceedings that we may be involved in the future. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate and have an adverse impact on us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved.

If a trade finance structure transfer spans across reporting periods, we will record a fair value gain/loss and a foreign exchange gain/loss in the current period that is not reflective of the overall income we can actually realize from the arrangement at the end of its tenure.

As discussed in “*Business — Our business model — Our import solutions — Flow of funds*”, we generate income from a trade finance structured transfer arrangement as a whole (which can be ascertained and “locked-in” at the time of execution of such arrangement) taking into account the differential between the spot rate at the time of execution of such arrangement and the future exchange rate agreed through the relevant foreign exchange forward contract (the “**FX Differential**”), and the differential between the relevant interest income on large-denomination certificate of deposit and costs of trade finance instrument (the “**Interest Differential**”).

In accounting for the FX Differential under IFRS Accounting Standards, we record a fair value gain/loss on the executed foreign exchange forward contract and a foreign exchange gain/loss on the large-denomination certificate of deposits and borrowings under the relevant trade finance instruments over the entire tenure of the trade finance structured transfer arrangement. If such tenure spans across reporting periods, the accounting treatment of the FX Differential is summarised as follows:

- (a) For the current reporting period (i.e. the reporting period during which such arrangement is executed), we record a fair value gain/loss on the executed foreign exchange forward contract (based on the difference between the market rate as at the end of the current reporting period and the forward rate agreed in the forward contract) and a foreign exchange gain/loss on the large-denomination certificate of deposits and borrowings under the relevant trade finance instruments (based on the difference between the spot rate at the time of execution of the relevant arrangements and the market spot rate as at the end of the current reporting period).

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- (b) For the next reporting period (i.e. the reporting period during which such arrangement will conclude), we will record a fair value gain/loss on the executed foreign exchange forward contract and a foreign exchange gain/loss, based on the difference between the gain/loss as recorded in (a) above and the “locked-in” FX Differential.
- (c) Therefore, the income recorded by us in the current reporting period and the next reporting period in aggregate will always be equal to the “locked-in” FX Differential which together with the Interest Differential form the overall income that our Group can actually realize from the arrangement at the end of its tenure (which is ascertained and “locked-in” at the date of execution of such arrangement).

Accordingly, with respect to a trade finance structured transfer spanning across reporting periods, the fair value gain/loss and foreign exchange gain/loss we record in the current reporting period is not reflective of the overall income we can actually realize from the arrangement at the end of its tenure, the extent of which is subject to market conditions as at the end of the current period, over which we have no control, and could affect how our financial performance is evaluated based on our current reporting period financials.

We are exposed to risks relating to our derivative financial instruments measured at fair value. Fluctuations in their values would affect our results of operations.

During the Track Record Period, we had derivative financial instruments that were primarily related to the foreign exchange forward contracts that we had entered into with commercial banks 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. As at 31 December 2023, 2024 and 2025, we had derivative financial assets of approximately RMB149.4 million, RMB68.6 million and RMB33.9 million, respectively. As at the same dates, we had derivative financial liabilities of approximately RMB135.4 million, RMB74.1 million and RMB30.7 million, respectively. For details, please refer to “*Financial Information — Discussion on major items of financial position — Derivative financial instruments*”.

For our derivative financial instruments measured at fair value, factors beyond our control can significantly influence and lead to adverse changes to the market-observable inputs that we use and thereby affect the fair value of such financial instruments. These factors include, but are not limited to, general economic condition, changes in market rates and other market-driven variables. Any of factors could cause the fair values to fluctuate or our estimates to vary from actual results, which could materially and adversely affect our results of operation.

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Additionally, judgment and estimation are required in establishing the relevant valuation techniques where market-observable data for our financial instruments are not readily available, which inherently involves a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in material adjustments to the fair value of such financial instruments, which may have a material adverse effect on our financial position and results of operations.

We are subject to risks relating to Third Party Payments, which we had accepted in the past.

During the Track Record Period, certain of our customers (the “**Relevant Customers**”) had settled their payments with us through third-party payors, such as the legal representative or business partner of these customers (the “**Third Party Payments**”) primarily for their own cash flow management and/or administrative convenience. During FY2023, FY2024 and FY2025, the amount of our service fee that was settled by Third Party Payments accounted for approximately 0.107%, 0.002% and 0.001% of our revenue from supply chain solutions, respectively. Although we have obtained written confirmations from the Relevant Customers and the respective third parties that the respective third-party payors were paying on their behalf, and we have not been involved in any disputes or complaints over the Third Party Payments during the Track Record Period and up to the Latest Practicable Date, there is no assurance that such disputes or complaints will not materialise in the future, which may adversely affect our reputation and business relationships. In addition, while we have considered the circumstances and commercial rationale of each of the Third Party Payments and conducted due diligence review before accepting such payments, and we do not consider that any of such payments had exposed us to internal control risks, such as fraud, money laundering and other illegal activities in connection with these payments, in the worst case scenario should any of these risks materialize, our business operation, financial conditions and operating results could be adversely affected.

As at the Latest Practicable Date, to maintain a high standard of internal control, we have discontinued accepting any Third Party Payments.

Our trade finance structured transfers may have a temporary impact on our cash flow.

By design, we execute each of our trade finance structured transfers to generate a positive overall return, which can be ascertained and “locked-in” at the time of execution, and realized upon maturity. Depending on the terms of the trade finance products available in the market at the time, such trade finance transfer may require us to place an amount of deposit as collateral that is greater than the amount we can draw down under the corresponding trade finance instrument. Therefore, during the period from inception and maturity of such trade finance structured transfer, our cash flow will be impacted. Such impact is temporary and we will realise a net cash generated upon maturity of such trade finance structured transfer.

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In FY2024 and FY2025, we had entered into more trade finance structured transfers generally, and the trade finance products containing terms as discussed above were more readily available. Furthermore, as many of such trade finance structured transfers we had entered into had a maturity date beyond 31 December 2024 or 31 December 2025, we had recorded a lower “net cash generated from operating activities” on our consolidated statements of cash flow for FY2024 and FY2025 as compared to FY2023. While our management had ensured that we had been in a sufficient cash position during FY2024 and FY2025 such that the temporary impact on our cash flow due to the forgoing had not in any way negatively affected our operations through comprehensive analysis and monitoring of our operating needs and cash flow, there is no assurance that we will be able to do so in the future, particularly as we expect to enter into more of such trade finance structured transfers to optimize our profitability. Failure to do so could materially adversely affect our liquidity position and in turn our ability to fund our operations and meet our financial needs.

Any improper collection, storage, use or disclosure of information collected in the ordinary course of our business could adversely affect our business and reputation.

During our course of business, we process a large volume of transactional data, including names, address, phone numbers and other contact information of our customers and their suppliers. There may also be confidential information in relation to the contents of the goods imported by us. We are subject to inherent risks in collecting, handling and protecting large volume of data, including protecting the data stored in our system, detecting and prohibiting unauthorized data share and transfer, preventing attacks on our system by outside parties or fraudulent behaviour or improper use by our employees, and maintaining and updating our database. Our reputation could be materially and adversely harmed if there is any system failure, security breach or third-party attacks or attempts to illegally obtain the data that results in any actual or perceived release of user data. We may also be exposed to potential legal liabilities under the applicable laws and regulations and could be subject to liability claims by customers.

We are subject to laws and regulations relating to the use, storage, transfer, disclosure and security of personally identifiable information in relation to our customers and employees in different jurisdictions where we have operations. Please refer to “*Regulatory Overview — Regulations on cybersecurity and data protection*” for further details. Further, regulators have been increasingly focused on regulations in the areas of data security and data protection. Our compliance costs may significantly increase and we may be subject to heightened risks and challenges for potential breaches of data protection. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

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We are highly reliant on our information technology infrastructure. If we fail to adopt new information technologies to cater to changing customer requirements or emerging industry standards, our business may be materially and adversely affected.

We are highly reliant on our information technology infrastructure for our business operations. Please refer to “*Business — Our unified IT systems*” for further details.

We are vulnerable to service interruptions or degradation or other performance problems attributable to a variety of factors, including defects, errors or malfunctions, system failures, unexpected high volume of transactions, distributed denial-of-service and other cyberattacks, infrastructure changes, human error, natural disasters, power losses, disruptions in telecommunications services, terrorist attacks, legal or regulatory takedowns, computer viruses, ransomware, malware, or other events. If any such instances or interruptions are prolonged, our business, operations, financial condition, results of operations and cash flows could be materially and adversely affected. While we had not suffered any material loss due to any of the foregoing during the Track Record Period, there is no assurance that such circumstances will not materialise in the future.

Furthermore, we integrate our information technology systems with some of our key account customers’ information technology systems as part of our customized supply chain solutions (please refer to “*Business — Our business model — Flow of information*” for details), however, there is no assurance that we will always be able to successfully integrate our information technology systems with those of our customers or may face difficulties in doing so, any of which may adversely affect the quality of our service, our relationship with such key account customers and our reputation.

In addition, to keep up with the latest developments and trends in the supply chain solutions industry and respond to the evolving needs and preferences of our customers, we are required to upgrade our technologies, invest in new technologies and introduce new services from time to time, which could incur significant expenditures and may be subject to licensing or other regulatory requirements. If we cannot anticipate or adapt to the latest technological developments or market trends in the supply chain solutions industry, we may not be able to meet our customers’ expectations and evolving needs, and the demand for our services may decline. Furthermore, if our competitors are more sensitive to changes in customer preferences or more responsive to emerging technology in the industry, our supply chain solutions may become less competitive. There is no assurance that we will be able to recover the expenditures associated with the upgrade of existing technologies and the purchase of new technologies. Moreover, rapid technological improvements could, at times, lead to earlier-than-planned obsolescence or redundancy of equipment and result in impairment charges. Any of these circumstances may adversely affect our results of operations, financial condition and growth prospects.

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We do not generally verify the contents of the goods purchased by our customers, thereby exposing us to the risks associated with the inadvertent import of goods in violation of applicable regulations.

The import of goods is subject to strict regulatory compliance, including adherence to customs regulations, import restrictions on certain goods, and compliance with international trade laws. While we require our customers to provide a declaration regarding the contents and value of the goods, we do not independently verify these contents unless we discover any red flags. This reliance on customer declarations exposes us to significant risks if the information provided is intentionally inaccurate or misleading. While we have specifically implemented internal control measures with a view to reducing the risks associated with the content of the goods, including (i) due diligence and maintaining a whitelist of the customers’ upstream suppliers based on their background, reputation, historical transaction records and financial condition; (ii) reviewing the underlying import/export documents, such as the orders and contracts; and (iii) conducting inspections for red flags, such as visible damage, improper handling, or inconsistencies with customer specifications (e.g. discrepancies between declared and detected weight), there is no assurance such measures will always be effective, particularly when intentional or deliberate efforts are made to mislead us.

If we inadvertently facilitate the import of prohibited, restricted, or misdeclared goods, we may face severe legal and financial repercussions. These could include fines, penalties, seizure of goods, and potential legal action against us. The inadvertent import of non-compliant goods not only could expose us to direct financial costs but also risks damaging our reputation and relationships with regulatory authorities, including our AEO certification status. The legal ramifications could be extensive, involving lengthy and costly legal processes that could disrupt our business operations. Moreover, violations of import regulations could lead to restrictions on our operational capabilities, including a suspension or revocation of our import privileges. Such regulatory actions could severely impact our ability to conduct business and fulfill our customers’ needs, leading to a loss of revenue and market share. The operational disruptions caused by regulatory sanctions could also strain our resources and hinder our growth prospects.

If any of the forgoing circumstances materializes in the future, our results of operations, financial condition and growth prospects may be adversely affected.

Non-compliance with laws and regulations on the part of any third parties with which we conduct business could expose us to legal expenses, compensations to third parties, penalties and disruption of our business, which may adversely affect our results of operations and financial performance.

Third parties with which we conduct business, such as suppliers and commercial banks, may be subject to regulatory penalties or punishments because of their regulatory compliance failures or may be infringing upon other parties’ legal rights, which may, directly or indirectly, disrupt our business. We cannot be certain whether such third party has violated any regulatory requirements or infringed or will infringe any other parties’ legal rights, which could expose us to legal expenses or compensation to third parties.

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The delivery of goods also involves inherent risks. Our third-party logistics suppliers often manage a substantial number of vehicles and personnel in transit, which exposes them to various transportation safety risks. These risks include, but are not limited to, road accidents and damage or loss of goods during transit. The insurance maintained by them may not fully cover the liabilities caused by transportation related injuries or losses.

We, therefore, cannot rule out the possibility of us incurring liabilities or suffering losses due to any non-compliance by third parties. For example, if any goods transported by us is damaged, lost or seized due to the mishandling of goods or regulatory non-compliance by any abovementioned third parties during the transportation process, we may be subject to investigation, fines or incur losses. There is no assurance that we will be able to identify irregularities or non-compliance in the business practices of third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputations, and may in turn affect our results of operations and financial performance.

Moreover, regulatory penalties or punishments against our business partners, even without resulting in any legal or regulatory implications upon them, may nonetheless cause business interruptions or even suspension of the activities of these business partners, and may result in abrupt changes in their business emphasis. Any of such changes could disrupt our usual course of business and result in material negative impact on our business operations, results of operation and prospects.

We are required to obtain, renew or maintain permits, licenses and approvals to operate our business, and any delay or inability in obtaining, renewing or maintaining such permits, licenses and approvals could result in adverse impact on our business operations, results of operation and prospects.

For details of the material permits, licenses and approvals relating to our business and operations, please refer to “*Business — Licenses and permits*”.

If we fail to obtain or renew such permits, licenses and approvals, in a timely manner or at all, our business, results of operations, financial condition and cash flows could be adversely affected. Such permits, licenses and approvals are subject to numerous conditions and there is no assurance that these would not be suspended, cancelled or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. For example, we obtained the AEO Advanced Certification in 2014 and became one of the earliest enterprises with such qualification in China. The AEO Advanced Certification enables us to improve our efficiency in providing our integrated supply chain solutions. To maintain this benefit, we are required by the applicable regulation to undertake quinquennial internal audit and undergo the inspection by competent authority, which covers a wide range of business, operation and financial compliance review. The details of our AEO Advanced Certification are set out in “*Business — Licenses and permits*”. While we had not faced any instances of material losses or adverse impacts on our business and operations due

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to any of the foregoing during the Track Record Period, there is no assurance that such circumstances will not materialise in the future. If we fail to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased compliance costs, be subject to penalties or have our approvals and permits revoked, any of which could adversely affect our business operations, results of operation and prospects.

Fluctuations in foreign currency exchange rates may lead to volatility in foreign currency exchange losses and thus could affect our results of operations and financial performance.

Our reporting currency is in Renminbi. The value of RMB against the U.S. dollar, Hong Kong dollar and other currencies fluctuates, which is subject to changes resulting from the PRC government’s policies and mainly depends on domestic and global economic and political development as well as supply and demand of currencies in the local markets. With the development of the foreign exchange market and progress toward interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong dollar, the U.S. dollar or other currencies in the future.

Moreover, the [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. Any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other currencies may result in the decrease in the value of our [REDACTED] from the [REDACTED]. In addition, any fluctuation of Renminbi may affect the value of, and any dividends payable on, our Shares in foreign currencies, and to the best of our knowledge there are limited instruments available to us to reduce our exposure to such foreign currency risk at commercially acceptable costs. Furthermore, we are also currently required to go through certain SAFE procedures before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, results of operations, financial performance and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currencies.

If we are unable to recruit, train and retain qualified personnel or if we fail to do so in a cost efficient manner, our business may be materially and adversely affected.

We intend to hire additional experienced employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly technical and operational personnel with expertise in the integrated supply chain solutions industry or other areas we expand into. The effective operation of our managerial and operating systems, supply chain infrastructure, customer service centre and other back-office functions also depends on the high performance of our management and employees. However, we cannot assure you that we will be able to attract or retain appropriate talent that we will need in order to achieve our strategic objectives.

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Our future success also depends heavily upon the continued services of our senior management and our key employees in various corporate functions, who have contributed significantly to our current achievements. If we are unable to retain the management and key employees required to achieve our business objectives, our business could be severely disrupted.

Demand for our supply chain solutions is subject to seasonality.

The seasonal nature of some of our customers’ businesses, which are primarily located in the PRC, could render our results of operations to fluctuate, and our quarterly or half year results may not reflect our full year results. Generally, we expect customer demand for our supply chain solutions can be seasonal, with slower demand in the first quarter of the year due to the long statutory holidays, such as the Chinese New Year. Other events, such as COVID-19 and imposition of trade tariffs and barriers, particularly those arising from geopolitical tensions, may also disrupt the demand pattern for our supply chain solutions.

Our historical financial and operating results may not be indicative of our future performance.

Our financial condition and results of operations may fluctuate due to a number of factors, many of which are beyond our control, including: (i) our ability to retain and increase the number of our customers; (ii) our ability to obtain favourable terms and conditions from the financial institutions we cooperate for our operation of cross-border fund arrangement; (iii) our success in expanding the market share of our cross-border supply chain solutions and our sales network; and (iv) our success in marketing and promoting our brands and solutions.

In addition, we may not be able to sustain our historical growth rates in future periods, and we may not be able to sustain profitability on an interim or annual basis in the future. Our historical results, growth rates and profitability may not be indicative of our future performance. Our Shares could be subject to significant market volatility should our earnings fail to meet the expectations of the [REDACTED] community. Any of these events could cause the market price of our Shares to materially decrease and in turn, further harm our business, financial condition and results of operations.

We may not be successful in implementing our acquisition plans.

As part of our growth strategy, we may acquire businesses, technologies, services, or products that are complementary to our existing supply chain solutions business. For example, we intend to expand our warehouse operations by acquiring suitable targets. However, the acquisition approach carries several potential risks.

Our ability to effectively integrate new operations, services, and personnel from acquired businesses is crucial for realizing the anticipated benefits of such acquisitions. The integration process can be complex and time-consuming, requiring significant management attention and resources. Any failure to integrate these new entities successfully could disrupt our existing

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operations and negatively impact our business performance. Moreover, acquired businesses may come with unforeseen or hidden liabilities that were not identified during the due diligence process. These liabilities could result in financial losses or legal complications that adversely affect our financial condition. The thoroughness of our due diligence is critical for identifying and mitigating such risks, but there is no guarantee that all potential issues will be uncovered. The process of acquiring and integrating new businesses can also divert significant resources, including management’s attention and our financial resources, away from our existing business operations. This diversion could hinder the execution of our core business strategies and reduce operational efficiency. Additionally, there is a risk that the newly acquired businesses may not generate sufficient revenue to offset the additional costs incurred. This mismatch could lead to financial strain and reduce our profitability.

The expenses associated with acquisitions, including legal, accounting, and advisory fees, can be substantial. These costs may not always be recouped through the operations of the acquired businesses, adversely impacting our financial results. Furthermore, the integration of new businesses could potentially lead to a loss of key employees or harm relationships with existing customers. Disruptions or dissatisfaction during the integration process could result in employee turnover or customer attrition, both of which could negatively impact our operations and revenue.

The complexity and challenges associated with future acquisitions necessitate careful planning, thorough due diligence, and effective integration strategies. Failure to address these risks adequately could undermine our growth objectives and financial stability.

We face risks related to other unforeseeable events, such as outbreak of contagious diseases, including COVID-19, occurrence of force majeure events, regulatory changes and/or natural disasters, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreaks of widespread health epidemics, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. Outbreaks of contagious diseases and other adverse public health developments could severely damage our logistics and warehousing operations, or impair the works of our workforce. The outbreak of any severe epidemic disease, such as avian flu, H1N1 flu, SARS or the COVID-19, may disrupt our business operations such as our warehousing operations in particular, which could negatively affect our financial condition, results of operations, supply chain management and future prospects. The COVID-19 pandemic, in particular, had a marked impact on our business operations and financial performance. For details of such impact, please refer to the section headed “*Business — Impact of COVID-19 pandemic*” in this document. Although the World Health Organization has declared that the COVID-19 pandemic is no longer a global health emergency, we cannot assure you that there will not be a recurrence of the COVID-19 pandemic or similar event of that scale and gravity. Should there be a recurrence of the COVID-19 pandemic or similar event of that scale and gravity, stringent measures may be taken to protect the public health, which could materially and adversely affect our business operations, results of operations and prospects.

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Environmental, social and governance matters may impact our business and reputation.

As global initiatives focus on low-carbon transitions and the PRC moves toward carbon neutrality, the PRC government may introduce new regulations and policies enforcing stricter environmental standards. Such tightened regulations may increase our costs related to environmental protection, thereby potentially affecting our operational results and financial condition negatively. In response to the awareness of environmental, social and governance matters, we have integrated risk factors related to sustainability, including compliance with regulations, environmental protection and social responsibility, into our consideration to mitigate associated impacts and develop best practices in order to achieve long-term growth and sustainability of our business. Please refer to “*Business — Environmental, Social and Corporate Governance*” for further details. Despite these efforts, we cannot guarantee the effective implementation of the relevant governance protocols, including the identification and mitigation of related risks. Failure to comply with these requirements in a timely manner could materially and adversely affect our business operations, results, and financial condition.

RISKS RELATED TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

We may be subject to filing procedure and other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities and future major events.

As the PRC laws and regulations in relation to overseas issuance and [REDACTED] of [REDACTED] develop, we are required to make filings with or report to CSRC or other PRC regulatory authorities for our future capital raising activities.

On 6 July 2021, relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions enhanced administration and supervision on overseas listing by PRC-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by PRC based overseas-listed companies.

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and five supporting guidelines, which came into effect on 31 March 2023. The Trial Measures comprehensively improved and reformed the prior regulatory regime for overseas listing of securities of PRC domestic companies and had regulated both direct and indirect overseas listing of PRC domestic companies’ securities by adopting a filing based regulatory regime.

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According to the Trial Measures, domestic companies seeking to offer or list securities overseas, whether directly or indirectly, must complete the filing procedure and report relevant information to the CSRC. Additionally, they must follow similar procedures and report to the CSRC in the case of subsequent offering or major events. Failure to fulfil these requirements, omission of material facts, falsification of content, or inclusion of misleading statements in filing documents can lead to administrative penalties for the domestic company. These penalties may include orders to rectify, warnings, and fines. Moreover, controlling shareholders, actual controllers, the responsible person, and other liable individuals may also face warnings and fines.

If it is determined that we must comply with any filing or authorization requirements imposed by the CSRC or other PRC governmental authorities for future fundraising activities or other significant events, and we fail to complete these filings or meet these requirements in a timely manner or at all, we could face sanctions from the CSRC or other PRC regulatory bodies. If we are found to be non-compliant with the Trial Measures and thus unable to complete the filing with the CSRC, we may need to delay or cancel our future fundraising activities. Any uncertainties or negative publicity related to these filings or requirements could significantly and adversely impact our business, prospects, financial condition, reputation, and the market price of our Shares.

The interpretation and implementation of laws of the PRC may affect the protection available to us and to our Shareholders.

The PRC legal system is based on written statutes and court decisions have limited precedential value. Laws and regulations are subject to amendment from time to time. As a result, Shareholders need to form a reasonable expectation regarding the legal protections available to them under the PRC system.

From time to time, we may have to resort to administrative and judicial proceedings to enforce our legal rights. The outcome of an administrative or judicial proceeding may be subject to PRC judicial and administrative authorities’ interpretation and implementation based on current laws and regulations.

Furthermore, the PRC legal system may also be influenced by government policies, the interpretation and implementation of which by the PRC administrative authorities may affect our contractual, property and procedural rights, as well as our business, results of operations and financial condition.

Policies regarding currency conversion may impact our ability to use capital effectively and our financial condition, operations and our ability to pay dividends.

The conversion of Renminbi into foreign currency has to comply with the relevant laws and regulations, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. There is no assurance that, under a certain exchange rate, we will have sufficient foreign currencies to meet our foreign exchange requirements. Under the

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current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends following completion of the [REDACTED], do not require prior approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE. There is no assurance that we will be able to receive these approvals in time, or at all. This could restrict the ability of our PRC subsidiaries to obtain debt or equity financing in foreign currencies.

The existing foreign regulations allow us, following completion of the [REDACTED], to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there is no assurance that the PRC government will continue to adopt this policy going forward. If we fail to fulfill the requirements of the PRC foreign exchange control system, we may not be able to pay dividends in foreign currencies to our Shareholders.

Our ability to access credit and capital markets may be adversely affected by factors beyond our control.

Interest rate increases by the PBOC or market disruptions may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we may use to finance our operations and satisfy our obligations as they become due. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. There can be no assurance that the anticipated cash flow from our operations will be sufficient to meet all of our cash requirements, or that we will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect our ability to finance our operations, meet our obligations and/or implement our growth strategy.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC based on foreign laws against us and our Directors and senior management.

The majority of our senior management members reside in the PRC, and most of the assets of our Group are located in the PRC. Therefore, it may be difficult for [REDACTED] to effect service of process upon those persons inside the PRC. However, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met.

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We may be considered a “resident enterprise” under the EIT Law and income tax on the dividends that we receive from our PRC operating subsidiaries may increase.

Our Company was incorporated in the Cayman Islands with limited liability. We conduct most of our business through operating subsidiaries in the PRC. Under the EIT Law, enterprises established under the laws of foreign countries or regions and whose “*de facto* management bodies” are located within the PRC are considered “resident enterprises” and thus will generally be subject to enterprise income tax at the rate of 25% on their global income. On 6 December 2024, the State Council adopted the Implementing Regulations for the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》), effective as at 20 January 2025, which defines the term “*de facto* management bodies” as “bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises”. Currently, our management is primarily based in the PRC, and may continue to be based in the PRC in the future. It is unclear whether tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by Hong Kong individual resident(s) as a PRC resident enterprise, as in our case.

If we were considered a PRC resident enterprise, we would be subject to enterprise income tax at the rate of 25% on our global income, and any dividend or gain on the sale of our Shares received by our non-resident enterprise Shareholders may be subject to a withholding tax at a rate of up to 10%. If our global income were to be taxed under the EIT Law, our financial position and results of operations would be materially and adversely affected.

In addition, if the Hong Kong subsidiary we established as a holding company in our group, namely Hong Kong Union Honest, which presents as the direct and sole shareholder of all our PRC subsidiaries, was also be considered a PRC resident enterprise, it is unclear under the EIT Law as to the detailed qualification requirements for the exemption of dividend payments between qualified PRC resident enterprises from enterprise income tax and whether dividend payments by our PRC operating subsidiaries to the Hong Kong subsidiary would meet such qualification requirements.

There are uncertainties with respect to indirect transfers of assets (including equity interests) of our PRC subsidiaries.

In February 2015, the SAT issued the Announcement on Certain Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (as amended on 17 October 2017 and 29 December 2017) (“**Circular 7**”), which abolished certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises (《關於加強非中國居民企業股權轉讓所得企業所得稅管理的通知》) (“**Circular 698**”), which was previously issued by the SAT in December 2009, as well as certain other rules providing

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clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and also heightens the PRC tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (“**PRC Taxable Assets**”).

Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose. It remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares on a public market by our non-resident enterprise Shareholders or to any future acquisition by us outside of the PRC involving PRC Taxable Assets. As a result, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

You may be subject to PRC income tax on dividends from us or on any gain realised on the sale or other disposition of our Shares under PRC law.

Under the EIT Law and the Implementing Regulations for the EIT Law of the PRC, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from sources within the PRC payable to [REDACTED] that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment if the relevant income is not effectively connected with the establishment. Any gain realised on the transfer of shares by such [REDACTED] is subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual [REDACTED] who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20%, and gains from PRC sources realised by such [REDACTED] on the transfer of [REDACTED] are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Distribution and transfer of funds may be subject to restrictions under the PRC law.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and does not have any business operations other than investments in the subsidiaries. Our Company relies entirely on the dividend payments from our subsidiaries.

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Under the PRC laws, dividends from our subsidiaries in the PRC may only be paid out of distributable after-tax profit, less any recovery of accumulated losses and allocations to statutory funds which are not available for distribution as cash dividends. Any distributable profit that is not distributed in a given year will be retained and made available for distribution in subsequent years. The calculation of distributable profit under PRC accounting principles is different in many respects from Hong Kong accounting principles.

Distributions by our subsidiaries in the PRC to our Company may be subject to governmental approval and taxation. These requirements and restrictions may affect our ability to pay dividends to our Shareholders. Any transfer of funds from our Company to our subsidiaries in the PRC, either as a shareholder loan or as an increase in registered capital, is subject to registration and/or approval granted by PRC governmental authorities. These limitations on the free flow of funds between our Company to subsidiaries in the PRC could restrict our ability to act in response to changing market conditions in a timely manner.

SAFE regulations may impact our ability to finance our PRC subsidiaries effectively with the [REDACTED] from the [REDACTED], which may affect the value of your [REDACTED] and may make it more difficult for us to pursue growth through acquisitions.

We may finance our equity-controlled PRC subsidiaries with the [REDACTED] from the [REDACTED] through overseas shareholder loans or additional capital contributions, which require registration with or approvals from PRC government authorities. On January 11, 2017, the PBOC promulgated *the Notice of People’s Bank of China on Matters Concerning Macro-prudential Management on All-round Cross-border Financing* (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) (the “**Notice 9**”). Pursuant to the Notice 9, the foreign invested enterprises may adopt the currently valid foreign debt management mechanism or the mechanism as provided in the Notice 9 at their own discretion. The Notice 9 provides that, the outstanding cross-border financing of an enterprise shall be calculated using a risk-weighted approach, and shall not exceed the specified upper limit. The Notice 9 further provides that the upper limit of risk-weighted outstanding cross-border financing for enterprises shall be 200% of its net assets or capital. Enterprises shall file with SAFE in its capital item information system after entering into the relevant cross-border financing contracts and prior to three business days before drawing any money from the foreign debts. If we provide funding to our PRC subsidiaries through shareholder loans, in the event that the currently valid foreign debt management mechanism applies, the balance of such loans shall not exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under the relevant PRC laws and their respective registered capital and we will need to register such loans with SAFE or its local branches. In the event that the mechanism under Notice 9 applies, the balance of such loans shall be subject to the risk-weighted approach and the net asset limits and we will need to file the loans with SAFE in its information system. In addition, if we finance our equity-controlled PRC subsidiaries through additional capital contributions, these capital contributions must be filed with the MOFCOM or its local counterpart. The PRC government also restricts the convertibility of foreign currencies into Renminbi and use of the [REDACTED].

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On 30 March 2015, SAFE promulgated Notice of the SAFE on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》(the “Notice 19”), which took effect and replaced previous SAFE regulations from 1 June 2015. SAFE further promulgated the Notice of the SAFE on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the “Notice 16”), effective on 9 June 2016, which, among other things, amended certain provisions of the Notice 19. According to the Notice 19 and the Notice 16, the flow and use of the Renminbi capital converted from foreign currency dominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of the applicable notices and rules may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Control Regulations of the PRC. For further details, please refer to “Regulatory Overview — Laws and regulations relating to foreign exchange”. The applicable foreign exchange notices and rules may significantly limit our ability to convert, transfer and use the [REDACTED] from the [REDACTED] or any [REDACTED] of additional equity securities in the PRC, which may adversely affect our business, financial condition and results of operations. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to making future loans or capital contributions to our PRC subsidiaries with the [REDACTED] from the [REDACTED]. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

RISKS RELATED TO THE [REDACTED]

There has been no prior public market for our Shares, and the liquidity, market price and [REDACTED] volume of our Shares may be volatile.

Prior to the [REDACTED], there had been no public market for our [REDACTED]. The indicative range of the [REDACTED] was determined as a result of negotiations between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company. The [REDACTED] may differ significantly from the market price for our Shares following the [REDACTED]. We have applied for the [REDACTED] of and permission to [REDACTED] our Shares on the Stock Exchange. However, even if approved, being [REDACTED] on the Stock Exchange does not guarantee that an active [REDACTED] market for our Shares will develop following the [REDACTED] or that our Shares will always be [REDACTED] and traded on the Stock Exchange. We cannot assure you that an active [REDACTED] market will develop or be maintained following the completion of the [REDACTED], or that the market price of our Shares will not decline below the [REDACTED].

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The price and [REDACTED] volume of our [REDACTED] may be highly volatile. Factors such as variations in our revenue, earnings and cash flows and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for our products or fluctuations in market prices for comparable companies could cause the market price of our [REDACTED] to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our [REDACTED] will trade.

In addition, stock markets and the shares of companies [REDACTED] on the Stock Exchange have experienced substantial price and volume fluctuations from time to time that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our Shares.

The interests of our Controlling Shareholders may differ from those of our other Shareholders.

Immediately following the [REDACTED], without taking into account the exercise of the [REDACTED], our Controlling Shareholders will beneficially own [REDACTED] of our [REDACTED]. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders choose to cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, those Shareholders may be disadvantaged by the actions that our Controlling Shareholders choose to cause us to pursue.

Our Controlling Shareholders may have significant influence in determining the outcome of any corporate transaction or other matter submitted to our Shareholders for approval, including mergers, consolidations and the sale of all, or substantially all, of our assets, election of Directors, and other significant corporate actions. Our Controlling Shareholders have no obligation to consider our interests or the interests of our other Shareholders.

[REDACTED] for our Shares will experience immediate dilution.

The [REDACTED] is higher than the [REDACTED] asset value per Share. Hence, [REDACTED] of our [REDACTED] will experience an immediate dilution in the unaudited [REDACTED] adjusted [REDACTED] asset value based on the [REDACTED].

Shareholders’ interests in our Company may be diluted as a result of additional equity fund raising.

We may need to raise additional funds due to changes in business conditions, or to finance our future plans, whether in relation to our existing operations or any future acquisitions. If additional funds are raised by way of issuing Shares or equity-linked securities other than on a pro-rata basis to existing Shareholders, our existing Shareholders’ shareholding may be reduced, the [REDACTED] and the [REDACTED] asset value per Shares would diminish and/or such newly issued securities may have rights, preferences and privileges superior to the

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Shares of our existing Shareholders. There was no prior public market for our Shares. If an active [REDACTED] market for our Shares does not develop, the prices of our Shares may be adversely affected and may decline below the [REDACTED]. Further, the [REDACTED] was the result of negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]). [REDACTED] may differ significantly from the market price for our [REDACTED] following the [REDACTED]. Further, we cannot assure you that an active [REDACTED] market will develop or be maintained following completion of the [REDACTED], or that the market price of our [REDACTED] will not decline below the [REDACTED].

[REDACTED] may experience difficulties in enforcing their shareholders’ rights because our Company is incorporated in the Cayman Islands, and the protection to minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

[REDACTED] may experience difficulties in enforcing their shareholders’ rights because our Company is incorporated in the Cayman Islands, and the protection to minority shareholders under the Companies Act may be different from that under the laws of Hong Kong or other jurisdictions.

Our Company is incorporated in the Cayman Islands and its affairs are governed by, among others, the Memorandum and Articles of Association, the Companies Act and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where [REDACTED] may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on among other things, protection of minority Shareholders is set out in Appendix III to this document.

Dividends paid in the past may not be indicative of the amount of future dividend payments or our Group’s future dividend policy.

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 dividends declared and paid as aforesaid do not amount to any guarantee, representation or indication that we must or will declare and pay dividends in such manner in the future or at all. Further details are set out in the section headed “*Financial information — Dividend*” in this document. In particular, we do not have a dividend policy or a pre-determined dividend payout ratio. There is no assurance that we will declare any dividend in the future, or if we declare any dividend, it will be at a level declared prior to the [REDACTED].

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Our management has significant discretion as to how to use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may use the [REDACTED] from the [REDACTED] in ways that you may not agree with or that do not yield a favourable return to our [REDACTED]. By [REDACTED] in our [REDACTED], you are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from the [REDACTED]. Please refer to “*Future Plans and [REDACTED]*” in this document for further details.

Future sales or perceived sales or conversion of substantial amounts of our securities in the public market could adversely affect the market price of our [REDACTED] and our ability to raise capital in the future, or may result in dilution of your shareholding.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, or the issuance of new Shares or other securities relating to our Shares or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future [REDACTED], could materially and adversely affect the prevailing market price of our Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders would experience a dilution in their holdings upon the issuance of additional securities for any purpose. If additional funds were raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders could be reduced and such new securities might confer rights and privileges that take priority over those conferred by our [REDACTED].

A certain number of our [REDACTED] held by our existing Shareholders are or will be subject to contractual and/or legal restrictions on disposal for a period of time after completion of the [REDACTED]. Please refer to “[REDACTED]— [REDACTED] *Arrangements and Expenses — [REDACTED] pursuant to the [REDACTED]*” in this document for further details. After the lapse of the abovementioned restrictions, future sales or perceived sales of substantial amounts of our Shares, or the possibility of such sales by us, could negatively impact the market price of our Shares and our ability to raise equity capital in the future.

There can be no assurance if and when we will pay dividends in the future.

Distribution of dividends shall be formulated by our Board and will be subject to Shareholders’ approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under IFRS, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, relevant laws and regulations and any other factors determined by our Board from time to time to be relevant to

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the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Please refer to “*Financial Information — Dividends*” in this document for further details.

You should read the entire document and we strongly caution you not to place any reliance on any information contained in the press articles, other media and/or research analyst reports regarding us, our business, our industry and the [REDACTED].

There has been, prior to the publication of this document, and there may be subsequent to the date of this document but prior to the completion of the [REDACTED], press, media, and/or research analyst coverage regarding us, our business, our industry and the [REDACTED]. You should rely solely upon the information contained in this document in making your [REDACTED] decisions regarding our Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding our Shares, the [REDACTED], our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this document, we disclaim them. Accordingly, prospective [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of information contained in this document only and should not rely on any other information.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “might”, “plan”, “project”, “propose”, “seek”, “should”, “target”, “will”, “would” and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources and are not a guarantee of future performance. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. [REDACTED] should not place undue reliance on such forward-looking statements and information.

RISK FACTORS

We cannot guarantee the accuracy of certain facts and statistics contained in this document.

Certain facts and statistics in this document have been derived from various official government publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Information derived from official government sources has not been independently verified by us or any of the Sole Sponsor, the [[REDACTED], the [REDACTED], the [REDACTED], the [REDACTED],] the [REDACTED], the [REDACTED] or any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED] and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this document may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon such facts and statistics contained in this document.

The [REDACTED] of our Shares may be volatile, which could result in substantial losses to you.

The [REDACTED] of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have [REDACTED] their securities in Hong Kong may affect the volatility of the [REDACTED] of, and [REDACTED] for our Shares. A number of PRC-based companies have [REDACTED] their securities, and some are in the process of preparing for [REDACTED] their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [REDACTED]. The [REDACTED] performances of the securities of these companies at the time of, or after, their [REDACTED] may affect the overall [REDACTED] sentiment towards PRC-based companies [REDACTED] in Hong Kong, and consequently may impact the [REDACTED] of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules, the secretary of our Company must be a person who has the requisite knowledge and legal experience to discharge the functions of the company secretary and is either (i) a member of the Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong); or (ii) an individual who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Ms. Jiang Xiaojun (姜曉均) and Ms. Wong Wing Yee (黃詠儀) as our joint company secretaries. Ms. Jiang is primarily responsible for our corporate governance matters, information disclosure pursuant to applicable regulatory requirements, investor relationship management and communication with the relevant competent regulatory authorities. Our Directors are of the view that, having regard to Ms. Jiang’s previous work experience in PRC-listed companies and relevant qualifications in the PRC, she is considered appropriate to act as a joint company secretary of our Company. In addition, as our principal business operations are centrally managed in the PRC, our Directors believe that, as a practical matter, it is desirable to appoint Ms. Jiang as a company secretary whose presence in the PRC enables her to promptly attend to the day-to-day corporate secretarial matters concerning our Group.

As Ms. Jiang does not possess a qualification provided under Rule 3.28 of the Listing Rules, she alone is not able to fulfil the requirements as a company secretary of a [REDACTED] issuer under Rules 3.28 and 8.17 of the Listing Rules. Therefore, our Company has appointed Ms. Wong, who is a member of The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in United Kingdom and The Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries), and is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary to work closely with, and provide support to, Ms. Jiang on an ongoing basis.

Pursuant to paragraph 13 of Chapter 3.10 under the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the [REDACTED], and is granted on the condition that Ms. Wong will work closely with Ms. Jiang to jointly discharge the duties and responsibilities as company secretary and assist Ms. Jiang in acquiring the relevant

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Wong will also assist Ms. Jiang in organizing our Board meetings and Shareholders’ meetings as well as other matters which are incidental to the duties of a company secretary. Ms. Wong is expected to work closely with Ms. Jiang and will maintain regular contact with Ms. Jiang, our Directors and senior management. The waiver will be revoked immediately if Ms. Wong ceases to provide assistance to Ms. Jiang as a joint company secretary for the three-year period after the [REDACTED] or where there are material breaches of the Listing Rules by us. In addition, Ms. Jiang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. Ms. Jiang will also be assisted by (a) our Compliance Advisor, particularly in relation to compliance with the Listing Rules; and (b) our Hong Kong legal advisors, on matters concerning our ongoing compliance with the Listing Rules and the applicable laws and regulations. Before the expiration of the initial three-year period, the qualifications of Ms. Jiang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied. We will liaise with the Stock Exchange to enable it to assess whether Ms. Jiang, having benefited from the assistance of Ms. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

For further information on our Directors, see “Directors and Senior Management” in this document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. Fung Yeung (馮揚女士)	House 26 San Simeon Avenue, Phase A Royal Palms Yuen Long, New Territories Hong Kong	Chinese (Hong Kong)
Mr. Cheung Sen Kwong (張晨光先生)	House 26 San Simeon Avenue, Phase A Royal Palms Yuen Long, New Territories Hong Kong	Chinese (Hong Kong)
Non-executive Director		
Mr. Fung So Kwan (馮蘇軍先生)	House 17 Sacramento Avenue Royal Palms Yuen Long, New Territories Hong Kong	Chinese (Hong Kong)
Independent non-executive Directors		
Mr. Mok Kwai Pui Bill (莫貴標先生)	House 28 The Villa Horizon 8 Silver Stream Path Silverstrand Clear Water Bay New Territories Hong Kong	Chinese (Hong Kong)
Ms. Fok Pui Ming Joanna (霍珮鳴女士)	Flat B, 3/F, Aurora 61 Moorsom Road Jardine’s Lookout Hong Kong	Chinese (Hong Kong)
Mr. David Tiang Wei Ping (程偉賓先生)	Flat C, 18/F, Block 20 Baguio Villa, 555 Victoria Road Pok Fu Lam Hong Kong	Malaysian

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Reporting Accountant and Auditor

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

22/F, Prince’s Building

Central

Hong Kong

Legal Advisers to the Company

As to Hong Kong and U.S. laws and as to international sanctions laws:

White & Case

16th Floor, York House

The Landmark

15 Queen’s Road Central

Hong Kong

As to PRC law and as to PRC laws in respect of intellectual property:

DeHeng Law Offices (Shenzhen)

11/F, Section B Anlian Plaza

No. 4018, Jintian Road

Shenzhen

PRC

As to PRC law in respect of data compliance:

Guangdong Lianyue Law Firm

31/F, Kaihua International Center

No. 5, Xiancun Road, Tianhe District

Guangzhou, Guangdong Province

PRC

As to Cayman Islands law:

Harney Westwood & Riegels

14th Floor

Alexandra House

18 Chater Road

Central

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisers to the Sole Sponsor and
the [REDACTED]**

As to Hong Kong and US laws:

Ashurst Hong Kong
43/F, Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC law:

Commerce & Finance Law Offices
12-15th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing
100004 China

Industry Consultant

**Frost & Sullivan (Beijing) Inc., Shanghai
Branch Co.**
Suite 2504 Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

[REDACTED]

[●]

CORPORATE INFORMATION

Registered Office	4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman, KY1-1002 Cayman Islands
Headquarters and Principal Place of Business in the PRC	L24-01, Tower 3 Qianhai Zhuoyue Financial Centre 5033 Menghai Avenue Nanshan Street Qianhai Shenzhen-Hong Kong Cooperation Zone Shenzhen, Guangdong Province, PRC
Principal Place of Business in Hong Kong	19/F., Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company’s Website	<u>www.hopesea.cc</u> (the information contained on this website does not form part of this document)
Joint Company Secretaries	Ms. Jiang Xiaojun (姜曉均) Building. 37, No. 1 Zhangkeng Region Minzhi Village, Longhua District Shenzhen PRC Ms. Wong Wing Yee (黃詠儀) Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Ms. Fung Yeung (馮揚) House 26 San Simeon Avenue, Phase A Royal Palms Yuen Long, New Territories Hong Kong Ms. Wong Wing Yee (黃詠儀) Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

CORPORATE INFORMATION

Audit Committee

Mr. Mok Kwai Pui Bill (莫貴標)
(*Chairperson*)
Mr. David Tiang Wei Ping (程偉賓)
Ms. Fok Pui Ming Joanna (霍珮鳴)

Nomination Committee

Mr. David Tiang Wei Ping (程偉賓)
(*Chairperson*)
Ms. Fok Pui Ming Joanna (霍珮鳴)
Ms. Fung Yeung (馮揚)

Remuneration Committee

Ms. Fok Pui Ming Joanna (霍珮鳴)
(*Chairperson*)
Mr. David Tiang Wei Ping (程偉賓)
Ms. Fung Yeung (馮揚)

Compliance Adviser

Rainbow Capital (HK) Limited
Office No. 710, 7/F Wing On House
71 Des Voeux Road Central
Central
Hong Kong

[REDACTED]

Principal Banks

**China Construction Bank, Shenzhen
Luohu Branch**
East Block, Financial Center Building
Shennan Middle Road
Luohu District
Shenzhen, Guangdong Province
PRC

Bank of China, Tian'an Branch
Tianji Building, Chegongmiao
Futian District
Shenzhen, Guangdong Province
PRC

INDUSTRY OVERVIEW

The information in this section is derived from an independent report prepared by Frost & Sullivan. The industry report prepared by Frost & Sullivan is based on information from its database, publicly available sources, industry reports, data obtained from interviews and other sources. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCES OF INFORMATION AND RESEARCH METHODOLOGY

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan for preparing an independent industry report in respect of the [REDACTED]. The information from Frost & Sullivan disclosed in the document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB565,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

Our Directors have confirmed that there has been no adverse change in the market information since the date of publication of the Frost & Sullivan report, which may qualify, contradict or impact the information in this Industry Overview section. Each of our Directors and the Sole Sponsor has exercised reasonable care in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring that there has been no material omission of the information in this “*Industry Overview*” section.

OVERVIEW OF PRC’S ELECTRONICS INTERNATIONAL TRADE MARKET

Definition of the Electronics International Trade Market

The electronics industry refers to electronics manufactures, mainly including electronic components, electronic equipment, consumer electronics and other devices. As part of global commerce, the electronics international trade is a cross-border trade activity with electronics as trading items, playing a crucial role in fostering worldwide electronics market growth and prosperity.

INDUSTRY OVERVIEW

Introduction of PRC’s Electronics International Trade Market

Electronics international trade occupies an important position in the PRC’s electronics industry, driving industrial advancement and technological progress by importing key electronic components and equipment, and promoting the national economic growth through exports. Driven by opening-up policies and enhancement in product competitiveness, the PRC’s electronics international trade market has maintained strong resilience and growth potential.

With regard to modes of conducting international trade, electronics enterprises are prone to hire cross-border supply chain services providers compared with conducting on their own. The use of cross-border supply chain services has following advantages:

- Cross-border supply chain services providers can provide comprehensive solutions including logistics management, customs clearance and warehousing management, promoting the overall efficiency of cross-border supply chain.
- Cross-border supply chain services providers can reduce the unit cost of transportation and warehousing by consolidating the needs of multiple clients, and enable electronics enterprises to retrench on expenses of building their own warehouse and logistics network.
- Cross-border supply chain services providers have profound experience and professional capabilities in providing solutions regarding international trade regulations, protecting electronics enterprises from potential compliance issues, including those related to customs regulations and procedures.
- Cross-border supply chain services providers can effectively promote the efficiency of the settlement of purchase price, especially in foreign currency. By conducting foreign exchange payments for enterprises, cross-border supply chain services providers can help them reduce the cost of holding foreign exchange and the risks from exchange rate fluctuation. Meanwhile, cross-border supply chain services providers can protect enterprises from compliance issues in foreign exchange management.

Overall, the use of cross-border supply chain services can assist enterprises in navigating the complexities of international trade, effectively reduce trade costs and potential risks, optimize their supply chain, and foster their international competitiveness to achieve sustainable growth in business.

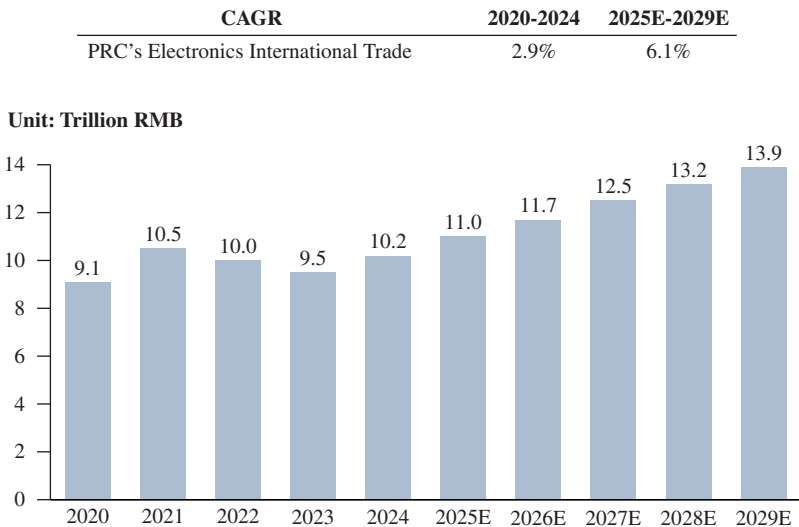
INDUSTRY OVERVIEW

PRC’s Electronics International Trade Market Size

The PRC’s electronics international trade market has experienced fluctuation from 2020 to 2024 with a CAGR of 2.9%. The trade volume increased from RMB9.1 trillion to RMB10.0 trillion from 2020 to 2022 to fulfill accumulated orders owing to the production suspension during the Covid, while the gradual recovery of global electronic market induced the fluctuation of trade volume from RMB9.5 trillion to RMB10.2 trillion during 2023 and 2024.

In the foreseeable future, it is forecasted that the PRC’s electronics international trade market will facilitate the recovery process, benefiting from the surging global electronics market driven by the global economic recovery and the emerging demand from the increasingly intimated regional trade cooperation. Meanwhile, the globalized layout of PRC’s electronics supply chain has enhanced enterprises’ resilience to deal with changes in international trade market, together with the strengthening in the competitiveness of electronics manufactured by Chinese enterprises, including new energy vehicles and consumer electronics. The volume of PRC’s electronics international trade is projected to grow at a CAGR of 6.1% from 2025 to 2029, forecasted to reach RMB13.9 trillion by 2029.

PRC’s Electronics International Trade Market Size, by trade volume



Source: General Administration of Customs of the People’s Republic of China, Frost & Sullivan Report

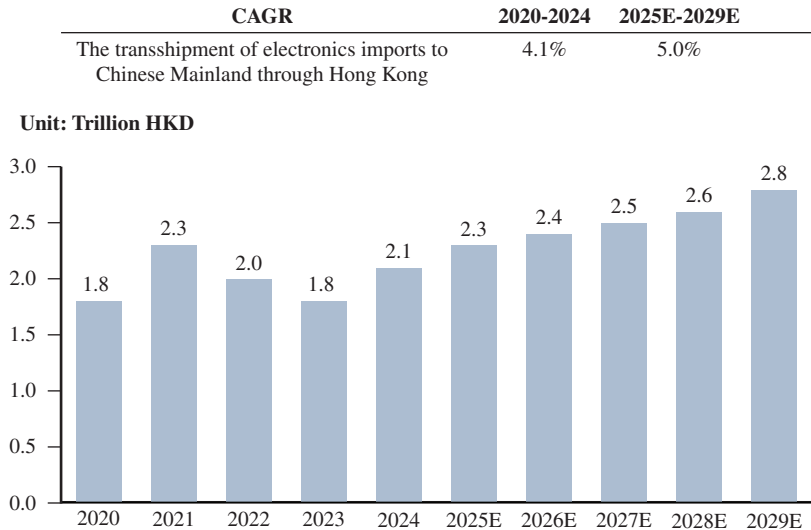
Hong Kong plays an important role in international trade of electronics as an indispensable transshipment hub connecting the Asia-Pacific area. An enormous volume of electronics from the Europe, Japan, South Korea and Taiwan are transhipped to the PRC through Hong Kong every year, when electronics from the PRC are exported overseas through Hong Kong.

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The transshipment of electronics imports to Chinese Mainland through Hong Kong has shown a trend consistent with PRC’s electronics international trade, with a CAGR of 4.1% from 2020 to 2024. The trade volume increased from HK\$1.83 trillion to HK\$2.02 trillion from 2020 to 2022 to satisfy the increasing demand of electronic materials and equipment deriving from accumulated orders during the Covid-19, and the fluctuation of PRC’s electronic market drove the transshipment from HK\$1.82 trillion to HK\$2.15 trillion from 2023 to 2024.

In the foreseeable future, it is forecasted that the transshipment of electronics imports to Chinese Mainland through Hong Kong will experience a steady growth, with the trade volume increasing from HK\$2.27 trillion in 2025 to HK\$2.76 trillion in 2029 with a CAGR of 5.0%, benefiting from the continuous expansion of the PRC’s electronics industry and increasing demand for imports of electronic components and equipment.

The transshipment of electronics imports to Chinese Mainland through Hong Kong, by trade volume



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan Report

The growth drivers of transshipment size of electronics from Hong Kong to Chinese Mainland mainly include:

- Cost and timing efficiency:** Hong Kong is an international free port, adopting tariff-free policies and highly efficient customs clearance procedures for goods imported including electronic materials, equipment and products, increasing its priority as a transshipment hub option for electronics enterprises and cross-border supply chain operators aiming to reduce costs and increase timing efficiency in international trade.

INDUSTRY OVERVIEW

- **Comprehensive and advanced transportation infrastructure:** Electronic components and equipment have high requirements for transportation, including temperature and humidity of storage and efficiency and timeliness of logistics. Hong Kong has comprehensive and advanced infrastructure to satisfy stringent and diversified transportation requirements from electronics products and equipment.

The challenges for Hong Kong as the transshipment center of electronics import of Chinese Mainland mainly include:

- **Competitions from the other major ports:** In recent years, the PRC’s ports have achieved development in infrastructure, including intelligent warehousing systems and logistics hubs and parks. With the further provision of convenient customs clearance policies and favourable tariff terms carried out by the PRC’s government to encourage the international trade of electronics, the status of Hong Kong as the transshipment center will face competitions from the PRC’s ports.
- **Increasing demand for intelligentization:** The global supply chain is accelerating its transformation towards intelligence, forcing traditional hubs for technological upgrading. Hong Kong needs to accelerate the process of intelligentization through upgrading of infrastructure and equipment, and hiring professional talents with experience and skills in intelligent transformation to satisfy the increasing demand for intelligent supply chain.

Growth Drivers of Electronics International Trade Market

Favorable governmental policies

The PRC’s electronics international trade market has received continuous support from the government. Chinese government has introduced a series of policies and regulations aimed at fostering the growth of electronics international trade market:

- The General Administration of Customs of People’s Republic of China has continuously adjusted import tax rates of semiconductor raw materials, components and equipment for electronic manufactures to optimize the costs of electronics enterprises, and revised management regulations of imported and exported electronics to satisfy emerging trade demands of electronics enterprises. In the *Catalogue of Major Technological Equipment and Products Supported by the Government for Development* issued by the General Administration of Customs of People’s Republic of China and other four departments in February, 2025, key equipment of integrated circuit and production equipment of electronic components are included, benefiting from preferential policies for import tax.

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- *The Report on the Work of the Government* issued on *The Third Session of the 14th National People’s Congress* in March 2025 stated that the PRC’s government will continue to expand higher-standard opening up, stabilize foreign trade and investment, and promote stable development of foreign trade.
- In the *Multiple Policy Measures to Boost the Steady Growth of Foreign Trade* issued by the Ministry of Commerce in November 2024, the Ministry of Industry and Information Technology stated that enterprises will be actively guided to integrate into the international industrial chain, and the construction of overseas intelligent logistics platforms and cross-border e-commerce service platforms will be continuously promoted.
- In December 2023, the Ministry of Commerce and other nine ministries and commissions jointly issued *Opinions on Enhancing the Development Level of Processing Trade*, encouraging the international trade of high-added-value products including electronics, and strengthening financial policy support on enterprises conducting electronics international trade.
- In April 2023, the Ministry of Industry and Information Technology and the Ministry of Finance jointly issued *Action Plan for Stable Growth of Electronic Information Manufacturing Industry from 2023 to 2024*, instructing the electronics industry to optimize the structure of export products, increasing the proportion of high-value-added product exports, and promoting the introduction of export tax rebate policies.

Constantly evolving infrastructure

The continuous improvement of infrastructure construction has laid a solid foundation for the development of PRC’s electronics international trade market. The construction of digital logistics integration infrastructure, including intelligent warehousing systems and logistics hubs and parks, makes the logistics of electronics more efficient and intelligent, and improves the response speed and flexibility of the supply chain. Meanwhile, the improvement of infrastructure in transportation safety further satisfies the stringent transportation and warehousing requirements of advanced electronics and equipment.

Booming global electronics demands

As the global trend toward digitalization and intelligentization continues to accelerate, the demand for electronics is experiencing significant growth. As one of the key components and core technologies of electronics market, the demand for integrated circuits is in rapid growth. Due to the globalized distribution of semiconductor resources and technologies, international trade, including raw materials, components and equipment of semiconductor has become a critical part in the development of integrated circuits and is conducted on a larger scale and at a higher frequency. Furthermore, the growth of new energy vehicles has underscored the importance of global supply chain configuration, stimulating the demand for international trade of corresponding electronics such as controllers and sensors.

INDUSTRY OVERVIEW

Elevated competitiveness in electronics manufacturing

With the elevation in the competitiveness of electronics manufacturing, the PRC has become an indispensable part in the global industrial chain, participating extensively in the processing and production stages of different industries, including semiconductors, photovoltaics and new energy vehicles. Therefore, the growing demand for international trade in both raw materials and finished products will foster the development of PRC's electronics international trade and increase the resilience in response to fluctuations in the international trade environment.

Trends of Electronics International Trade Market

Globalization of Chinese electronics enterprises

With the growing trend of a globalized industrial chain and the support of favorable policies, Chinese electronics enterprises have been actively carrying out international cooperation. In terms of technology, Chinese enterprises have achieved global leadership in technology areas such as communication technology, consumer electronics, new energy vehicles, etc. By implementing a globalization strategy, many Chinese enterprises have successfully entered the global market of electronics industry, stimulating the demand for international trade.

Improvement of digitalization

Digitalization has become a dominant force in electronics international trade market with the advancement in technologies such as artificial intelligence and big data, significantly improving the efficiency in transaction processes, including order processing, proxy procurement, customs declaration and logistics management. For instance, artificial intelligence has increased the effectiveness in inventory optimization and automated customer service, reducing the risk and cost of manual operation. Managing integrated digital platform with big data analysis contribute to the enhancement in data transparency and management efficiency in collaborating flow of commerce, flow of goods, flow of funds and flow of information, enabling the synergized management on a global scale. Therefore, enterprises with technological innovation in cross-border trade and supply chain industries will gain a competitive advantage.

Expansion in cross-border supply chain services market

With the transformation and upgrading of PRC's manufacturing industries, the demand for PRC's electronics international trade has been expanding rapidly, especially for advanced electronics. Meanwhile, the transportation and warehousing of advanced electronics impose higher requirements for both quality and timeliness, presenting greater challenges to electronics enterprises in ensuring efficient and reliable delivery. With cross-border supply chain services' advantages in improving trade quality, efficiency and reducing trade cost, it is forecasted that the demand for cross-border supply chain services will increase significantly, facilitating the expansion of the market scale.

INDUSTRY OVERVIEW

OVERVIEW OF PRC’S ELECTRONICS CROSS-BORDER SUPPLY CHAIN SERVICES MARKET

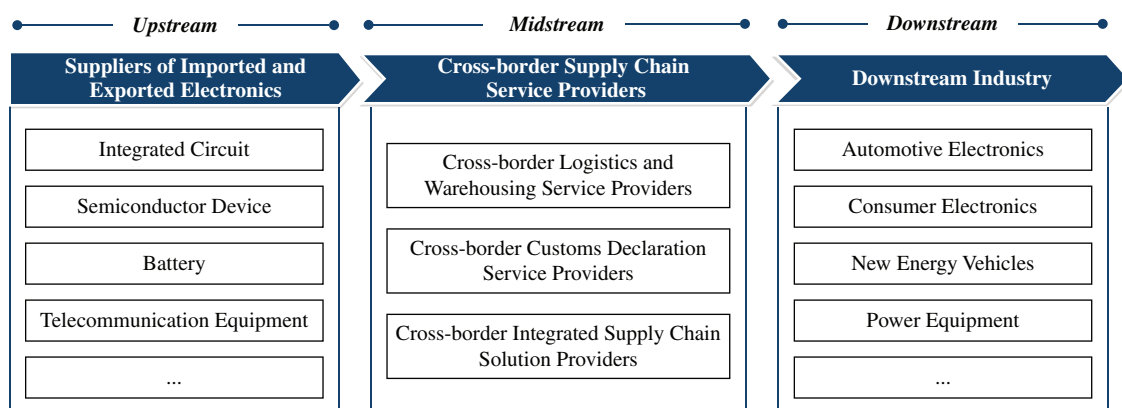
Definition of Electronics Cross-border Supply Chain Services

Electronics cross-border supply chain services refer to the provision of the following services for the import and export trade of electronics through the integration of digital technology and specialized resources:

- Flow of commerce refers to the transaction process between buyers and sellers, including proxy procurement and order processing, supporting the transfer of ownership of goods and ensuring the smooth transaction of goods.
- Flow of goods refers to the physical movement of goods, including transportation services, warehouse management, and customs declaration, ensuring that goods are delivered to the destination on time, safely, and efficiently.
- Flow of funds refers to the transfer of funds in the supply chain process, including financing, and foreign currency settlement, ensuring secure and timely flow of funds.
- Flow of information refers to the transmission of information in the supply chain process, including demand information, inventory information, and logistics information, achieving information collection, processing, transmission, and sharing, enhancing the transparency and collaborative efficiency of the supply chain.

The Industry Chain of Electronics Cross-border Supply Chain Services Market

The following chart illustrates the industry chain of electronics cross-border supply chain services market.



Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

Upstream segment primarily includes suppliers of imported and exported electronics. These entities are responsible for the production of electronics. This segment forms the foundation of the cross-border supply chain, ensuring that a steady flow of electronics is available for further processing and distribution.

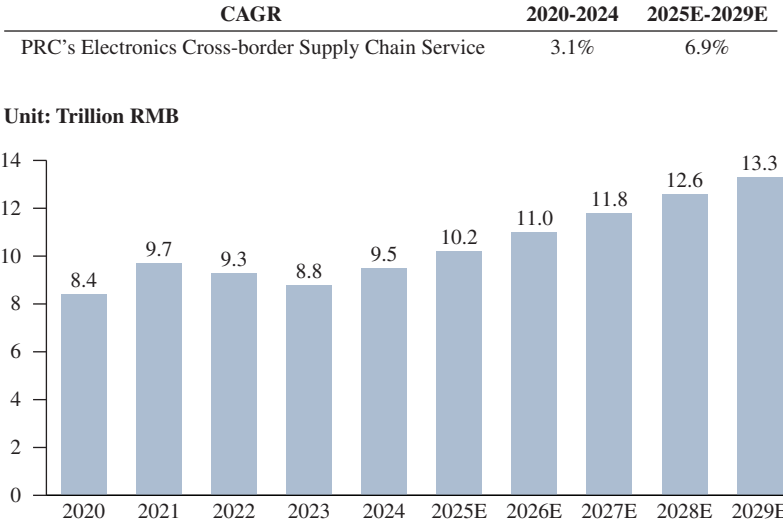
Midstream participants include cross-border supply chain services providers, which encompass cross-border logistics and warehousing services providers, cross-border customs declaration services providers, and cross-border integrated supply chain solution providers. These entities facilitate the movement and storage of cross-border electronics, manage customs declarations, and offer comprehensive solutions to streamline the supply chain process. Their services are essential for ensuring the efficient progress of electronics cross-border trade from the suppliers to the customers.

In the downstream segment, the cross-border supply chain services in the electronics are ultimately applied to downstream industries, containing automotive electronics, consumer electronics, new energy vehicles and power equipment. The successful delivery of goods marks the completion of the supply chain process, ensuring that the electronics reach their intended markets.

Market Size of PRC’s Electronics Cross-border Supply Chain Services Market

Driven by sustained international trade, demands for supply chain services from downstream customers, and the upgrading of supply chain services, the market size of electronics cross-border supply chain services in the PRC increased rapidly and is expected to continue to grow in the future. According to Frost & Sullivan, the GMV of electronics cross-border supply chain services market in the PRC grew from RMB8.4 trillion in 2020 to RMB9.5 trillion in 2024, representing a CAGR of 3.1%, and is expected to reach RMB13.3 trillion in 2029, representing a CAGR of 6.9% from 2025 to 2029.

PRC’s Electronics Cross-border Supply Chain Services Market Size, by GMV



Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

Definition of Electronics Cross-border Integrated Supply Chain Solution

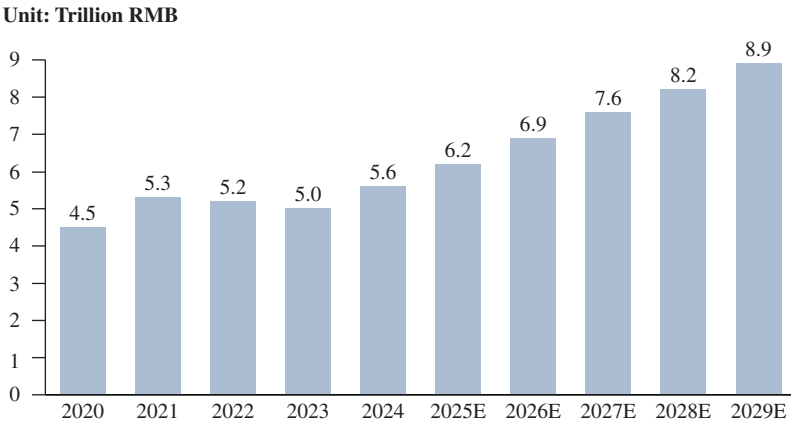
Electronics cross-border integrated supply chain solution refers to the integration of flow of commerce, flow of goods, flow of funds and flow of information among electronics cross-border supply chain services. Specifically, it integrates fragmented and isolated functions such as order processing, proxy procurement, customs declaration, logistics management, financing, data management, trade operations, and settlement into a unified system, providing clients with a comprehensive services solution.

Market Size of PRC’s Electronics Cross-border Supply Chain Services Integrated Solution Market

Owing to intensifying market competition and increasing cost pressure, enterprises are opting for cross-border integrated supply chain solution providers to manage their international supply chain operations. The GMV of electronics cross-border integrated supply chain solution market in the PRC grew from RMB4.5 trillion in 2020 to RMB5.6 trillion in 2024, representing a CAGR of 5.6%. As the integrated solution providers leverage their scale and expertise to reduce costs, while also offer value-added services and information analytics to enhance operational efficiency, an increasing number of PRC companies (including in particular a vast number of them that have specific requirements for electronics) are inclined to outsource their supply chain processes to integrated supply chain solution providers. Therefore, the GMV of electronics cross-border integrated supply chain solution market in the PRC is expected to reach RMB8.9 trillion in 2029, representing a CAGR of 9.5% from 2025 to 2029.

PRC’s Electronics Cross-border Integrated Supply Chain Solution Market Size, by GMV

	CAGR	2020-2024	2025E-2029E
PRC’s Electronics Cross-border Integrated Supply Chain Solution		5.6%	9.5%



Source: Frost & Sullivan Report

INDUSTRY OVERVIEW

Competitive Landscape of PRC’S Electronics Cross-border Supply Chain Services Integrated Solution Market

According to Frost & Sullivan, the market size of electronics cross-border integrated supply chain solution market in the PRC reached RMB5.6 trillion in 2024, with the top five players accounting for 5.21% of the market. In 2024, we ranked as the fourth largest provider of electronics cross-border supply chain services integrated solution in China, accounting for 0.64% of the market.

The following table presents the ranking of PRC’s electronics cross-border integrated supply chain solution market, as measured by GMV in 2024:

Ranking	Company	Company Background	Market Share
1	Company A	A supply chain services provider integrating supply chain platform services, industry chain integration and operation, brand marketing, and corporate financing. It was founded in 1997 and listed on Shenzhen Stock Exchange.	1.56%
2	Company B	An international supply chain logistics services provider, offering end-to-end one-stop intelligent supply chain logistics services. It was founded in 1996 and listed on Shanghai Stock Exchange.	1.43%
3	Company C	An integrated supply chain services provider leveraging digital information systems and integration capabilities across upstream and downstream resources. It was founded in 2001.	1.10%
4	The Company	–	0.64%
5	Company D	An integrated supply chain services provider focusing on information and communication technology industry. It was founded in 2005 and listed on Shenzhen Stock Exchange.	0.48%

Source: Frost & Sullivan Report

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The following table presents comparison analysis on key service offerings among major players in PRC’s electronics cross-border integrated supply chain solution market:

Company	Types of key services offerings	Type of products	Average Fee Rate of cross-border supply chain solutions, 2024 (% of GMV) ¹
The Company . .	Specialized in the provision of cross-border supply chain solutions for electronics, including in particular integrated circuits of various complexities and types	Electronic components, devices and equipment covering industries of IoT communication, semiconductor, computer, smart and robotic solutions and new energies	0.22%
Company A . . .	Focus on supply chain logistics and is dedicated to building an international platform with end-to-end one-stop smart logistics services	Semiconductors, electronics, and large-volume e-commerce products	Approximately 0.70%-0.90%
Company B . . .	Provide intelligent integrated supply chain platform services, including supply chain, industrial chain and industrial incubator	Electronic products, components and communication equipment, covering fields of semiconductor storage categories and AI computing power	Approximately 0.25%-0.30%
Company C . . .	Provide integrated supply chain services including procurement and distribution, warehousing and logistics, and supply chain finance	Computers and related accessories, network equipment, electronic components, servers and storage devices	Approximately 0.20%-0.25%

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Company	Types of key services offerings	Type of products	Average Fee Rate of cross-border supply chain solutions, 2024 (% of GMV) ¹
Company D . . .	Offer integrated supply chain management services including supply chain solution design, procurement and distribution, inventory management, and customs clearance logistics	Electronic components and equipment of semiconductor storage and computing facilities	Approximately 0.30%-0.35%

Source: Official websites of related companies, Frost & Sullivan Report

Note:

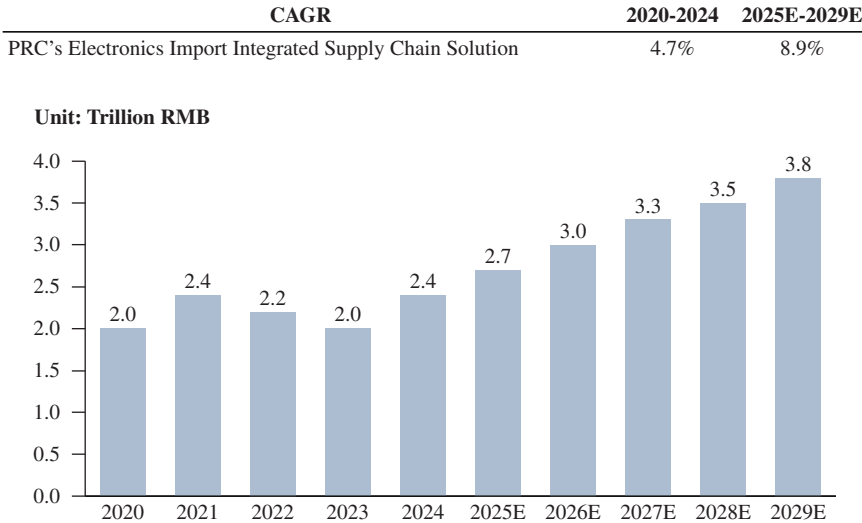
1. Multiple factors should be considered when further analyses on the competitiveness of enterprises are conducted, including types of key services offering with diversity including integrated supply chain solutions, supply chain finance services and other services, scope of products including semiconductors, consumer electronics and electronic equipment, and major costs including logistics, warehousing and customs clearance.

Market Size of PRC’s Electronics Import Integrated Supply Chain Solution Market

In recent years, the stable demand for the import of advanced electronics in the PRC has driven the development of electronics import integrated supply chain solution market in the PRC. According to Frost & Sullivan, the GMV of electronics import integrated supply chain solution market in the PRC grew from RMB2.0 trillion in 2020 to RMB2.4 trillion in 2024, representing a CAGR of 4.7%, and is expected to reach RMB3.8 trillion in 2029, representing a CAGR of 8.9% from 2025 to 2029.

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PRC’s Electronics Import Integrated Supply Chain Solution Market Size, by GMV



Source: Frost & Sullivan Report

Competitive Landscape of PRC’s Electronics Import Integrated Supply Chain Solution Market

According to Frost & Sullivan, the market size of electronics import integrated supply chain solution market in the PRC reached RMB2.4 trillion in 2024, with the top five players accounting for 5.66% of the market.

The following table presents the ranking of PRC’s electronics import integrated supply chain solution market, as measured by GMV in 2024:

Ranking	Company	Company Background	Market Share
1	The Company	–	1.45%
2	Company C	An integrated supply chain services provider leveraging digital information systems and integration capabilities across upstream and downstream resources. It was founded in 2001.	1.25%
3	Company B	An international supply chain logistics services provider, offering end-to-end one-stop intelligent supply chain logistics services. It was founded in 1996 and listed on Shanghai Stock Exchange.	1.18%

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Ranking	Company	Company Background	Market Share
4	Company A	A supply chain services provider integrating supply chain platform services, industry chain integration and operation, brand marketing, and corporate financing. It was founded in 1997 and listed on Shenzhen Stock Exchange.	1.10%
5	Company D	An integrated supply chain services provider focusing on information and communication technology industry. It was founded in 2005 and listed on Shenzhen Stock Exchange.	0.68%

Source: Frost & Sullivan Report

Entry Barriers of Electronics Cross-border Supply Chain Services Market

Qualification barriers

Qualifications including AEO advanced certification, ISO certifications and TAPA FSR 2023 Facility Security Requirements can provide enterprises majored in import supply chain integrated solution with proof of their comprehensive service capabilities and can provide enterprises with stronger competitiveness.

- **AEO advanced certification:** The AEO Advanced Certification mandates robust creditworthiness, financial stability, security systems, and customs compliance. As a high-level qualification of the General Administration of Customs of China, AEO advanced certification makes stringent requirements including a comprehensive risk control system, health financial status and credit record for consecutive years, and capabilities of data management and goods tracking, which requires exceptional management capabilities of electronics import supply chain integrated solution providers.
- **ISO certifications:** ISO certifications necessitate the implementation of standardized systems in production processes, environmental management, and data security. ISO certifications are issued by International Organization for Standardization, raising various requirements on the operation of enterprises. For example, ISO 9001 requires a comprehensive system including standardized procurement, transportation and warehousing, risk control of cargo damage and delayed customs clearance, and customer satisfaction monitoring.
- **TAPA FSR 2023:** TAPA FSR requires for the security of warehousing and storage in transportation, which is a critical requirement for electronics enterprises to choose qualified cross-border supply chain service providers. TAPA FSR 2023 is issued by Transported Assets Protection Association, an international organization specialized in

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supply chain security standards development. TAPA FSR 2023 sets high standards for transportation, including safety and process management of warehousing, technical protection and staff training, requiring continuously investment and dynamic upgrading from enterprises.

The number of market players that have obtained the Authorized Economic Operator Advanced Certification, Facility Security Requirements certification issued by the Transported Asset Protection Association, and relevant ISO certifications are shown as below:

Company	AEO Advanced Certification	FSR TAPA	ISO 9001	ISO 14001	ISO 45001
The Company	✓	✓	✓	✓	✓
Company A	✓	✓	✓	✓	✓
Company B	✓	×	✓	✓	✓
Company C	✓	✓	✓	×	×
Company D	✓	×	✓	×	✓

Source: Official websites of related companies, Official websites of authoritative certification institutes, Frost & Sullivan Report

Funding barriers

Cross-border operations require enterprises to maintain stable capital reserves for managing cash flow fluctuations and extended settlement cycles. Enterprises majored in the PRC’s electronics import supply chain integrated solution may involve advance payment in operations including procurement, logistics, warehousing, customs clearance, etc. In the stage of procurement, enterprises may need to prepay suppliers for their clients. In the stage of customs clearance, enterprises need to make advance payment including tariffs, VAT (Value Added Tax), GST (Goods and Services Tax) and customs clearance charge for clients. Consequently, enterprises need to establish in-depth collaborations with financial institutions to reduce financing costs and improve funding efficiency. Additionally, utilizing financial instruments to hedge currency risks and earn interest rate spread income is essential for operational resilience, which requires extensive experience and frequent communication with commercial banks.

Customer loyalty barriers

Possessing comprehensive advantages of resources encompassing logistics and warehousing, integrated supply chain solution providers deeply embed themselves into customers’ business operations through integrated services and customized value-added solutions, cultivating operational inertia through high supply chain synergy. For electronics enterprises relied on import supply chain, they may incur significant costs in order to switch their import supply chain integrated solution providers, making them reluctant to disrupt

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existing supply chain dynamics. Consequently, an import supply chain integrated solution provider with long-term market verification and recognition will accumulate abundant customer resources and possess advantages in market development.

Growth Drivers of Electronics Cross-border Supply Chain Services Market

Growth in the Need for electronics international trade

The technological leadership of overseas countries in advanced electronics such as integrated circuits and semiconductor devices has stimulated import demand from the PRC’s electronics manufacturers. The import supply chain services market is expanding to meet this demand, ensuring timely delivery and minimal disruption to production processes. Meanwhile, as the global manufacturing hub for electronics, the PRC’s export of electronic products, including computers, mobile phones, and consumer electronics, relies on the support of cross-border supply chain services to ensure efficient global distribution.

Demand from downstream customers

Faced with intensifying market competition, enterprises in the electronics industry need to strengthen cost control and enhance operational efficiency. The situation has prompted these enterprises to strategically outsource functions such as warehousing, logistics, cross-border customs declaration, and foreign currency settlement to professional supply chain service providers, particularly supply chain services integrated solution providers.

Upgrading of supply chain services

Cross-border supply chain services have undergone significant upgrades in various dimensions, enhancing their capabilities and driving market growth. First, the application of big data technology integrates logistics, capital, and information to achieve more efficient and streamlined operation. Second, supply chain services are capable of transporting a growing number of segmented electronic products with optimization in packaging and transportation monitoring to satisfy more stringent and diversified transportation requirements. Additionally, tailored solutions better fulfill clients’ personalized demands, providing customized transportation methods and conditions to ensure the safety and timeliness of orders. These advancements boost service quality, driving the development of the market.

Resilience of Chinese enterprises in international trade

With the steady enhancement of enterprises’ comprehensive competitiveness, the PRC’s position and influence in global trade have been continuously strengthening. Despite fluctuations in global trade policies, Chinese enterprises still exhibit robust import and export demand, demonstrating remarkable resilience, which in turn drives the development of the cross-border supply chain services market.

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Efficiency improvement compared to in-house supply chain

In the electronics industry, enterprises tend to focus on core business including R&D, manufacturing and selling, and outsource non-core business to supply chain services integrated solution providers. Supply chain services integrated solution providers can utilize their resources to provide services with efficiency and gain the advantage of scale for cost control. Supply chain services integrated solution providers can assist enterprises to establish an effective supply chain with lower costs.

Compared to the enterprises’ in-house supply chain process, the processing efficiency for the flow of goods from upstream international supplier to the location designated by enterprises may be effectively improved by supply chain integrated solution providers with their professionalism in each process. The time for customs declaration data collation and product classification can be shorten from approximately one day to approximately one hour with supply chain integrated solution providers’ standardized process, when the whole process can be shortened by three to four days.

Growth Drivers of Electronics Import Supply Chain Integrated Solutions

Growth in the demand for electronics imports

The PRC’s electronics industry has achieved significant development in technology and expansion in scale, especially in the manufacture of advanced electronic product including semiconductors, IoT communication, robotic solutions and new energy. Due to the globalized distribution of electronics industry, the production and manufacturing of electronic raw materials, components, and equipment are dispersed across various regions worldwide. Electronics enterprises rely on import supply chain integrated solutions to achieve cost optimization and technology communication. Correspondingly, the demand for import of electronic materials, components and equipment is increasing.

Raising requirements on the quality and timeliness of supply chain

With the industrial upgrading of the PRC’s electronics industry, enterprises’ demand for importing advanced and sophisticated electronics including electronic components and equipment has gradually increased, which have stringent requirements on the security and timeliness of supply chain. Compared to inhouse supply chain of electronics enterprises, electronics import supply chain provider can offer advanced logistic and warehousing services and devices to satisfy the transportation and storage conditions required, and their experience in customs clearance can facilitate the efficiency of supply chain to meet timeliness.

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Trends of Electronics Cross-border Supply Chain Services Market

Specialization

In the future, cross-border supply chain services providers in the electronics industry will accelerate their transition to specialized and customized services models. By continuously accumulating niche-scenario know-how, they will deliver refined and professional services to clients. These services encompass professional quality inspection to ensure products meet high standard requirements, and efficient classification management to optimize inventory structure and enhance logistics efficiency.

Digitalization

Looking forward, the cross-border supply chain services in the electronics industry will enter a new era of greater digitalization. By deeply integrating big data with supply chain services, the intelligence and automation level of the supply chain management process will be enhanced, which can not only reduce operating costs but also greatly improve overall efficiency. This digital transformation will make supply chain services more transparent, flexible, and responsive.

Comprehensiveness

In the future, cross-border supply chain services providers of electronic components will enhance their service capacity by building intelligent warehouses and establishing own transportation fleet. Intelligent warehouses will integrate automated storage systems, retrieval systems and automated guided vehicles to minimize human errors and enhance productivity by swiftly and consistently handling repetitive tasks. By establishing own fleet, cross-border supply chain service providers will significantly improve operation efficiency, enhance service responsiveness and increase profitability by optimizing transportation routes and utilization of the vehicle space.

Export expansion

The global expansion of PRC’s consumer and new energy electronics markets is set to drive growth in the demand for electronics export supply chain services. In the consumer electronics sector, the PRC enterprises are accelerating brand premiumization while expanding into emerging markets such as Southeast Asia and Latin America. Meanwhile, surging exports of new energy vehicles and photovoltaic products are driving mid-to-downstream supply chain players to establish operations overseas, which in turn stimulates exports of the core components, further boosting demand for export supply chain services.

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Diversified fund arrangement

Cross-border supply chain integrated solution providers tend to operate cross-border fund arrangements to satisfy settlement demands from customers and to optimize their profitability and mitigate risk exposures. Means of cross-border fund arrangement widely applied by the industry peers mainly include Telegraphic Transfer (T/T), foreign exchange forward contract and forfaiting agreement:

- T/T is a common electronic method of transferring funds from one bank account to another, which is welcomed by its flexibility for urgent settlement demands.
- Foreign exchange forward contract is an agreement between cross-border supply chain integrated solution providers and bank to exchange currencies at a predetermined exchange rate on a specified future date, which effectively prevents currency risks and provide stable returns.
- Forfaiting agreement is a financial instrument typically secured or discounted against letters of credit issued by the deposit bank, which is secured against large-denomination certificates of deposits or fixed deposits.

In addition to means mentioned above, commercial banks offer a variety of financial products, with the function of mitigating interest rate risks and exchange rate risks so that cross-border supply chain integrated solution providers can achieve stable profitability. Therefore, it is concluded that the mechanisms of the Group’s cross-border fund arrangements are similar to the industry peers as it adopts similar means in its practices, when specific terms may vary depending on the cooperation with commercial banks.

The identities and backgrounds of market players who operate fund arrangements are as below:

Company ¹	Identity and background
Company A	A supply chain services provider integrating supply chain platform services, industry chain integration and operation, brand marketing, and corporate financing. It was founded in 1997 and listed on Shenzhen Stock Exchange.
Company B	An international supply chain logistics services provider, offering end-to-end one-stop intelligent supply chain logistics services. It was founded in 1996 and listed on Shanghai Stock Exchange.

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Company ¹	Identity and background
Company C	An integrated supply chain services provider leveraging digital information systems and integration capabilities across upstream and downstream resources. It was founded in 2001.
Company D	An integrated supply chain services provider focusing on information and communication technology industry. It was founded in 2005 and listed on Shenzhen Stock Exchange.

Notes:

1. As an integral part of the business model of cross-border supply chain services, top companies provide cross-border fund arrangement services generated from the GMV of cross-border supply chain services to increase the overall profitability.

The impact on the PRC’s electronics cross-border supply chain integrated solution market and PRC’s electronics import supply chain integrated solution market of the trend to promote domestic substitution in the PRC

In recent years, the PRC’s electronics industry has been accelerating the process of domestic substitution, especially in advanced electronics including semiconductors, IoT communication, robotic solutions and new energy. With continuous investment and research, electronics enterprises have achieved technological breakthroughs in key fields, gradually reducing the reliance on imports of basic electronic components and equipment.

The industrial chain of electronics is characterized as globalized distribution of materials, technologies and manufacturing. The electronics industry demands for a variety of raw materials, when resources are distributed in different regions globally, relying on global supply chains for transportation and distribution. From the perspective of technology, different countries have advantages in different subsectors of the electronics industry, requiring for the international supply chains of related products. Furthermore, the globalized production system is an important way for electronic enterprises to achieve cost optimization, relying on cross-border supply chains for transportation.

In the foreseeable future, the PRC’s electronics industry will gradually shift to the core of the industrial value chain. Correspondingly, with the nature of the globalized distribution of electronic supply chain, the major content of electronic import will gradually migrate from primary products such as components of consuming electronics to advanced products, key materials and equipment such as high-performance chips and high-precision stepper, proposing more stringent requirement on the professional capabilities of supply chain services.

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With cross-border supply chain integrated solutions’ advantages in improving trade quality, efficiency and reducing trade cost, the demand for cross-border supply chain services will increase, and electronics import supply chain integrated solution providers with more professional capabilities and competitive advantages will further seize market share.

Geopolitical and international trade tensions

In recent years, the geopolitical environment has shown an unstable state in form of international trade tensions in the form of trade restriction policies including punitive tariffs, significantly affecting the order of international trade. In the electronics industry, especially for advanced electronic components, products and equipment, policies of technological blockage and trade restrictions have been consecutively introduced and implemented, bringing uncertainty development of the electronics industry in a global scale.

The fluctuation in the international trade has certainly impacted the industrial development and business operations of China’s electronics industry. Electronics companies relying on import supply chain of key components and equipment may face the risk of operational stability, while enterprises focusing on export of electronic products may experience a decline in business demand due to increasing export costs caused by restriction policies such as punitive tariffs. The contraction of imports and exports of electronics may reduce the demand for cross-border supply chain services, influencing the growth momentum of the electronics cross-border supply chain services market.

Despite significant challenges, China’s electronics industry has demonstrated strong resilience with its advancement in comprehensive competitiveness in mature industrial ecology and technological development. With the progress in technology, China’s electronics companies are becoming more independent in some technical field, achieving a higher degree of domestic substitution of some key components and core technologies and shifting the import demand towards raw materials. Meanwhile, the advancement in product competitiveness enhances irreplaceability of Chinese electronic products, guaranteeing the resilience in export demand. Correspondingly, the electronics cross-border supply chain services market will keep a strong resilience in the fluctuation of international trade.

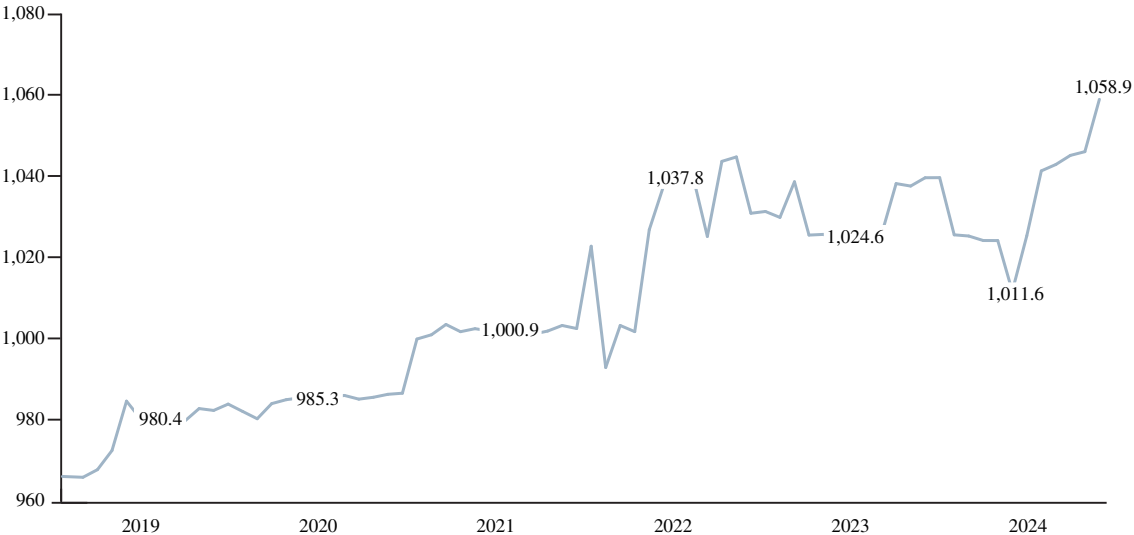
Historical price of China’s road logistics

Road logistics is a part of the cost composition of cross-border supply chain services, which can be reflected by China’s road logistics price index. Due to factors including ascending fuel price fluctuation, increased labor and vehicle costs and other compliance-related operating costs, China’s road logistics price index has shown an upward trend each year since 2019. By December 2024, the index had reached 1,058.9 points.

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With the continued recovery of China’s economy and steady growth in logistics demand, the road logistics price index is expected to experience mild fluctuations while maintaining an overall upward trend. Upward pressure on the index may persist due to factors including rising labor costs, and fluctuation in fuel prices. However, in the long term, technological advancements — particularly the adoption of autonomous driving technologies, intelligent dispatching systems, and new energy trucks — are anticipated to improve operational efficiency and reduce overall costs, which may help mitigate the upward pressure on road logistics price index.

China Road Logistics Price Index



Source: China Federation of Logistics & Purchasing, Frost & Sullivan Report

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During the Track Record Period, our business and operations are principally based in the PRC and Hong Kong. We are subject to a variety of laws and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities in the PRC and Hong Kong.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN THE PRC

Laws and Regulations Relating to Company and Foreign Investment

The establishment, operation and management of corporate entities in the PRC are governed by *the Company Law of the PRC* (《中華人民共和國公司法》) (the “**Company Law**”), which was promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on 29 December 1993, last amended on 29 December 2023 and took effect on 1 July 2024. The Company Law generally governs two types of companies, namely limited liability companies and joint stock companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock company is limited to the amount of registered capital they have contributed. The Company Law shall also apply to foreign invested companies in the form of a limited liability company or a joint stock company.

Foreign invested entities in the PRC are also subject to the foreign investment laws and regulations, including *the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which was promulgated by the National People’s Congress (the “**NPC**”) and became effective on 1 January 2020, and *the Implementing Regulations for the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法實施條例》), which was promulgated by the State Council on 26 December 2019 and became effective on 1 January 2020. According to the Foreign Investment Law, the PRC adopts a pre-establishment national treatment and negative list management system for foreign investment.

On 6 September 2024, the NDRC and the MOFCOM jointly issued *the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), which came into effect on 1 November 2024. The Negative List uniformly sets forth the ownership requirements, requirements for senior management, and other special administrative measures for the access of foreign investment. Fields not on the Negative List shall be administered under the principle of equal treatment for both domestic and foreign investment. On 15 December 2025, the MOFCOM and the NDRC promulgated *the Catalogue of Encouraged Industries for Foreign Investment (Edition 2025)* (《鼓勵外商投資產業目錄(2025年版)》) (the “**Encouraged Catalogue**”), which came into effect on 1 February 2026. The Encouraged Catalogue lists the industries that encourage foreign investment. As at the Latest Practicable Date, our business does not fall within the scope of the Negative List and the Encouraged Catalogue.

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Pursuant to *the Measures on Reporting of Foreign Investment Information* (《外商投資信息報告辦法》), jointly promulgated by the MOFCOM and the State Administration for Market Regulation (the “SAMR”) on 30 December 2019 and effective 1 January 2020, if any foreign investor directly or indirectly carries out investment activities in the PRC, the foreign investor or the foreign-invested enterprise shall submit the investment information in a timely manner to the competent commerce department.

Laws and Regulations Relating to Customs

According to *the Customs Law of the PRC* (《中華人民共和國海關法》) promulgated by the SCNPC on 22 January 1987, last amended and implemented on 29 April 2021, unless otherwise provided for, the declaration of imported or exported goods may be made by the consignors or consignees, or the entrusted customs declaration enterprises. The consignee of imported goods and the consignor of exported goods shall make an accurate declaration and submit the import or export license and relevant papers to the Customs office for examination.

Pursuant to *the Administrative Provisions of the Customs of the PRC on Record-filing of Customs Declaration Entities* (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs (the “GAC”) on 19 November 2021 and effective from 1 January 2022, the consignees or consignors of imported or exported goods as well as the customs declaration enterprises engaged in customs declaration shall carry out the record-filing procedures with the relevant customs administrative department.

Pursuant to *the Export Control Law of the PRC* (《中華人民共和國出口管制法》) issued by SCNPC on 17 October 2020, no organization or individual may provide exporters with services such as agency, freight, delivery, customs declaration, third-party e-commerce transaction platforms and finance services, that are engaged in illegal acts related to export control. Where any party is aware that an exporter engages in illegal acts concerning export control but still provides it with the aforementioned services, it shall be given a warning, ordered to stop the illegal acts, its illegal gains shall be confiscated, and a fine of not less than three times but not more than five times the illegal turnover shall be imposed on it concurrently if its illegal turnover is more than RMB100,000, or a fine of not less than RMB100,000 but not more than RMB500,000 shall be imposed on it concurrently if there is no illegal turnover or the illegal turnover is less than RMB100,000.

Laws and Regulations Relating to Road Transportation

Pursuant to *the Road Transport Regulation of the PRC* (《中華人民共和國道路運輸條例》) promulgated on 30 April 2004 and last amended on 20 July 2023 by the State Council, and *the Provisions on the Administration of Road Freight Transport and Stations (Sites)* (《道路貨物運輸及站場管理規定》) issued by the Ministry of Transport on 16 June 2005 and last amended on 10 November 2023, individuals and institutions are required to obtain a Road Transport Business License issued by the local transportation authority to conduct road transportation business, and each vehicle used for road transportation must have a Road Transportation Permit from the same authority. Those who use ordinary freight vehicles with

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a total mass of 4,500 kg or less to engage in ordinary freight operations do not need to apply for a Road Transport Business License and a Road Transportation Permit. The latest revision of The Provisions on the Administration of Road Freight Transport and Stations (Sites), promulgated by the Ministry of Transport on 6 February 2026, shall come into force on 20 March 2026.

Laws and Regulations Relating to International Freight Forwarding

Pursuant to *the Regulations of the PRC on Management of International Freight Forwarders* (《中華人民共和國國際貨物運輸代理業管理規定》) promulgated and implemented by the Ministry of Foreign Trade & Economic Cooperation (the former entity of the MOFCOM) on 29 June 1995, and *the Detailed Rules for Implementation of Regulations of the PRC on the Administration of International Freight Forwarding Industry* (《中華人民共和國國際貨物運輸代理業管理規定實施細則》) promulgated by the MOFCOM on 1 January 2004, the international freight forwarding operations of an international freight forwarder as an agent refer to the activities whereby, entrusted by the consignee or consignor of import and export cargo or their agents, it handles related operations in the name of its clients or its own, and collects agent fees or commissions. International freight forwarders shall possess the enterprise legal person qualification of the PRC according to law.

Pursuant to *the Measures (Provisional) on Filings by International Freight Forwarding Agencies* (《國際貨運代理企業備案(暫行)辦法》) promulgated on 2 March 2005 and last amended on 18 August 2016, all international freight forwarders and their branches registered with the SAMR must be filed with the MOFCOM or its authorized organs.

Laws and Regulations Relating to Foreign Exchange

According to *the Foreign Exchange Control Regulations of the PRC* (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996, last amended and implemented on 5 August 2008, RMB is freely convertible into other currencies for current accounts such as trade-related income and expenses and payments of interest and dividends. While for capital items such as direct equity investment, loan and divestment, the conversion of RMB into other currencies and the remittance of the converted foreign currencies outside the PRC shall be subject to prior approval of the SAFE or its local branches.

Pursuant to *the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment* (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE on 13 February 2015, implemented on 1 June 2015 and partially abolished on 30 December 2019, banks shall, on behalf of the SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

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The Notice 19 allows foreign-invested enterprises to make equity investments by using RMB funds converted from foreign exchange capital. Under the Notice 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. Furthermore, the Notice 19 and *the Notice 16* stipulates that foreign-invested enterprises shall not use the RMB funds obtained from foreign exchange capital for payment outside of the business scope of the enterprises, investment in securities or financial schemes other than wealth management products and structured deposits with risk rating results not higher than Level 2, granting loans to unrelated enterprises or constructing or purchasing real estate that is not for self-use.

The Notice of the SAFE on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was issued by the SAFE on 23 October 2019, last amended and implemented on 4 December 2023, cancelled restrictions on the domestic equity investment by non-investment foreign-invested enterprises with their capital funds. The non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Negative List and the authenticity and compliance of their domestic invested projects.

According to *the Notice of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business* (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on 10 April 2020, eligible enterprises are allowed to make domestic payments by using their income under capital accounts, such as capital funds, foreign debts and the proceeds from overseas listing, without submitting the evidentiary materials concerning authenticity of such capital to banks in advance; provided that their capital use is authentic and in line with provisions, and in compliance with the prevailing administrative regulations on the use of income under capital accounts. The bank in charge shall conduct spot checks in accordance with the relevant requirements.

According to the *Guidelines for Current Account Foreign Exchange Business (2020 Edition)* (《經常項目外匯業務指引(2020年版)》) issued by the SAFE on 28 August, 2020, enterprises shall handle foreign exchange payments for goods trade in accordance with the principle of “Importers settle in foreign currency” (“誰進口誰付匯”), except as otherwise specified in foreign exchange administration regulations.

According to the *Notice of the State Administration of Foreign Exchange on Further Promoting the Foreign Exchange Market to Serve the Real Economy* (《國家外匯管理局關於進一步促進外匯市場服務實體經濟有關措施的通知》) issued by the SAFE on 12 May 2022, in order to further advance the development of the foreign exchange market and better serve market entities in managing foreign exchange risks, the SAFE supports expanding the scope of

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cooperative RMB foreign exchange derivatives business. Qualified banks may provide their cooperating banks with RMB foreign exchange cooperative derivatives services, including cooperative forward foreign exchange settlement and sale, cooperative foreign exchange swaps, and cooperative currency swaps. Cooperating banks that meet the relevant requirements may conduct cooperative RMB foreign exchange derivatives business in accordance with regulations.

According to the *Measures for the Administration of Banks' Foreign Exchange Settlement and Sale Business* (《銀行辦理結售匯業務管理辦法》) issued by the PBOC on 22 June 2014, upon approval by the SAFE, banks may conduct foreign exchange settlement and sale business, which includes spot foreign exchange settlement and sale business and RMB foreign exchange derivative products business. RMB foreign exchange derivative products business refers to forward foreign exchange settlement and sale, RMB foreign exchange futures, RMB foreign exchange swaps, RMB foreign exchange options and other such businesses as well as their combinations.

According to the *Implementation Rules for the Measures for the Administration of Banks' Foreign Exchange Settlement and Sale Business* (《銀行辦理結售匯業務管理辦法實施細則》) issued by the SAFE on 25 December 2014 and implemented on 1 January 2015, banks shall adhere to the principle of genuine need when conducting derivative products business with clients. Clients engaging in derivative products business must have a real need to hedge foreign exchange risk exposures, and the foreign exchange assets and liabilities they hold as the transaction basis, as well as their expected future foreign exchange receipts and payments, shall be eligible for spot foreign exchange settlement and sale business in accordance with foreign exchange administration regulations.

Laws and Regulations Relating to Property

According to the *Civil Code of the PRC* (《中華人民共和國民法典》) (the “**Civil Code**”) promulgated by the NPC on 28 May 2020, which became effective on 1 January 2021, the creation, change, transfer and cancellation of real estate rights shall be registered in accordance with the law. The creation and transfer of movable property rights shall be delivered in accordance with the law. Owners shall have the rights to possess, use, benefit from and dispose of their real estate or movable properties in accordance with the law.

Pursuant to the *Administrative Measures on Leasing of Commodity Housing* (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development (the “**MOHURD**”) on 1 December 2010 and implemented on 1 February 2011, parties to house leasing shall register with the property administrative department at which the property is situated within 30 days after entering into the property leasing contract. In case of violation, the property administrative department shall order the party to rectify the breach within a specified period and may impose a fine of RMB1,000 to RMB10,000 if the rectification is not completed in time.

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According to the Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Additionally, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

According to *the Interpretation of Supreme People’s Court on Several Issues Concerning the Specific Application of Law in the Trial of Cases Involving Disputes over Contracts for Lease of Urban Houses* (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋》), which took effect on 1 January 2021, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, and the lessee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee’s realization of the mortgage right.

Laws and Regulations Relating to Fire Security

Pursuant to *the Fire Control Law of the PRC* (《中華人民共和國消防法》) promulgated by the SCNPC on 29 April 1998, last amended and implemented on 29 April 2021, for special construction projects stipulated by the MOHURD, the construction entity shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those special construction projects, the construction entity shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to *the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects* (《建設工程消防設計審查驗收管理暫行規定》) promulgated on 1 April 2020 and amended on 21 August 2023, an examination system for fire prevention design and acceptance applies only to special construction projects, and for other projects, a record-filing and spot-check system applies.

According to *the Administrative Measures for the Administration of Fire Safety in Leased Factory Buildings and Warehouses (for Trial Implementation)* (《租賃廠房和倉庫消防安全管理辦法(試行)》) promulgated on 14 July 2023 by the National Fire and Rescue Administration and taking effect on the same day, the lessor, lessee and property service enterprise of a leased factory building or warehouse shall fulfil their relevant fire safety duties and strengthen fire safety management. In addition, the leased factory buildings and warehouses shall comply with the fire safety requirements, and the nature and functions of the use of the factory buildings and warehouses shall not be changed in violation of the provisions.

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Laws and Regulations Relating to Intellectual Property Rights

Trademarks

Pursuant to *the Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated on 23 August 1982, last amended on 23 April 2019 and implemented on 1 November 2019 by the SCNPC, and *the Implementing Regulations for the Trademark Law of the PRC* (《中華人民共和國商標法實施條例》) promulgated on 3 August 2002, last amended on 29 April 2014 and implemented on 1 May 2014 by the State Council, registered trademarks in the PRC include commodity trademarks, service trademarks, collective trademarks and certification trademarks. The Trademark Office of China National Intellectual Property Administration handles trademark registrations and grants a term of ten years to registered trademarks, and another ten years if requested upon expiration of the first or any renewed ten-year term.

Domain Names

Pursuant to *the Administrative Measures on Internet Domain Names* (《互聯網域名管理辦法》) promulgated on 24 August 2017 and implemented on 1 November 2017 by the Ministry of Industry and Information Technology (the “MIIT”), the MIIT is the major regulatory body for national domain name services. The principle of “first-to-file” is adopted for domain name services. The applicant for domain name registration shall provide the domain name registration service organisations with true, accurate and complete domain name registration information of the domain name holder such as the identity information, and sign the registration agreement. Upon completion of the domain name registration, the applicant becomes the holder of the registered domain name.

Copyright

Pursuant to *the Copyright Law of the PRC* (《中華人民共和國著作權法》) (the “**Copyright Law**”), promulgated by the SCNPC on 11 November 2020 and effective as at 1 June 2021, as well as *the Implementing Regulations for the Copyright Law of the PRC* (《中華人民共和國著作權法實施條例》) promulgated by the State Council on 30 January 2013 and effective as at 1 March 2013, Chinese citizens, legal persons, or organizations without legal personality enjoy copyright over their works, whether published or not. For the purpose of the Copyright Law, works shall refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form, such as written works, oral works, audio-visual works and computer software. The copyright holder enjoys multiple rights, including the right of publication, the right of authorship and the right of reproduction. In addition, the Copyright Protection Center of China (the “CPCC”) administers a voluntary registration system and issues a work registration certificate upon successful registration.

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Computer Software Copyright

Pursuant to *the Regulations on the Protection of Computer Software* (《計算機軟件保護條例》) promulgated on 4 June 1991 by the State Council and last amended on 30 January 2013 and *the Measures for Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》) promulgated on 6 April 1992 and last amended by the National Copyright Administration of China (the “NCAC”) on 1 July 2004, the NCAC is mainly responsible for the registration and management of software copyright in the PRC and recognizes the CPCC as the software registration organization. The CPCC shall grant certificates of registration to computer software copyright applicants in compliance with *the Regulations on the Protection of Computer Software* and *the Measures for Registration of Computer Software Copyright*.

Laws and Regulations Relating to Tax

EIT

Pursuant to the EIT Law promulgated by the SCNPC on 16 March 2007 and last amended and implemented on 29 December 2018, and *the Implementing Regulations for the EIT Law of the PRC* (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on 6 December 2007 and last amended on 6 December 2024, an enterprise lawfully incorporated in the PRC, or an enterprise lawfully incorporated pursuant to the laws of a foreign country or region outside Mainland China but whose actual management functions are conducted in the PRC, shall be regarded as a resident enterprise. A resident enterprise shall be subject to EIT at a rate of 25% on any income generated within or outside the PRC.

Pursuant to *the Notice of the MOF and the STA on Continued EIT Preferential Policies for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone* (《財政部稅務總局關於延續深圳前海深港現代服務業合作區企業所得稅優惠政策的通知》), which was jointly issued by the MOF and the STA on 27 May 2021, if a company conducts its main business in industrial projects specified in *the Catalogue of EIT Preferential Policies for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Edition 2021)* (《前海深港現代服務業合作區企業所得稅優惠目錄(2021版)》), and the main business generates over 60% of its total amount of incomes, the company is entitled to a preferential EIT rate of 15%. Our PRC subsidiaries, namely, Shenzhen HFY Supply Chain, Shenzhen HFY E-commerce and Shenzhen HFY Smart Supply Chain, qualify for this tax preferential treatment. Pursuant to the Notice on Continuing the Implementation of the EIT Preferential Policies for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (《關於延續實施前海深港現代服務業合作區企業所得稅優惠政策的通知》), jointly issued by the MOF and the STA on 19 January 2026, the term of the aforesaid preferential EIT policy was extended to 31 December 2027.

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VAT

Pursuant to the VAT Law of the PRC (《中華人民共和國增值稅法》), promulgated by the SCNPC on 25 December 2024 and effective from 1 January 2026, taxpayers that sell goods, provide processing, repair and replacement services, provide leasing services of tangible movable property, or import goods are generally subject to VAT at a rate of 13%; taxpayers that sell transport services, postal services, basic telecommunications services, construction services, or real property leasing services, sell real property, transfer land use rights, or sell or import the goods listed below are generally subject to VAT at a rate of 9%; taxpayers that sell services or intangible assets are generally subject to VAT at a rate of 6%; and taxpayers that export goods are generally subject to a zero rate of VAT.

Dividend Withholding Tax

The EIT Law and the Implementing Regulations for the EIT Law of the PRC provides that since 1 January 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors that do not have an establishment or place of business in the PRC, or that have such an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to *the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income* (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Double Tax Avoidance Arrangement**”), the withholding tax rate in respect of the payment of dividends by a PRC enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise.

However, according to *the Notice of the STA on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties* (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) issued by the STA on 20 February 2009, if the relevant PRC tax authorities determine, at their discretion, that a company benefits from the reduced income tax rate due to a structure or arrangement primarily driven by tax considerations, such PRC tax authorities may adjust the preferential tax treatment. *The Announcement of the STA on Issues Relating to “Beneficial Owner” in Tax Treaties* (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》), issued by the STA on 3 February 2018, and effective as at 1 April 2018, outlines factors that support or hinder the determination of an applicant’s status as a “beneficial owner.” Applicants not recognized as beneficial owners will not qualify for the aforementioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

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Transfer Pricing

According to *the Announcement of the STA on Matters Relating Improved Administration of Related Party Declarations and Contemporaneous Documentation* (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》) promulgated on 29 June 2016, and *the Administrative Measures on Special Tax Investigation Adjustment and Mutual Agreement Procedure* (《特別納稅調查調整及相互協商程序管理辦法》) implemented on 1 May 2017 and was partially invalid on 15 June 2018, related-party transactions should comply with the arm’s length principle and if the related-party transactions fail to comply with the arm’s length principle resulting in the reduction of the enterprise’s taxable income, the relevant tax authorities have power to make adjustments. When implementing transfer pricing investigation, the relevant tax authorities shall conduct comparability analysis and select a reasonable transfer pricing method for the analysis of the related-party transactions. The transfer pricing methods include the comparable uncontrolled price method, the resale price method, the cost-plus method, the net profit method, the profit split method and other methods in line with the arm’s length principle. In addition, enterprises whose related-party transactions meet the reporting criteria shall prepare transfer pricing documentation for each tax year and, where required, submit it to the relevant tax authorities. Transfer pricing documentation includes the master file, local file, and special issue file, each of which is applied to different circumstances in relation to the related-party transactions of the PRC company.

Tariff

Pursuant to *the Tariff Law of the PRC* (《中華人民共和國關稅法》) (the “**Tariff Law**”), which was issued by the SCNPC on 26 April 2024 and which became effective on 1 December 2024, customs duties shall be imposed by the relevant customs administrative department on goods approved for import and export, as well as articles entering the territory, in accordance with the Tariff Law and relevant laws and administrative regulations. The consignee of imported goods, the consignor of exported goods, and the carrier or recipient of articles entering the territory are the taxpayers of customs duties. E-commerce platform operators involved in cross-border e-commerce retail imports, logistics enterprises, and customs declaration enterprises, along with entities and individuals required to withhold or collect and remit customs duties as prescribed by laws and administrative regulations, are designated as withholding agents for customs duties. The tariff classification, tariff rates, and rules governing the application of tariff classification and tariff rates for import and export goods shall be enforced in accordance with *the Customs Import and Export Tariff of the PRC (2025)* (《中華人民共和國進出口稅則(2025)》), which was issued by the Customs Tariff Commission of the State Council on 30 December 2024 and which became effective on 1 January 2025.

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Laws and Regulations Relating to Employment and Social Security

Labour Contract

Pursuant to *the Labour Law of the PRC* (《中華人民共和國勞動法》) promulgated by the SCNPC on 5 July 1994 and last amended and implemented on 29 December 2018, *the Labour Contract Law of the PRC* (《中華人民共和國勞動合同法》) promulgated by the SCNPC on 29 June 2007, last amended on 28 December 2012 and implemented on 1 July 2013 and *the Implementing Regulations for the Labour Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》) promulgated and implemented by the State Council on 18 September 2008, an employer shall establish and improve labour rules and regulations according to the laws, shall strictly comply with the national standards, shall provide relevant training to its employees, shall protect their labour rights, and shall perform its labour obligations. If an employer establishes a labour relationship with an employee, labour contracts shall be categorised into fixed-term labour contracts, unfixed-term labour contracts and labour contracts for the completion of certain work assignments. The wages payable by an employer to its employees shall not be less than the local minimum wage. In addition, an employer must establish and improve the labour safety and health system, stringently implement national protocols and standards on labour safety and health, conduct labour safety and health education for employees, so as to prevent accidents in the labour process and reduce occupational hazards.

Social Insurance and Housing Provident Fund

Pursuant to *the Social Insurance Law of the PRC* (《中華人民共和國社會保險法》) promulgated by the SCNPC on 28 October 2010 and last amended and implemented on 29 December 2018, *the Provisional Regulations for the Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council on 22 January 1999 and last amended and implemented on 24 March 2019, *the Regulations on the Housing Provident Fund* (《住房公積金管理條例》) promulgated by the State Council on 3 April 1999 and last amended and implemented on 24 March 2019 and other applicable PRC laws and regulations relating to social insurance, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity leave insurance, and to housing provident funds, in full and in a timely manner. These payments are made to local administrative authorities, and any employer who fails to contribute may be fined and/or ordered to pay the deficit amount within a stipulated time limit.

Pursuant to the *Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (II)* (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)), promulgated by the Supreme People’s Court on 31 July 2025 and entering into force on 1 September 2025, any agreement between an employer and an employee or any undertaking made by an employee to the employer that social insurance contributions need not be paid shall be deemed invalid by the people’s court. Where

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an employer fails to pay social insurance contributions in accordance with the law, and the employee requests the termination of the labor contract and claims economic compensation from the employer pursuant to the provisions of the Labor Contract Law, the people’s court shall uphold such claim in accordance with the law.

Laws and Regulations Relating to Overseas Listing

The CSRC promulgated the Trial Measures and five related guidelines on 17 February 2023, which came into effect on 31 March 2023. The Trial Measures introduces a new filing regime which requires PRC domestic companies to register their direct and indirect overseas listings and securities offerings with the CSRC by filing materials on key compliance issues. The Trial Measures provides that overseas listing and offering are explicitly prohibited if any of the following applies: (i) such securities offering and listing are explicitly prohibited by specific laws and regulations; (ii) the proposed securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council; (iii) the domestic company or its controlling shareholder(s) and the actual controller have committed crimes including corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy in the past three years; (iv) the domestic company is currently under investigation for suspicion of criminal offenses or major violations of laws and regulations which have not reached a definitive conclusion; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller. As advised by our PRC Advisor, we do not fall within any of the aforementioned situations which would prohibit us from [REDACTED] overseas.

Our PRC Legal Adviser is of the view that there are no circumstances under the Trial Measures and its related guidelines that would prohibit our Company from making an overseas [REDACTED] and [REDACTED] based on the following grounds: (i) no circumstances in connection with our [REDACTED] and [REDACTED] fall within the prohibitions on listing and financing as stipulated in *the Guidelines for Application of Regulatory Rules — Overseas Offering and Listing No. 1* (《監管規則適用指引—境外發行上市類第1號》); (ii) as of the Latest Practicable Date, our domestic operating entities have not received any notice or decision from the competent authorities under the State Council determining, upon lawful review, that the [REDACTED] and [REDACTED] of our Company may endanger national security, and there has been no circumstance in which any governmental authority has determined that the [REDACTED] and [REDACTED] may endanger national security and therefore cannot proceed; (iii) based on the compliance certification documents of our domestic operating entities, the no-criminal-record certificates of the actual controllers, as well as publicly available information, neither our domestic operating entities nor the actual controllers, Mr. Fung, Ms. Yeung and Ms. Fung, have committed any crime such as corruption, bribery, embezzlement, misappropriation of property or acts undermining the order of the socialist market economy in the past three years; (iv) as of the Latest Practicable Date, our domestic operating entities are not suspected of committing crimes or major violations of laws and regulations, and are not under investigation according to law, and no conclusion has yet

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been made thereof; and (v) our Legal adviser as to Cayman Islands laws has confirmed that, as of the Latest Practicable Date, there are no pledges, freezes, litigation, arbitration, or other disputes over the shares of our Company held by the Controlling Shareholders.

The CSRC and other three relevant government authorities jointly promulgated *the Provisions on Strengthening Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities by Domestic Companies* (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”) on 24 February 2023, and came into effect on 31 March 2023. Pursuant to the Provision on Confidentiality, when a domestic company provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such documents and materials through its overseas listing entity or other entities, it shall report to the competent department with the examination and approval authority for approval, and file with the secrecy administration department of the same level. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the relevant procedures according to relevant regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transfer of such working papers shall undergo the examination and approval formalities in accordance with the relevant regulations.

Our Company has established *the Measures for Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities* (《境外發行證券和上市相關保密及檔案管理制度》) (the “**Confidentiality and Archives System**”). Our PRC Legal Adviser is of the view that, for the following reasons, the Confidentiality and Archives System complies with the Provision on Confidentiality and has been properly implemented: (i) pursuant to the Provision on Confidentiality, our Company and Shenzhen Union Honest have formulated and approved the Confidentiality and Archives System, which applies to our Company and all of our domestic operating entities, and our Company has sent to the Sole Sponsor and other relevant parties *the Statement on Compliance with the Measures for Confidentiality and Archives Administration in Respect of Overseas Issuance and Listing of Securities* (《關於遵守<境外發行證券和上市相關保密和檔案管理制度>的說明》); and (ii) prior to providing any documents or materials to the Sole Sponsor and other relevant parties, overseas regulatory authorities, or other organizations or individuals, our domestic operating entities have, in accordance with the Confidentiality and Archives System, conducted an item-by-item review to determine whether such documents or materials contain any state secrets, work secrets of state organs, or other information the disclosure of which could adversely affect national security or the public interest; only after confirming that the relevant documents or materials do not contain any such information will they be provided to the Sole Sponsor and other relevant parties, overseas regulatory authorities, or other organizations or individuals.

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Regulations on Cybersecurity and Data Protection

On 10 June 2021, the SCNPC promulgated *the Data Security Law of the PRC* (《中華人民共和國數據安全法》) (the “**Data Security Law**”), which became effective on 1 September 2021. The Data Security Law establishes the regulatory framework and outlines the responsibilities of the relevant administrative authorities in regulating data security. It provides that the Central Leadership Body of State Security is responsible for the decision-making, deliberation and coordination of the national data security work, research and formulate and guide the implementation of the national data security strategy and relevant major guidelines and policies, coordinate major matters and important work in respect of national data security, and establish a coordination mechanism for national data security work.

On 7 November 2016, the SCNPC promulgated *the Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), which was most recently amended on 28 October 2025 and came into effect on 1 January 2026. According to the Cybersecurity Law, network operators are required to fulfill their obligations to safeguard network security when conducting business and providing services. Service providers operating through networks must implement technical and other necessary measures in accordance with laws, regulations, and compulsory national standards to ensure the safe and stable operation of networks, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. Network operators are prohibited from collecting personal information irrelevant to the services they provide, or from collecting or using personal information in violation of the provisions of laws or agreements with users. Additionally, network operators of critical information infrastructure shall store within the PRC all personal information and important data collected and produced within the PRC. The purchase of network products and services by the network operators of critical information infrastructure that may affect national security shall be subject to national Cybersecurity review.

According to the Civil Code, the personal information of natural persons is protected by law. Any organisation or individual that needs to obtain personal information from others shall do so legally, ensure information security, and shall not illegally collect, use, process, transmit, trade, provide or disclose personal information. *The Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》) (the “**the Personal Information Protection Law**”), which was promulgated by the SCNPC on 20 August 2021, and became effective on 1 November 2021, further emphasises the duties and responsibilities of the data processors in protecting personal information, and provides stricter protection measures for processing sensitive personal information.

According to *the Security Protection Regulations for Critical Information Infrastructure* (《關鍵信息基礎設施安全保護條例》), which was promulgated by the State Council on 30 July 2021, and became effective on 1 September 2021, “critical information infrastructure” refers to the important network facilities and information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology

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and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people’s livelihood and public interests. *The Security Protection Regulations for Critical Information Infrastructure* supplements and specifies the provisions on the security of critical information infrastructure as stated in the Cybersecurity Law, and provides that the competent administrative authorities and supervision and management authorities of the aforementioned important industries are responsible for (1) organising the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (2) promptly notifying the identified operators and the Ministry of Public Security of the PRC of the identification results. *The Security Protection Regulations for Critical Information Infrastructure* requires that the relevant operators shall submit a report to the competent PRC administrative authority in accordance with relevant provisions upon the occurrence of any major cybersecurity incident or the discovery of any major cybersecurity threat to the critical information infrastructure. Additionally, operators of critical information infrastructure are required to prioritize the purchase of safe and trusted network products and services. If the purchase of such network products and services may affect national security, such operators shall undergo and pass the cybersecurity review accordingly.

On 28 December 2021, the Cyberspace Administration of China (the “CAC”), jointly with 12 other administrative authorities, promulgated *the Cybersecurity Review Measures* (《網絡安全審查辦法》), which became effective on 15 February 2022. According to *the Cybersecurity Review Measures*, the purchase of network products and services by critical information infrastructure operators and the data processing activities carried out by network platform operators, which affect or may affect national security, are subject to cybersecurity review. In addition, network platform operators possessing personal information of over one (1) million users shall be subject to cybersecurity review before listing abroad.

On 7 July 2022, the CAC promulgated *the Security Assessment Measures for Data Provision Abroad* (《數據出境安全評估辦法》), which became effective on 1 September 2022. *The Security Assessment Measures for Data Provision Abroad* provides that, data processors who transfer data abroad shall apply to the CAC for a security assessment if certain thresholds are met. In addition, on 24 February 2023, *the Measures on the Standard Contract for Outbound Transfer of Personal Information* (《個人信息出境標準合同辦法》) was promulgated by the CAC, which became effective on 1 June 2023. *The Measures on the Standard Contract for Outbound Transfer of Personal Information* includes a standard contract template for the outbound transfer of personal information. This template can be used to satisfy the requirements of the Personal Information Protection Law regarding the conclusion of contracts under the standard contract formulated by the CAC between personal information processors and overseas recipients. On 22 March 2024, the CAC promulgated *the Provisions on Promoting and Regulating Cross-border Data Flow* (《促進和規範數據跨境流動規定》) (the “**Provisions on Data Flow**”), which became effective on 22 March 2024. The Provisions on Data Flow updated the regulatory mechanisms for outbound data transfers. According to the Provisions on Data Flow, data processors shall apply to the CAC for an outbound data transfer security assessment in any of the following circumstances: (i) where a critical information

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infrastructure operator provides personal information or important data abroad; or (ii) where a data processor, other than a critical information infrastructure operator, provides important data abroad or, cumulatively as at 1 January of the current year, provides personal information (excluding sensitive personal information) of not less than 1 million people or sensitive personal information of not less than 10,000 people to overseas parties. If the data have not been identified or publicly announced as important data by relevant departments or regions, data processors are not required to declare a security assessment for cross-border provision of the data as important data. A data processor, other than a critical information infrastructure operator, shall conclude a standard contract with overseas recipients for provision of personal information abroad or undergo certification for the protection of personal information if it provides abroad, cumulatively as at 1 January of the current year, personal information (excluding sensitive personal information) of not less than 100,000 but not more than 1 million persons, or sensitive personal information of not more than 10,000 persons. The Provisions on Data Flow also include certain exemptions.

On 24 September 2024, *the Regulation on Network Data Security Management* (《網絡數據安全管理條例》) was promulgated by the State Council and came into effect on 1 January 2025. *The Regulation on Network Data Security Management* reiterates the general regulations for data processing activities and rules of protection of personal information, security of important data, and obligations of network platform service providers.

HONG KONG LAWS AND REGULATIONS RELATING TO OUR BUSINESS

Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong)

The Import and Export Ordinance provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing. The import and export of certain articles are prohibited unless with the relevant licences under sections 6C and 6D which are issued under section 3 of the Import and Export Ordinance. Pursuant to section 6C of the Import and Export Ordinance, no person shall import any article specified in schedule 1 to the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong) except under and in accordance with an import licence issued by the Director-General of Trade and Industry under section 3 of the Import and Export Ordinance. Section 6D of the Import and Export Ordinance provides that no person shall export any article specified in the second column of schedule 2 to the Import and Export (General) Regulations to the place specified opposite thereto in the third column of the schedule except under and in accordance with an export licence issued by the Director-General of Trade and Industry under section 3 of the Import and Export Ordinance. Any person who contravenes sections 6C or 6D of the Import and Export Ordinance shall be guilty of an offence and liable to a fine of HK\$500,000 and to imprisonment for two years on summary conviction, or a fine of HK\$2,000,000 and to imprisonment for seven years on conviction on indictment.

REGULATORY OVERVIEW

Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong) (the “Import and Export Regulations”)

Regulation 3 of the Import and Export Regulations sets out exemptions in respect of regulations 4 and 5. Pursuant to regulation 4 of the Import and Export Regulations, every person, including company, who imports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete import declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation of the article to which it relates. Regulation 5 of the Import and Export Regulations requires that every person who exports or re-exports any article other than an exempted article shall lodge with the Commissioner of Customs and Excise an accurate and complete export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the exportation of the article to which it relates. Any person who fails or neglects to do such declaration as required under regulations 4 and 5 of the Import and Export Regulations within 14 days after the importation or exportation (as the case may be) of the article to which it relates without any reasonable excuse shall be liable to (i) a fine of HK\$2,000 upon summary conviction; and (ii) commencing from the day following the date of conviction, a fine of HK\$100 in respect of everyday during which his failure or neglect to lodge such declaration in that manners continues. Further, any person who knowingly or recklessly lodges any declaration with the Commissioner of Customs and Excise that is inaccurate in any material particular shall be liable on summary conviction to a fine of HK\$10,000.

Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (Chapter 59AG of the Laws of Hong Kong) (the “Loadshifting Machinery Regulations”)

Under regulation 3 of the Loadshifting Machinery Regulations, the responsible person of a loadshifting machine shall ensure that the machine is only operated by a person who (i) has attained the age of 18 years; and (ii) holds a valid certificate applicable to the type of loadshifting machine to which that machine belongs.

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

Under the Occupational Safety and Health Ordinance, employers must as far as reasonably practicable ensure the safety and health of employees in their workplaces by:

- providing and maintaining plant and systems of work that are safe and without risks to health;
- making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;

REGULATORY OVERVIEW

- as regards any workplace under the employer’s control: — maintenance of the workplace in a condition that is safe and without risks to health; and — provision and maintenance of means of access to and egress from the workplace that are safe and without any such risks;
- providing all necessary information, instructions, training and supervision for ensuring safety and health; and
- providing and maintaining a working environment for the employer’s employees that is safe and without risks to health.

Failure to comply with any of the above provisions constitutes an offence. The Commission for Labour may also issue an improvement notice against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity in or condition of the workplace which may create imminent risk of death or serious bodily injury. Failure to comply with such notice without reasonable excuse constitutes an offence.

Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

Under the Employees’ Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 15(1A) of the Employees’ Compensation Ordinance, employer shall report work injuries of its employee to the Commissioner of Labour not later than 14 days after the accident, irrespective of whether the accident gives rise to any liability to pay compensation. According to section 24 of the Employees’ Compensation Ordinance, a principal contractor shall be liable to pay compensation to subcontractors’ employees who are injured in the course of their employment to the subcontractor. The principal contractor is, nonetheless, entitled to be indemnified by the subcontractor who would have been liable to pay compensation to the injured employee. The employees in question are required to serve a notice in writing on the principal contractor before making any claim or application against such principal contractor.

Pursuant to section 40 of the Employees’ Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees’ Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Under section 40(1B) of the Employees’ Compensation Ordinance, where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$200 million per event to cover his liability and that of

REGULATORY OVERVIEW

his subcontractor(s) under the Employees’ Compensation Ordinance and at common law. Where a principal contractor has taken out a policy of insurance under section 40(1B) of the Employees’ Compensation Ordinance, the principal contractor and a subcontractor insured under the policy shall be regarded as having complied with section 40(1) of the Employees’ Compensation Ordinance.

An employer who fails to comply with the Employees’ Compensation Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK\$100,000) and to imprisonment for two years.

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Limitation Ordinance (Chapter 347 of the Laws of Hong Kong)

Under the Limitation Ordinance, the time limit for an applicant to commence employees’ compensation claims is two years, while that for common law claims for personal injuries is three years, from the date on which the cause of action accrued.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate during the wage period for every employee engaged under a contract of employment under the Employment Ordinance.

Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (“**MPF Schemes Ordinance**”), employers are required to enroll their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund (“**MPF**”) scheme within the first 60 days of employment. For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. For an employee, subject to the maximum and minimum levels of income, an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling. Employer will also be required to contribute an amount equivalent to 5% of an employee’s relevant income to the MPF scheme, subject only to the maximum level of income.

REGULATORY OVERVIEW

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “IRO”)

Section 20A of the IRO gives the Inland Revenue Department (the “**IRD**”) wide powers to collect tax due from non-residents.

The IRD may also make transfer pricing adjustments by disallowing expenses incurred by the Hong Kong resident under sections 16(1), 17(1)(b) of the IRO and challenging the entire arrangement under general anti-avoidance provisions such as sections 61 and 61A of the IRO.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OUR HISTORY

Overview

We are an integrated supply chain solutions provider based in the PRC, specialized in the provision of cross-border supply chain solutions for electronics, including in particular integrated circuits of various complexities and types. These electronics are fundamental and consistently in high demand as they are essential for the manufacturing of a wide array of modern-day technology components and devices, including smartphones, computers, new energy vehicles and other advanced technological products. Our customers span over 40 industry verticals, including in particular industries under IoT communication, semiconductors, smart and robotic solutions and new energy segments.

We have over 20 years of supply chain experience. Our operations began in 2001, when Mr. Fung led the establishment of Shenzhen HFY Supply Chain to carry out supply chain business. At an early stage, we recognized the opportunities arising from the vast demand for electronics driven by the rapid growth of manufacturing operations in the PRC and increasing pace of iterations of modern day devices and technology and ultimately evolving consumer behaviour. During the Track Record Period, we had specialized in the international import of electronics into Chinese Mainland through Hong Kong as our transshipment centre. To diversify our business operations, we are also developing our export solutions and international logistics capability to support our customers’ strategy of “going-out” and facilitate the flow of their products to major global destinations.

Development milestones

The table below sets forth our major development milestones.

Year	Milestone
2001	Our headquarters in the PRC, Shenzhen HFY Supply Chain was established
2006	We established Hope Sea Import & Export, our transshipment centre in Hong Kong
2008	We were designated a Top 100 Private Enterprise in Guangdong Province (廣東省百強民營企業稱號) by the People’s Government of Guangdong Province (廣東省人民政府)

We were rated as an AA-class (the highest level) enterprise by the General Administration of Customs of the PRC (海關總署AA類企業評級(最高)級別) by the Shenzhen Customs of the PRC (中華人民共和國深圳海關)

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestone
2009	Shenzhen HFY Supply Chain adopted the current name of “深圳市華富洋供應鏈有限公司” to signify our expanded service offerings of supply chain solutions
2011	We were honoured with Industry Contribution Award (行業貢獻獎) by The Organizing Committee of China (Shenzhen) International Logistics and Transportation Fair (中國(深圳)國際物流與交通運輸博覽會組委會)
2013	We were honoured with Outstanding Service Award (優質服務獎) by The Organizing Committee of China (Shenzhen) International Logistics and Transportation Fair (中國(深圳)國際物流與交通運輸博覽會組委會)
2014	We were among the first batch of companies to have received the AEO Advanced Certification from the Shenzhen customs (海關AEO高級認證企業), and have consistently maintained such certification ever since
2015	We were designated a Top Ten Enterprise in Shenzhen for Total Import and Export Volume in Supply Chain of Year 2014 (2014年度深圳市進出口商會供應鏈進出口總額前十名企業) by the Shenzhen Chamber of Commerce for Import and Export (深圳市進出口商會) in 2015
2017	We were designated a Technology-Advanced Service Enterprise (技術先進型服務企業) by the Science, Technology and Innovation Commission of Shenzhen Municipality (深圳市科技創新委員會), the Finance Commission of Shenzhen Municipality (深圳市財政委員會), the Economy, Trade and Information Commission of Shenzhen Municipality (深圳市經濟貿易和信息化委員會), the National Taxation Bureau of Shenzhen Municipality (深圳市國家稅務局), the Local Taxation Bureau of Shenzhen Municipality (深圳市地方稅務局), and the Development and Reform Commission of Shenzhen Municipality (深圳市發展和改革委員會)
2017	We were designated a Key Logistics Enterprise in Shenzhen (深圳市重點物流企業) by the Transport Commission of Shenzhen Municipality (深圳市交通運輸委員會)
2019	We were designated a Top 500 Private Enterprise in China (中國民營企業500強) by the All-China Federation of Industry and Commerce (中華全國工商業聯合會)

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestone
2023	We were designated a Trade-Oriented Headquarters Enterprise in Shenzhen (深圳市貿易型總部企業) by the Commerce Bureau of Shenzhen Municipality (深圳市商務局) We established a subsidiary in Singapore with a view to servicing the diversifying needs of our customers in other Asian countries We expanded our service offerings to facilitate our customers’ international logistics completely offshore

OUR PRINCIPAL OPERATING SUBSIDIARIES

Our principal operating subsidiaries (all of which are engaged in our principal business of providing supply chain solutions), which had a material contribution to our asset, revenue, profit and/or business operations during the Track Record Period, are summarised below:

Name of principal operating subsidiary	Place of incorporation/ establishment	Principal functions	Date of incorporation/ establishment
Shenzhen HFY Supply Chain	The PRC	Our headquarters and customer facing entity primarily serving the key account customers or large-scale businesses	6 July 2001
Shenzhen HFY Smart Supply Chain	The PRC	Our customer facing entity primarily serving the business needs of our SME customers	27 February 2014
Hope Sea Import & Export	Hong Kong	Our transshipment centre in Hong Kong	6 July 2006

We have developed our business operations organically and have not undertaken any major acquisitions, disposals or mergers since our establishment.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Major changes in shareholding

Shenzhen HFY Supply Chain

Shenzhen HFY Supply Chain was established on 6 July 2001 under the laws of the PRC with an initial registered capital of RMB500,000. The major changes in the registered capital of Shenzhen HFY Supply Chain leading up to commencement of the Reorganisation is summarised in the table below:

Date	Description of change in registered capital	Holders of registered capital in Shenzhen HFY Supply Chain after each change
6 July 2001	Initial establishment	RMB500,000 held as to: (i) 50% by Mr. Fung; and (ii) 50% by Shenzhen PengFuYang Electronics Co., Ltd. (“ PengFuYang Electronics ”, 深圳市鵬富洋電子有限公司), which was held as to 90% by Mr. Feng Suhong (馮蘇宏), a brother of Mr. Fung and 10% by Mr. Zhang Lixin (張立新), an Independent Third Party
7 December 2001	Increase in registered capital of RMB2,500,000, subscribed by: (i) Mr. Fung as to RMB2,400,000 at face value; and (ii) Mr. Lin Yaoyong (林耀勇), an Independent Third Party, as to RMB100,000 at face value	RMB3,000,000 held as to: (i) 88.33% by Mr. Fung; (ii) 8.33% by PengFuYang Electronics; and (iii) 3.33% by Mr. Lin Yaoyong, an Independent Third Party
25 June 2007 . . .	Each of PengFuYang Electronics and Mr. Lin Yaoyong transferred all its/his interest to Mr. Feng Sujin (馮蘇進), a brother of Mr. Fung, at a consideration of RMB250,000 and RMB100,000, respectively, which was determined with reference to the corresponding amount of registered capital	RMB3,000,000 held as to: (i) 88.33% by Mr. Fung; and (ii) 11.67% by Mr. Feng Sujin

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Date	Description of change in registered capital	Holders of registered capital in Shenzhen HFY Supply Chain after each change
21 August 2008	Increase in registered capital of RMB7,000,000, subscribed by Mr. Fung at face value	RMB10,000,000 held as to: (i) 96.5% by Mr. Fung; and (ii) 3.5% by Mr. Feng Sujin
3 May 2017	Mr. Fung transferred all his interest in Shenzhen HFY Supply Chain to Shenzhen Union Honest at a consideration of RMB9,650,000, which was determined with reference to the corresponding amount of registered capital	RMB10,000,000 held as to: (i) 96.5% by Shenzhen Union Honest (which was held as to 100% by Hong Kong Union Honest, which was in turn held as to 51% by Mr. Fung, 25% by Ms. Yeung, the spouse of Mr. Fung and 24% by Ms. Fung); and (ii) 3.5% by Mr. Feng Sujin
18 December 2018	For the purpose of establishing an equity scheme to incentivize directors, supervisors, senior management and other key employees, Zhuhai Fuyang Lianchuang Information Consultancy Partnership (Limited Partnership) (“ Fuyang Lianchuang ”, 珠海富洋聯創信息諮詢合夥企業(有限合夥)), established as a shareholding platform, acquired interest in Shenzhen HFY Supply Chain through: (i) an increase in registered capital of RMB94,600, subscribed by Fuyang Lianchuang at a consideration of RMB7,819,526.39; and (ii) Mr. Feng Sujin transferred 2.9% interest in Shenzhen HFY Supply Chain to Fuyang Lianchuang at a consideration of RMB23,933,500. The consideration above, representing approximately RMB82.67 per RMB of registered capital, was determined with reference to the appraised market value of Shenzhen HFY Supply Chain as at 31 December 2017.	RMB10,094,600 held as to: (i) 95.6% by Shenzhen Union Honest (which was held as to 100% by Hong Kong Union Honest, which was in turn held as to 51% by Mr. Fung, 25% by Ms. Yeung and 24% by Ms. Fung); (ii) 3.8% by Fuyang Lianchuang (a shareholding platform established for an equity scheme to incentivize directors, supervisors, senior management and other key employees); and (iii) 0.6% by Mr. Feng Sujin

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Pursuant to the Reorganisation in preparation for the [REDACTED], Shenzhen HFY Supply Chain became wholly-owned by Shenzhen Union Honest (and therefore, our wholly-owned subsidiary). Please refer to “*Reorganisation — Acquisition of minority interests in Shenzhen HFY Supply Chain*” below.

Shenzhen HFY Smart Supply Chain

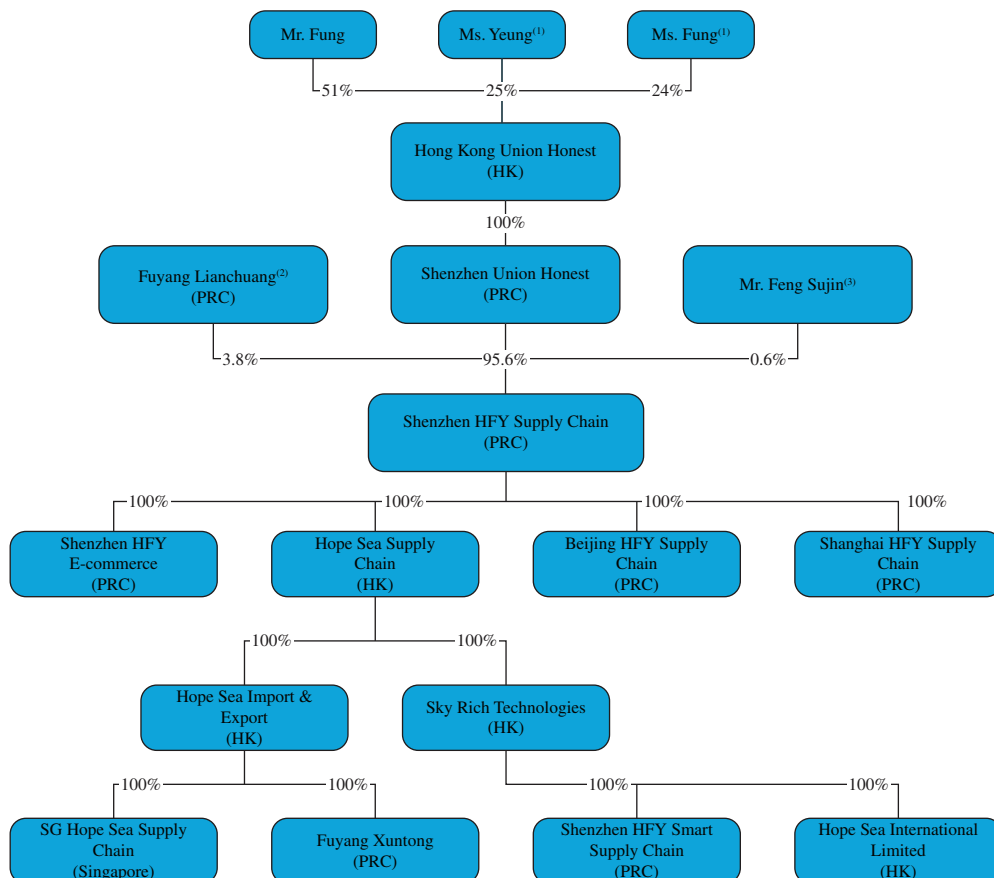
Shenzhen HFY Smart Supply Chain was established on 27 February 2014 under the laws of the PRC with an initial registered capital of RMB5,000,000, which was held as to 100% by Sky Rich Technologies (one of our Hong Kong subsidiaries). On 26 December 2016, Shenzhen HFY Smart Supply Chain increased its registered capital to RMB10 million, which was fully contributed by Sky Rich Technologies.

Hope Sea Import & Export

Hope Sea Import & Export was incorporated as a limited liability company on 6 July 2006 under the laws of Hong Kong with an issued share capital of HK\$2, which was held as to 100% by Hope Sea Supply Chain (one of our Hong Kong subsidiaries).

REORGANISATION

The following chart illustrates our shareholding and ownership structure immediately prior to the commencement of the Reorganisation:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

- (1) Ms. Yeung is the spouse of Mr. Fung, and Ms. Fung is their daughter.
- (2) Fuyang Lianchuang was a limited liability partnership established in the PRC as a shareholding platform to implement an equity scheme to incentivize directors, supervisors, senior management and other key employees. Immediately prior to the Reorganisation, it had 33 partners, with Ms. Fung as the general partner holding 18.34% partnership interest and 32 limited partners (all of whom were our senior management or employees) holding an aggregate of 81.66% partnership interest.
- (3) Mr. Feng Sujin is a brother of Mr. Fung.

In preparation for the [REDACTED], we undertook the Reorganisation as summarised below:

1. Acquisition of minority interests in Shenzhen HFY Supply Chain

As shown in the structure chart above, immediately prior to the Reorganisation, Shenzhen HFY Supply Chain was held as to:

- (a) 95.6% by Shenzhen Union Honest;
- (b) 3.8% by Fuyang Lianchuang; and
- (c) 0.6% by Mr. Feng Sujin

In order for us to consolidate 100% control in Shenzhen HFY Supply Chain for the purpose of the [REDACTED], our Company, through Shenzhen Union Honest, purchased an aggregate of 4.4% equity interest in Shenzhen HFY Supply Chain from (i) Fuyang Lianchuang; and (ii) Mr. Feng Sujin, as more particularly discussed below:

Acquisition from Fuyang Lianchuang

- Fuyang Lianchuang was a limited liability partnership established in the PRC as a shareholding platform to implement an equity scheme to incentivize directors, supervisors, senior management and other key employees. Each of the participating personnel under the equity scheme subscribed for certain partnership interests representing indirect interests in Shenzhen HFY Supply Chain. Fuyang Lianchuang had 33 partners, with Ms. Fung as the general partner holding 18.34% partnership interest and 32 limited partners (all of whom are our senior management and employees) holding an aggregate of 81.66% partnership interest. The aggregate original investment cost represented by the partnership interests was RMB31,753,000. Under the terms of the equity scheme, each of the participating personnel had the right to require her/his partnership interest to be repurchased at the original investment cost, together with an 8% annualized return, minus the dividends received during the period of holding the equity, subject to the condition set out in the equity scheme.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- Fuyang Lianchuang distributed a dividend in the aggregate amount of RMB14,030,000 from its distributable profits (which were accumulated through previous dividend distributions from Shenzhen HFY Supply Chain) to the participating personnel, and we, through Hong Kong Union Honest acquired all of the partnership interests in Fuyang Lianchuang from the participating personnel (other than the 0.0315% partnership interest required to be held by Ms. Fung as the general partner) at an aggregate consideration of RMB31,743,000 (which was equivalent to the original investment costs). The consideration was fully settled as at 29 October 2024. As a result of the foregoing, each of the original partners had effectively received an amount that was commensurate with the repurchase price provided under the equity scheme.
- Subsequent to the foregoing, we acquired 3.8% equity interest in Shenzhen HFY Supply Chain from Fuyang Lianchuang at a consideration of RMB34,161,873, which was determined with reference to the net asset value of Shenzhen HFY Supply Chain as at 31 October 2024. The consideration was fully settled as at 21 November 2024.
- We terminated the equity scheme and de-registered Fuyang Lianchuang on 10 January 2025. To incentivize directors, supervisors, senior management and other key employees, we have conditionally adopted the [REDACTED] Share Scheme that complies with Chapter 17 of the Listing Rules for purposes of making grants to eligible participants after the [REDACTED] (see “Appendix IV — Statutory and general information” to this document).

Acquisition from Mr. Feng Sujin

- Mr. Feng Sujin is a brother of Mr. Fung. We acquired 0.6% equity interest in Shenzhen HFY Supply Chain from Mr. Feng Sujin at a consideration of RMB5,373,737.41, which was determined with reference to the net asset value of Shenzhen HFY Supply Chain as at 31 July 2024. The consideration was fully settled as at 9 October 2024.

2. Incorporation of offshore holding companies

Our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on 22 April 2025 to act as our holding company and [REDACTED] vehicle. Our Company has an authorized share capital of US\$50,000 divided into 5,000,000,000 ordinary shares with a par value of US\$0.00001 each. On the date of incorporation, one Share of our Company was issued and allotted to the incorporator at par value and Hope Atlas acquired such Share from the incorporator at par value.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Mr. Fung and Ms. Yeung (being husband and wife) and Ms. Fung (being the daughter of Mr. Fung and Ms. Yeung) had agreed for the shareholding in our Company after the Reorganisation to mirror the respective interests of Mr. Fung and Ms. Yeung, collectively on one hand, and Ms. Fung, on the other hand, in Hong Kong Union Honest in the following manner:

- (a) Mr. Fung’s and Ms. Yeung’s interests in our Company would be consolidated through Hope Atlas, holding 76% in our Company after the Reorganisation; and
- (b) Ms. Fung, through Hope Horizon, would hold 24% in our Company after the Reorganisation.

To reflect the foregoing, our Company issued and allotted an aggregate of 239,999,999 Shares to Hope Atlas and Hope Horizon at par. The shareholding of our Company after such issuance and allotment is set out below:

Name of shareholder	Number of Shares held	Approximate percentage of shareholding
Hope Atlas	182,400,000	76%
Hope Horizon	57,600,000	24%

Following the [REDACTED], Mr. Fung and Ms. Yeung (on one hand) and Ms. Fung (on the other hand) intend for their respective interests in our Company to be separate and independent from each other, including economic interests and the exercise of voting rights.

Please also refer to “*Establishment of Family Trusts*” for the details of the establishment of the respective family trusts by Mr. Fung and Ms. Yeung (on one hand), and Ms. Fung (on the other hand) for the purpose of succession planning.

Hope Sea International

Hope Sea International was incorporated as a company with limited liability in the BVI on 30 April 2025 with an authorised share capital divided into 50,000 no par value shares of a single class. On the same date, 500 shares of Hope Sea International were issued and allotted to our Company as no par value shares.

Hope Sea International functions primarily as our offshore intermediate holding company, at the level below our Company and above our Hong Kong holding company, namely Hong Kong Union Honest.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

3. Our Company becoming the holding company of our Group

As shown in the structure chart above, immediately prior to the Reorganisation, Hong Kong Union Honest was the holding company of our Group and held as to 51% by Mr. Fung, 25% by Ms. Yeung and 24% by Ms. Fung. It had an issued share capital of HK\$1,000,000 divided into 1,000,000 shares. In order for our Company to become the holding company of our Group for the purpose of the [REDACTED], we undertook the following:

- (a) On 2 May 2025, Hong Kong Union Honest issued and allotted 1,040,817 shares to Hope Sea International at a consideration of HK\$1,040,817. The consideration of HK\$1 per share was the same as that paid by Mr. Fung, Ms. Yeung and Ms. Fung at the incorporation of Hong Kong Union Honest. The consideration was fully settled as at 2 May 2025. After such issuance and allotment, Hong Kong Union Honest became held as to 51% by Hope Sea International, 24.99% by Mr. Fung, 12.25% by Ms. Yeung and 11.76% by Ms. Fung.
- (b) On 16 June 2025, Hong Kong Union Honest conducted a court-free share capital reduction under the Companies Ordinance, pursuant to which the issued share capital held by each of Mr. Fung, Ms. Yeung and Ms. Fung, which amounted to HK\$1,000,000 in aggregate, had been paid back. After such share capital reduction, Hong Kong Union Honest became held as to 100% by Hope Sea International.

ESTABLISHMENT OF FAMILY TRUSTS

For the purpose of succession planning Mr. Fung and Ms. Yeung (on one hand) and Ms. Fung (on the other hand) established the following family trusts:

1. Eternal Radiance Family Trust (春暉家庭信託)

Eternal Radiance Family Trust (春暉家庭信託) is a reserved power trust established under the laws of the BVI on 23 May 2025, with Mr. Fung and Ms. Yeung as the settlors and Tricor Equity Trustee Limited as professional trustee. In establishing the trust, the shares of Hope Atlas became held as to 100% by a special purpose vehicle that is ultimately 100% owned by Tricor Equity Trustee Limited. Under the terms of the trust, Mr. Fung and Ms. Yeung have reserved control over the investment decisions of the trust, including the exercise of voting rights attached to our Shares through Hope Atlas (the directors of which are Mr. Fung and Ms. Yeung). The beneficiaries of Eternal Radiance Family Trust (春暉家庭信託) include Mr. Fung, Ms. Yeung and their family members.

2. Yuk Shing Family Trust (玉承家庭信託)

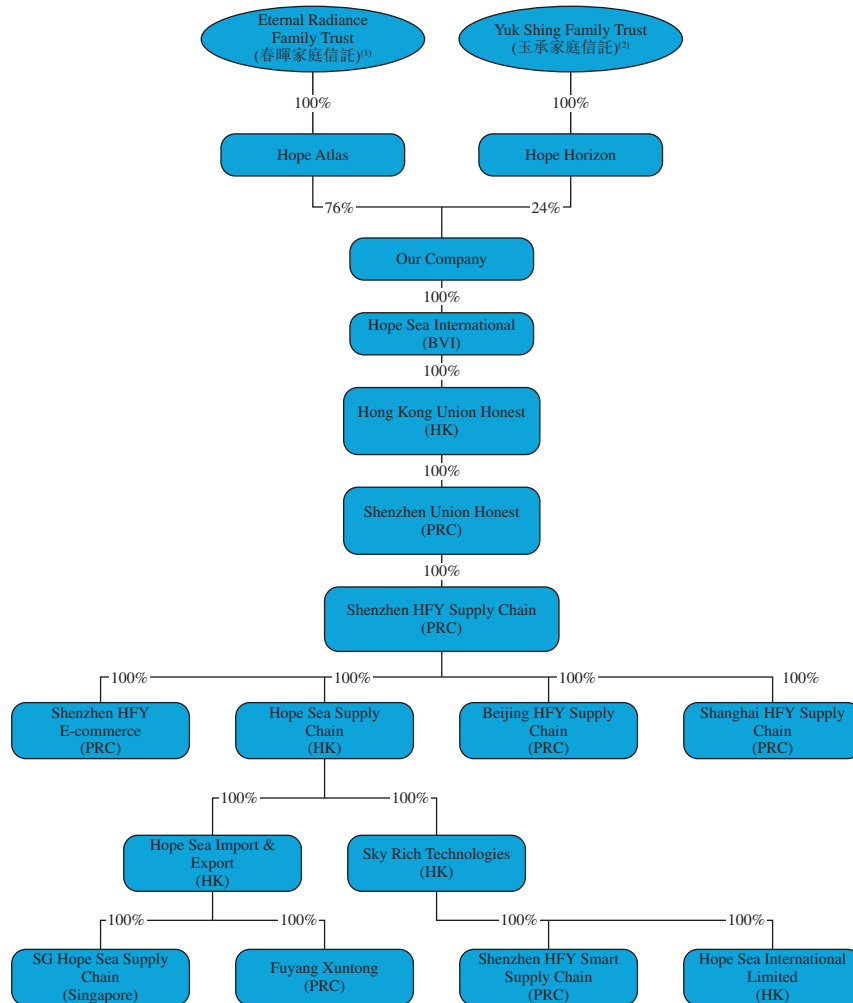
Yuk Shing Family Trust (玉承家庭信託) is a reserved power trust established under the laws of the BVI on 23 May 2025, with Ms. Fung as the settlor and Tricor Equity Trustee Limited as professional trustee. In establishing the trust, the shares of Hope Horizon became held as to 100% by a special purpose vehicle that is ultimately 100% owned by Tricor Equity Trustee Limited. Under the terms of the trust, Ms. Fung has reserved control over the investment decisions of the trust, including the exercise of voting rights attached to our Shares through Hope Horizon (the director of which is Ms. Fung). The beneficiaries of Yuk Shing Family Trust (玉承家庭信託) include Ms. Fung and her family members.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY BEFORE AND AFTER THE [REDACTED]

Corporate structure after the Reorganisation and before the [REDACTED]

The following chart illustrates our shareholding and ownership structure immediately following the Reorganisation and prior to the completion of the [REDACTED]:



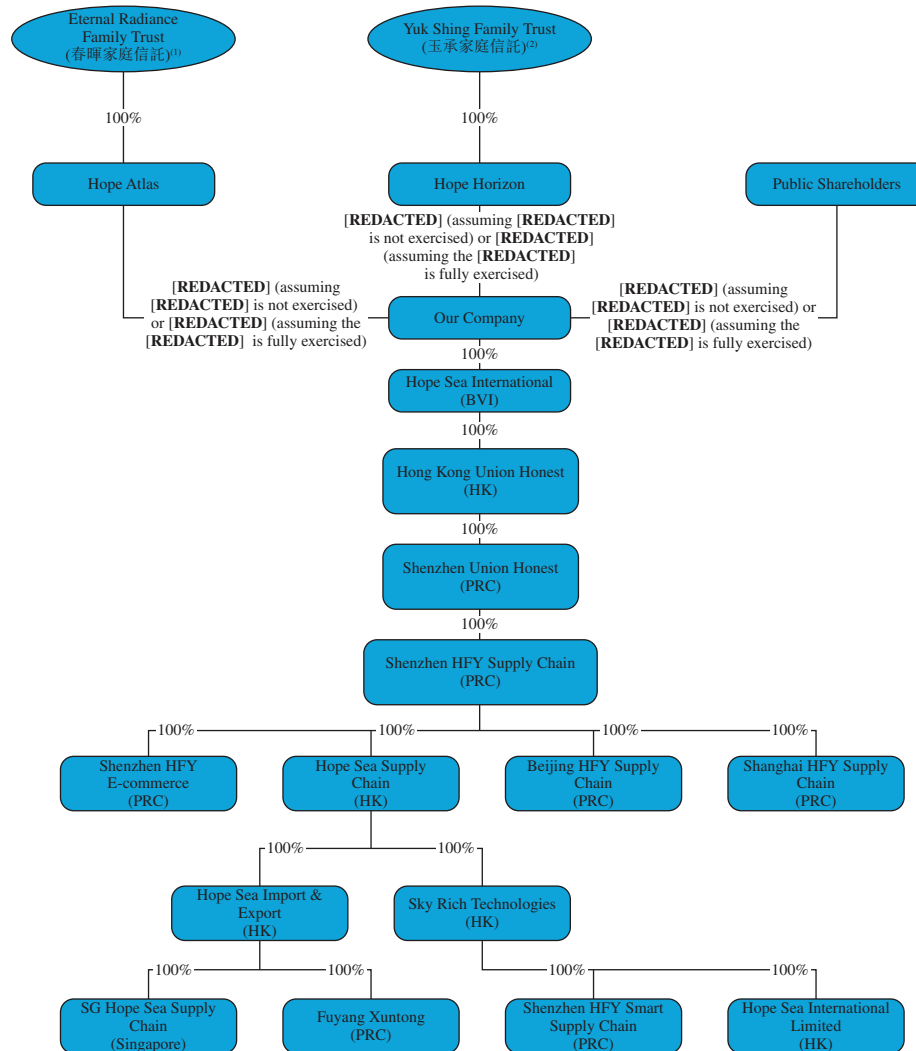
Notes:

- (1) Eternal Radiance Family Trust (春暉家庭信託) is a reserved power trust established under the laws of the BVI, with Mr. Fung and Ms. Yeung as the settlors and Tricor Equity Trustee Limited as professional trustee. The exercise of voting rights attached to the Shares held by Hope Atlas is controlled by Mr. Fung and Ms. Yeung, who are our Controlling Shareholders. Mr. Fung and Ms. Yeung are husband and wife.
- (2) Yuk Shing Family Trust (玉承家庭信託) is a reserved power trust established under the laws of the BVI, with Ms. Fung as the settlor and Tricor Equity Trustee Limited as professional trustee. The exercise of voting rights attached to the Shares held by Hope Horizon is controlled by Ms. Fung, who is one of our Controlling Shareholders. Ms. Fung is the daughter of Mr. Fung and Ms. Yeung.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate structure immediately following the completion of the [REDACTED]

The following chart illustrates our shareholding and ownership structure immediately following the completion of the [REDACTED], without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme:



Notes:

- (1) Please refer to the note 1 in the chart under “Corporate structure after the Reorganisation and before the [REDACTED]” in this section.
- (2) Please refer to the note 2 in the chart under “Corporate structure after the Reorganisation and before the [REDACTED]” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our Controlling Shareholders

Immediately after the [REDACTED], Mr. Fung, Ms. Yeung and Ms. Fung will be able to control approximately [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme) or [REDACTED] (assuming the [REDACTED] is fully exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme) voting rights in our Company through Hope Atlas (the directors of which are Mr. Fung and Ms. Yeung) and Hope Horizon (the director of which is Ms. Fung). For the purposes of the Listing Rules only, since Ms. Fung is the daughter of Mr. Fung and Ms. Yeung, they and their respective investment holding companies are regarded as a group of Controlling Shareholders. For the avoidance of doubt, each of (i) Mr. Fung and Ms. Yeung; and (ii) Ms. Fung has confirmed that they are not acting in concert and are not bound to vote together, and each of them is entitled to, and intends to, exercise their respective voting rights in our Company independently and at their own discretion. Accordingly, Mr. Fung, Ms. Yeung, Hope Atlas, Ms. Fung and Hope Horizon will be our Controlling Shareholders. Please refer to “*Relationship with our Controlling Shareholders*”.

Public Float and Free Float

Based on the minimum [REDACTED] of [REDACTED] and [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme), it is expected that the market value of the Shares at the time of [REDACTED] will be HK\$[REDACTED].

Based on the mid-point of the [REDACTED] range of [REDACTED] and [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme), it is expected that the market value of the Shares at the time of [REDACTED] will be HK\$[REDACTED].

Based on the maximum [REDACTED] of [REDACTED] and [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme), it is expected that the market value of the Shares at the time of [REDACTED] will be HK\$[REDACTED].

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Based on the above, the market value of the Shares at the time of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme) is expected to range from HK\$[REDACTED] to HK\$[REDACTED]. Based on such range, and as prescribed under Rule 8.08 of the Listing Rules, at least [REDACTED] of the total number of issued Shares must be Shares held by the public at the time of [REDACTED].

Immediately after the [REDACTED]:

- (a) Each of Hope Atlas and Hope Horizon will become our “substantial shareholder”, and thus, our “core connected person” under the Listing Rules. Their shareholding will not count towards our public float.
- (b) The [REDACTED] to be [REDACTED] by public Shareholders in the [REDACTED], representing [REDACTED] (assuming the [REDACTED] is not exercised) or [REDACTED] (assuming the [REDACTED] is fully exercised) of our Shares immediately after the [REDACTED], will count towards our public float.
- (c) Based on (b) above and the minimum [REDACTED] of [REDACTED] per Share, we are expected to satisfy the free float requirement under Rule 8.08A of the Listing Rules.

PRC LEGAL COMPLIANCE

Our PRC Legal Adviser has confirmed that all the equity transfers and changes in registered capital in respect of our PRC subsidiaries had been properly and legally completed and settled, and we have obtained all necessary regulatory approvals and permits, and that the regulatory procedures involved are in accordance with the applicable PRC laws and regulations. Our PRC Legal Adviser has also confirmed that we have obtained all necessary approvals from relevant PRC regulatory authorities required for the implementation of the Reorganisation.

M&A Rules

Pursuant to the Provisions on M&A of a Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) (hereinafter referred to as the “**Provisions on M&A**”) jointly promulgated by the Ministry of Commerce and other departments under the State Council on 8 August 2006 and came into force on 8 September 2006, and later amended and implemented by the Ministry of Commerce on 22 June 2009, foreign investors’ purchase of equity interest from shareholders of domestic enterprises with no foreign investment (hereinafter referred to as “**Domestic Companies**” and each a “**Domestic Company**”) or the subscription to the increased registered capital of Domestic Companies by foreign investors resulting Domestic Companies changing into a foreign investment enterprise; or foreign investors’ purchase of assets of Domestic Companies by agreement and operation of such assets through foreign investment enterprises established by foreign investors, or foreign

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

investors’ purchase of assets of Domestic Companies by agreement shall comply with the PRC laws and regulations. The approval from the Ministry of Commerce is required in certain circumstances, including but not limited to (i) a PRC individual or a PRC enterprise acquires its affiliated PRC Domestic Company through a foreign company controlled by such individual or enterprise; (ii) a foreign investor acquires a PRC Domestic Company at the consideration of equity interests from a foreign company; and (iii) establishing a foreign special purpose vehicle controlled directly or indirectly by a PRC individual or PRC enterprise for the purpose of offshore listing of equity interests in a Domestic Company beneficially owned by such PRC individual or PRC enterprise. Moreover, offshore listing of shares of a special purpose vehicle is subject to CSRC approval under Provisions on M&A.

As confirmed by our PRC Legal Adviser, given that each of Mr. Fung, Ms. Yeung and Ms. Fung is not a PRC individual and the circumstances set out above are not applicable, none of the Reorganisation and the [REDACTED] requires approval from the Ministry of Commerce and the CSRC under the Provisions on M&A. For the avoidance of doubt, we are subject to the CSRC filing requirements as the [REDACTED] constitutes an indirect overseas [REDACTED] and [REDACTED] by domestic companies under the Administrative Trial Implementation Measures for Filing of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and the Notice on Administrative Filing Arrangement Concerning Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) published by the CSRC in February 2023.

SAFE Circular 37

Pursuant to the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration on Domestic Residents’ Overseas Investment, Financing and Round-Trip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular 37”) promulgated and implemented by SAFE on 4 July 2014, a special purpose vehicle refers to an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institutions and domestic individual residents) for the purpose of investment and financing by utilizing the domestic corporate assets or interests or overseas assets or interests she/he/it legally holds. A domestic resident shall apply to the SAFE for foreign exchange registration of overseas investments before investing the domestic or overseas legal assets or interests into a special purpose vehicle. Where a domestic resident invests legally owned domestic assets or interests into a special purpose vehicle, she/he/it shall apply for registration to the local SAFE branch at the place of incorporation or where the domestic corporate assets or interests are located. Where a domestic resident invests legally owned overseas assets or interests into a special purpose vehicle, she/he/it shall apply for registration to the local SAFE branch at the place of incorporation or household registration.

As confirmed by our PRC Legal Adviser, given that none of Mr. Fung, Ms. Yeung and Ms. Fung is a domestic PRC resident, no registration under SAFE Circular 37 is required.

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BUSINESS OVERVIEW

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

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

Since our establishment, we have been strategically building up our specialisation in cross-border supply chain solutions for electronics. Such electronics are generally characterised by their delicate nature and often require specialized handling and logistics (including warehousing, customs clearance and transportation). We have concentrated our expertise in managing the complexities associated with such imports and developed domain expertise. At an early stage of our operations, we recognized the opportunities arising from the vast demand for electronics driven by the rapid growth of manufacturing operations in the PRC and increasing pace of iterations of electronic products and technology and ultimately evolving

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consumer behaviour. According to Frost & Sullivan, the market size of China electronics cross-border supply chain service is projected to continue to grow, with a CAGR of 6.9% from RMB10.2 trillion in 2024 to RMB13.3 trillion in 2029, presenting us with significant growth potential. To diversify our business operations, we are also developing our export solutions and international logistics capability to support our customers’ strategy of “going-out” and facilitate the flow of their products to major global destinations.

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

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

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

BUSINESS

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

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

COMPETITIVE STRENGTHS

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

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

Our industry expertise accumulated from over 20 years of specialisation allows us to understand and address the specific challenges of handling diverse and complex electronics, particularly in ensuring high standards for transportation, storage, and customs clearance. Through continuous process optimization, we have implemented technologies and risk control systems to enhance efficiency and reliability specifically for our operations, while our strategic resource integration ensures seamless coordination throughout the supply chain processes. Our strategic planning enables us to assess and adapt to industry trends and regulatory changes, to

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maintain our competitive profile. Over the years, we have also accumulated extensive industry resources, establishing relationships with customers, suppliers, and business partners such as commercial banks, further fortifying our operational capabilities. The foregoing is collectively a significant barrier to entry, rendering our market position, competitive profile and capabilities exceptionally difficult to replicate.

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

- Electronics are inherently complex and have a diverse range of SKUs, requiring heightened standards for transportation and storage due to their delicate nature and high value. For example, some components require storage conditions with constant temperature and humidity while some may be sensitive or fragile and require extra cautions for handling. In addition, our customers typically require stringent supply timelines to meet their manufacturing needs, which necessitates a high turnover rate for electronics, ensuring timely delivery and minimal disruption to their production processes. Our purpose-configured warehouse resources in Shenzhen, Hong Kong and Shanghai enable us to flexibly meet our customers’ inventory needs, providing swift response for delivery to locations specified by our customers. Our warehouses are equipped with temperature control, humidity control, preliminary processing and quality inspection, and labelling functions. We have developed domain expertise, in particular various knowhows and protocols, in dealing with a wide array of electronics. Further, according to Frost & Sullivan, compared to the customers’ in-house supply chain process, the processing time for the flow of goods from upstream international supplier to the location designated by our customers may be shortened from seven to ten days to three to four days through our supply chain solutions, significantly improving overall efficiency.
- Customs clearance for electronics can be highly complex, involving a vast number of SKUs and requiring expertise in handling and documentation. We have developed in-house expertise through our experience in handling a wide range of categories of such SKUs. We are well-versed in the clearance processes and legal regulations, supported by comprehensive management systems, accumulated knowhows of over 20 years and a dedicated customs affair team with 24 members as at 31 December 2025. Such expertise allows us to achieve seamless customs clearance. According to Frost & Sullivan, having obtained the AEO Advanced Certification, we are deemed to have low risks by the customs and are less likely to experience delays in delivery caused by border inspection; for example, the average customs inspection rate for import through AEO certified companies (0.3-0.5%) was significantly lower than that through companies without such certification (2-5%) in 2025, which in turn helps us to improve efficiency and afford us with a more predictable customs clearance schedule. Our solutions had facilitated the import and export of more than 61,000, 65,000 and 73,000 SKUs by our customers in FY2023, FY2024 and FY2025, respectively.

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- The process of foreign currency exchange and cross-border transfers of funds is a highly regulated and tedious process in the PRC. Many of our customers are not specialised in international trade and supply chain management and find it burdensome to frequently exchange foreign currencies and effect cross-border settlement with their international upstream suppliers. Our robust operation of cross-border fund arrangements caters to our customers’ settlement needs in multiple foreign currencies and in a timely manner, and at the same time improve our overall profitability without exposure to speculative risks. Based on our years of industry knowledge and the independent market research of Frost & Sullivan, it is industry practice for participants in the cross-border electronics supply chain solutions industry to leverage the substantial volume of cross-border fund arrangements to enhance overall profitability while offering competitive pricing terms to the customers, albeit through different underlying mechanisms and with varying risk profiles, and both of our means for cross-border fund arrangement, namely, T/T and trade finance structured transfer, are common means of cross-border fund arrangements conducted by supply chain solution providers in the PRC in the ordinary course of business.
- Supply chains inherently involve numerous stages and a high level of coordination with various service providers, which may prove to be an inefficient process for many of our customers who do not have expertise and experience in international trade. To address this, we have integrated resources to offer a comprehensive, one-stop solution. In addition to our in-house resources such as our warehouses and customs clearance expertise, our years of operation and significant business volume have enabled us to develop stable collaborations with third-party service providers. For example, we have stable cooperation with reputable logistic providers to provide cost-effective and reliable transportation as part of our solutions. By integrating our in-house and external resources, we provide coordinated supply chain solutions tailored to our customers’ needs.

According to Frost & Sullivan, electronics cross-border integrated supply chain solution providers provide integrated services to electronics companies, including goods pick-up, customs clearance, transportation and warehousing, and settlement services, to optimize the operation costs and efficiency of electronic companies in the import and export of electronics as a whole. Even large-scale manufacturers face significant cost pressures and strive to optimize every aspect of their supply chains. By outsourcing supply chain processes to a proven and reliable solutions provider, these manufacturers can achieve substantial cost savings and increased efficiency without execution risks. This approach enables them to focus on their core manufacturing activities, rather than investing time and resources in developing in-house expertise. There are considerable barriers to entry in this field, as building experience and knowledge of SKUs, establishing relationships with suppliers, and navigating customs requirements can take years. Our strength in this area arises from our proven ability to manage the complexity and diversity of electronic products, which often require specialized handling, storage, and transportation. Our purpose-built warehouses feature advanced temperature and humidity controls, comprehensive quality inspection, and precise labeling capabilities. With more than 20 years of domain expertise and well-established protocols for managing sensitive

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and high-value electronics, we ensure rapid inventory turnover and timely deliveries, minimizing disruptions to our customers’ manufacturing processes. Years of operational experience and substantial business volume have enabled us to cultivate stable, long-term collaborations with reputable third-party service providers. By integrating these partnerships with our robust internal resources, we deliver coordinated, cost-effective, and reliable supply chain solutions tailored to the specific needs of electronics customers, ensuring secure storage, efficient customs clearance, and meticulous inventory management. Through extensive experience handling a broad spectrum of electronic SKUs, we have developed deep in-house expertise, enabling us to efficiently manage complex customs clearance requirements for electronic products.

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

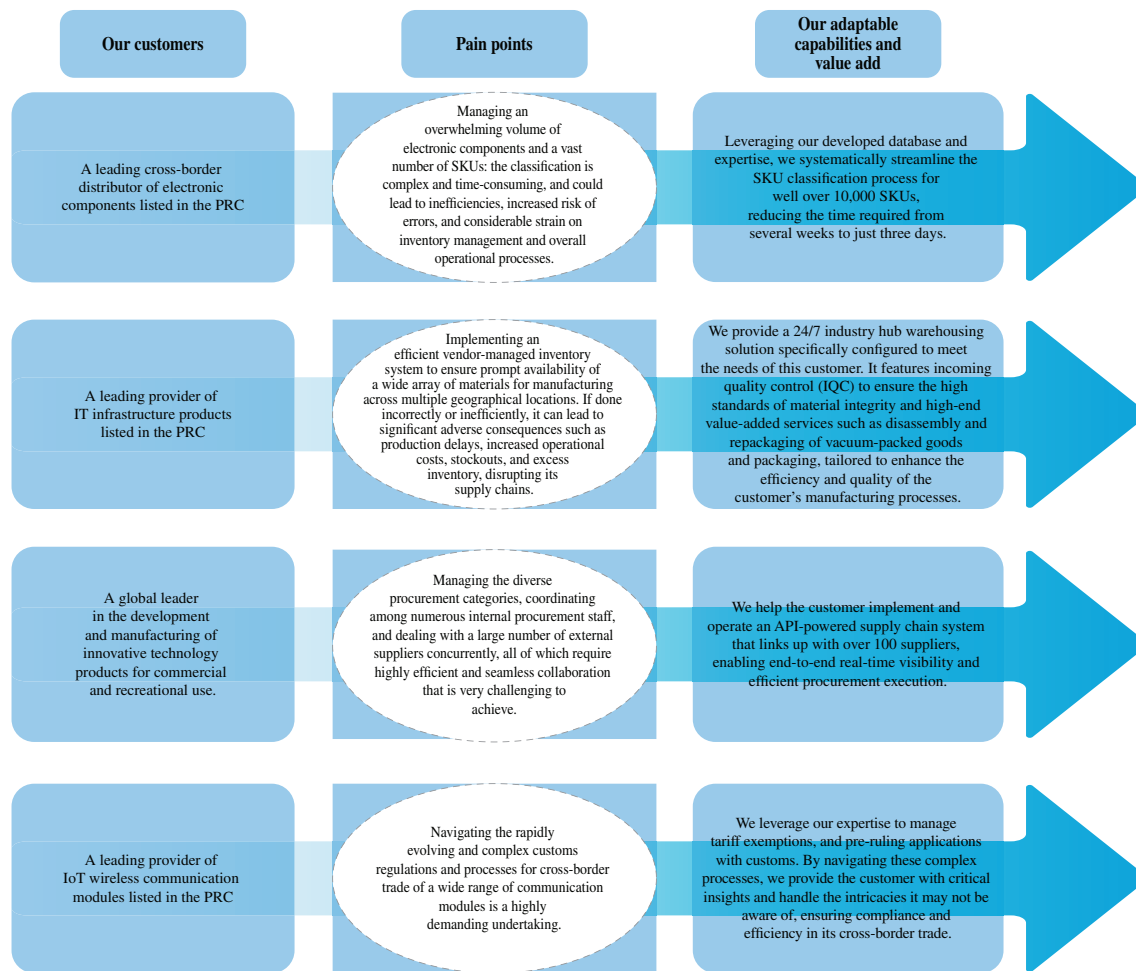
We have developed adaptable capabilities to service the sophisticated needs of our customers, handling high-volume and high-frequency international trades efficiently.

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

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

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



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

Our E-Chain platform is a turnkey solution specifically designed to service SME customers with standardized supply chain needs. It integrates the information of order placement, process execution, customs clearance, logistics, and funds settlement into a single, user-friendly interface with 24/7 accessibility. It enhances supply chain management by

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providing end-to-end visibility and real-time monitoring over inventory, orders, and logistics, enabling SME customers to make informed decisions and respond promptly to market demands. The E-Chain platform effectively addresses the high costs and complexities associated with SME customers to establish their in-house supply chain management system.

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

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

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

- The EAS (Enterprise Application Suite) Integrated Information Platform: This platform serves as our central control hub unifying information from all other IT platforms in a real-time manner, such as customer information, orders from customers, customs clearance status, warehousing and logistics resources and settlement needs of customers. We are able to gain full visibility over the flow of goods, flow of funds and flow of commerce, promptly make operational decisions and identify process risks through this platform.
- The Odoo Resource Management Platform: This platform forms the foundation of our risk management. It is responsible for customer onboarding and maintenance, supplier evaluation, contract review and approval, and risk assessment of our counterparties. This allows us to monitor and control risks that may adversely affect the reliability and stability of our supply chain solutions.

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

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

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

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

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

OUR STRATEGIES

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

The digitization and automation of our warehousing operations are central to our strategy for enhancing service efficiency, reducing costs, and improving the overall customer experience. Digitization of our warehouse operations will offer our customers with sophisticated inventory planning analysis, help them optimize their inventory management, reduce excess stock, and minimize unexpected stockouts, thereby boosting their operational efficiency. For example, we plan to deploy AS (automated storage system), RS (retrieval system) and AGVs (automated guided vehicles) to achieve goods-to-person picking. We also plan to deploy RFIDs for comprehensive goods tracking. Automation of our warehouse

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operations minimizes human errors, enhances productivity by swiftly and consistently handling repetitive tasks, and leads to significant labour cost reductions by reducing the need for manual interventions. A fully digitized and automated warehouse operation will enable us to secure a competitive advantage over our competitors.

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

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

Expanding our service capacity and/or capability

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

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

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

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

International expansion to support our customers’ evolving needs

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

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

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

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

Investing in our talent

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

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

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OUR BUSINESS MODEL

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

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

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

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

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

- *Flow of goods.* We receive goods from our customers’ international suppliers and arrange for their delivery to our customers in Chinese Mainland. This process involves goods pick-up, preliminary inspection, goods sorting and packaging, warehouse storage, customs clearance, and transportation to the customers’ final destinations.
- *Flow of funds.* We receive purchase price for the goods from our customers in Chinese Mainland (primarily in RMB), and settle with our customers’ international suppliers in foreign currencies (primarily in USD), through the operation of our cross-border fund arrangements.
- *Flow of information.* Our unified IT systems (powered by EAS, Odoo and OTWD) provide real time tracking of flow of goods and flow of funds and synchronization of information with our customers through our E-Chain platform or customized API-enabled data synchronization solutions.
- *Flow of commerce.* We achieve a seamless integration of the flow of goods, funds and information to complete the end-to-end transaction of our customers with their suppliers.

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

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

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

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

Note:

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

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

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

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Our operating locations

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

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

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

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

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

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

Our import solutions

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

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

- *Free port.* Hong Kong is a free port and follows a free trade policy. There are no customs tariffs on most imported or exported goods. Transporting goods through Hong Kong is generally not subject to additional costs or complex tariff regulations. Most goods do not need licences to enter or leave Hong Kong.
- *Efficient customs clearance.* Hong Kong has highly efficient customs clearance procedures. Relatively simple customs clearance procedures and 24-hour operation of Hong Kong International Airport make it convenient for goods destined for Chinese Mainland to go through Hong Kong.
- *No foreign exchange control policies.* There are no foreign exchange controls in force in Hong Kong, and the Hong Kong dollar is freely convertible into other currencies. There is unrestricted flow of capital within, into and out of Hong Kong, which makes Hong Kong an ideal platform to carry out trade with international markets and develop international business.
- *Sophisticated logistics infrastructure.* Hong Kong has sophisticated logistics infrastructure and strong connections to other global gateways. There is an abundance of shipping options available at competitive rates.

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

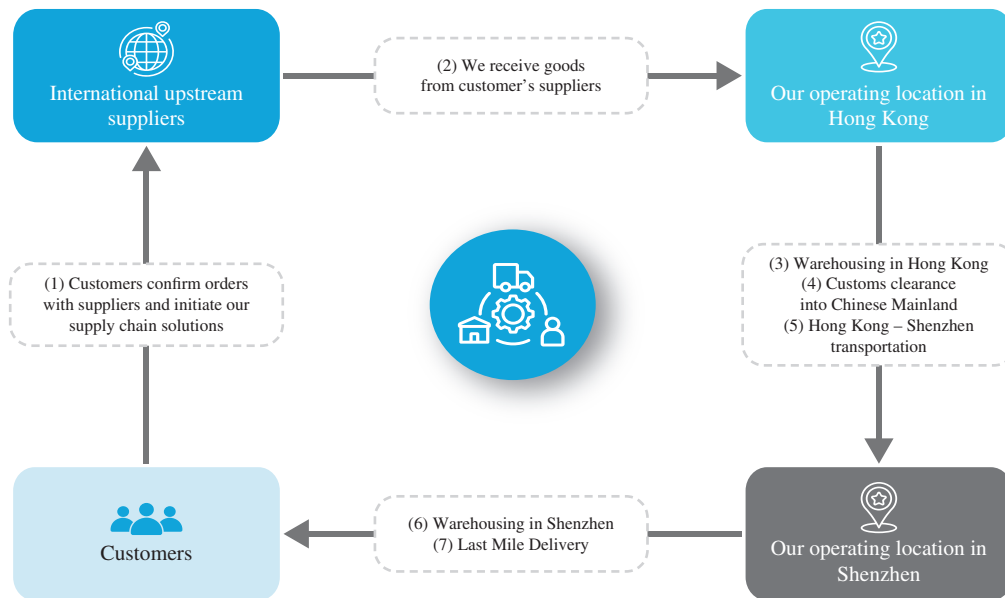
	For the year ended		
	31 December 2023	31 December 2024	31 December 2025
Number of SKUs imported ('000)	60.7	63.5	71.0
GMV (RMB' in million).	29,987.2	34,808.3	41,151.8
GMV per customer (RMB' in million)	20.0	25.3	31.2

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

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Flow of goods

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



- (1) ***Order confirmation with suppliers and initiation of our solutions.*** Our customers typically engage our solutions either during or shortly after finalizing their orders with international upstream suppliers. SME customers can confirm our engagement through the E-Chain platform, while our key account customers benefit from a dedicated team of relationship managers that addresses their specific and more complex needs. Please refer to “*Our Customers*” of this section for further details of our marketing and customer relationship management.
- (2) ***We receive goods from customers’ suppliers.*** Generally, our customers’ international upstream suppliers are responsible for delivering goods to our warehouse in Hong Kong. Customers provide our warehouse details to their suppliers for direct delivery. Occasionally, we arrange international logistics services to facilitate delivery from our customers’ suppliers. We maintain stable relationships with third-party overseas logistics providers to meet our customers’ needs. Please refer to “*Our Suppliers*” of this section for further details of our suppliers.
- (3) ***Warehousing in Hong Kong.*** We maintain warehouse operations in Hong Kong on leased properties. For details of our warehouses, please refer to “*Our operating locations*”. Upon receipt, we store goods on behalf of our customers for durations that depend on their requirements, typically aligned with their production schedules

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and timing needs. This helps customers optimise their inventory management and ensures timely delivery as needed. Our warehouse conditions are tailored for the storage and handling of delicate electronics, requiring heightened standard of care. Although we are not generally responsible for the contents of the goods, we conduct inspections for any red flags, such as visible damage, improper handling, or inconsistencies with customer specifications. Our extensive experience in handling electronics from a large number of suppliers gives us in-house expertise to perform these checks reliably and effectively, particularly in identifying any potential customs clearance risks. If any issues are identified, we promptly inform our customers so they can address them with their suppliers as soon as possible.

- (4) ***Customs clearance into Chinese Mainland.*** We are responsible for customs clearance in Chinese Mainland before goods can arrive at our operating location in Shenzhen. This involves filing the necessary documentation and paying the appropriate taxes and duties to relevant PRC authorities. This is a critical process, as any unexpected delays could impact the timely delivery to our customers. As at 31 December 2025, we had a dedicated customs affair team of 24 members, with an average industry experience of 5.6 years. We are proud to be one of the earliest enterprises accredited with the Authorized Economic Operator (AEO) Advanced Certification by the General Administration of Customs of the PRC under the AEO programme, as confirmed by Frost & Sullivan. The AEO programme, introduced by the World Customs Organization, aims to facilitate customs clearance. Our AEO Advanced Certification reflects our high level of regulatory compliance, internal control, and trade safety as assessed by the customs authority. With this certification, we are deemed low-risk by customs and are less likely to experience delays due to border inspections, thereby enhancing our efficiency and providing a more predictable customs clearance schedule.
- (5) ***Hong Kong — Shenzhen Transportation.*** We generally engage third-party logistics service providers to transport the goods from our Hong Kong operating location to our Shenzhen operating location. To ensure consistency and reliability of transportation, we cooperate with our long-term logistics service providers and undertake regular assessments. On account of consistent volume of business generated from our supply chain solutions, our logistics service providers have been increasingly willing to offer us more favourable terms, which improve our profitability. During the Track Record Period, we collaborated with 25 third-party logistics service providers for Hong Kong - Shenzhen transportation and entered into framework collaboration agreements with 18 of them.
- (6) ***Warehousing in Shenzhen.*** We maintain warehouse operations in Shenzhen on leased properties. For details of our warehouses, please refer to “*Our operating locations*” in this section. Upon receiving the goods at our Shenzhen operation location, we prepare the goods for delivery according to customers’ instructions. If requested by our customers, we also provide value-added services, such as packaging and labelling.

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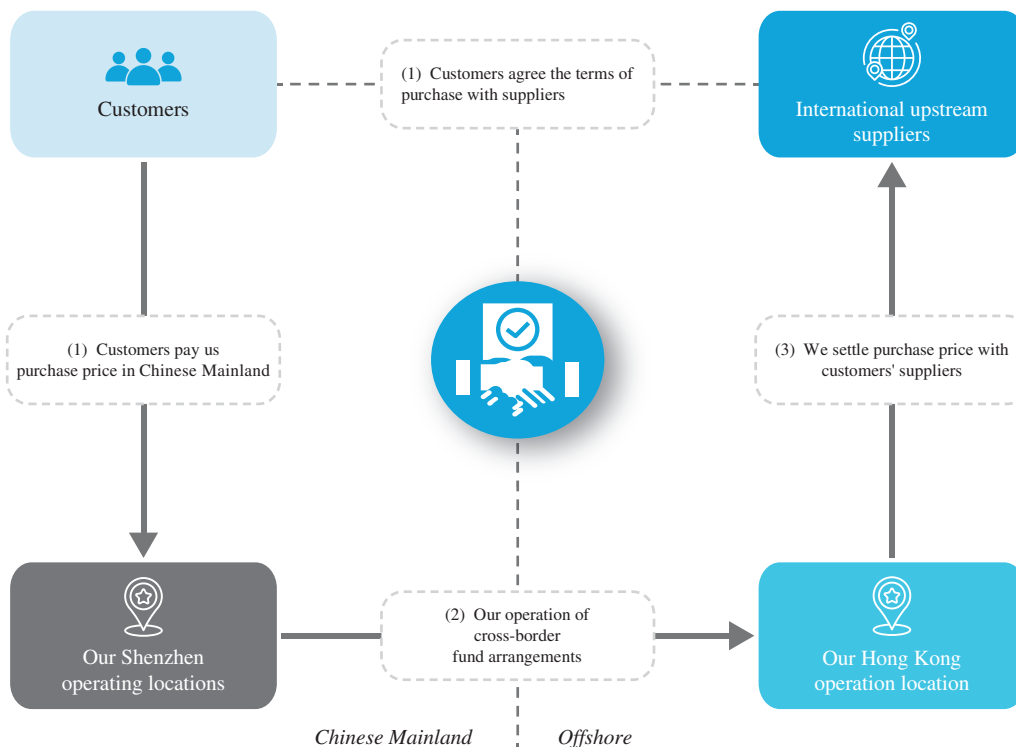
- (7) **Last-mile delivery.** Our customers may designate their preferred logistics service providers for last-mile delivery. We will then coordinate with these providers to ensure they pick up the goods from our warehouse or designated pickup point for delivery to the customers. If requested by the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

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

Flow of funds

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

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



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- (1) ***Customers pay us purchase price in Chinese Mainland.*** The flow of funds begins when our customers agree on the purchase price for goods with their international upstream suppliers, typically denominated in a foreign currency (usually USD). Our customers then remit the RMB equivalent of the purchase price to our Shenzhen operating location, based on the accessible market exchange rate. This process effectively enables our customers to make payments in their local currency, without having to deal with foreign currency exchange or international settlements, which may otherwise be protracted or subject to unexpected costs or market volatility risks.
- (2) ***Cross-Border Fund Arrangements.*** To settle the purchase price for goods with our customers’ international upstream suppliers, we frequently effect cross-border fund transfers between our operating locations in Shenzhen and Hong Kong. These transfers are diligently executed in compliance with relevant laws and regulations to ensure that we are in a position to meet the settlement needs of our customers, while enjoying additional income that contributes significantly to our profitability without exposing us to speculative risks. For details of our cross-border fund arrangements, please refer to “Business — Our cross-border fund arrangements”.
- (3) ***We settle purchase price with customers’ suppliers.*** Our operating location in Hong Kong then settles the purchase price for goods with the customers’ international upstream suppliers using the required foreign currencies in accordance with the agreed terms of the purchase.

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

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

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cash flow and allocate our resources more efficiently. We will regularly review our operating needs and resources (particularly cash flow requirements from time to time) and adjust this quota accordingly when it is practicable to do so.

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

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

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

- basic corporate information such as ownership type (state-owned or privately-owned);
- business nature (trading or end-use);
- whether it is on the “blacklist” in the PRC’s credit information system;
- operation scale, and the amount of tariff and VAT paid in the last fiscal year based on the customs’ information system;
- historical transaction records with us; and
- scrutiny of the purchase orders and relevant documentation for any irregularities that may call into question the genuineness of the underlying trade transactions.

In FY2023, FY2024 and FY2025, we provided advanced payment of purchase price for goods to 328, 319 and 289 customers, facilitating over 5,300, 5,600 and 6,500 orders, respectively. Upon satisfaction of our credit risk assessment and our commercial determination that it is desirable to provide value-added services to a particular customer (it is our intention to offer such services primarily for the purpose of strengthening relationship with important customers), we will grant a credit limit based on an acceptable risk level. In some cases, we may require credit enhancements from the customer, such as additional collateral and/or personal guarantee from the ultimate owner(s) including guarantees provided by the ultimate owner or parent company of the respective customer, and pledges of real estate properties or goods stored in our warehouse as collateral. Within this credit limit, we pay their upstream suppliers directly for purchase price of the goods using our own funds or bank facilities for a prescribed

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period based on the credit assessment results. We review and adjust our overall credit limit regularly every half year based on our operation needs and resources available, and generally our credit limits ranged from RMB1.0 million to RMB52.0 million based on our assessment and the business needs of the relevant customers, and credit periods ranged from 1-60 days as at 31 December 2025. In FY2023, FY2024 and FY2025, the aggregate advances provided by us for the advanced payment of purchase price for goods amounted to approximately RMB4.0 billion, RMB6.3 billion and RMB5.7 billion, and approximately 74.5%, 81.7% and 79.3% of which had a repayment schedule of within 10 days upon the advanced payments, respectively. During the Track Record Period, we had maximum monthly balance of approximately RMB387.3 million, RMB350.2 million and RMB238.8 million in FY2023, FY2024 and FY2025, respectively. Benefiting from our stringent credit assessment measures and collection efforts, we had not recorded any bad debt that had not been recovered during the same periods. Our average advanced payment for the purchase price per order was approximately RMB0.8 million, RMB1.1 million and RMB0.9 million in FY2023, FY2024 and FY2025, respectively. We charge for our value-added services of advanced payment of purchase price for goods either as part of our overall service fees for cross-border supply chain solutions or separately as determined on a case-by-case basis. During the Track Record Period, our service fees charged for such advanced payments amounted to approximately RMB3.7 million, RMB3.9 million and RMB4.0 million in FY2023, FY2024 and FY2025, respectively, comprising both fees incorporated within the overall service fees and those separately determined on a case-by-case basis. We closely monitor the repayment status of each customer on an order-by-order basis. Any late or irregular payment may result in the customer losing eligibility for our value-added services, including the advanced payments of the purchase price for goods. In addition, pursuant to our standard supply chain solutions service agreements with our customers, we are entitled to dispose of the goods in any manner we deem appropriate if any outstanding payments (including the repayment of the advanced payments) are not fully settled within 30 days from the due date. We have the right to claim for any shortfall amount, if any, after deducting the proceeds we could recover from the disposal of the goods.

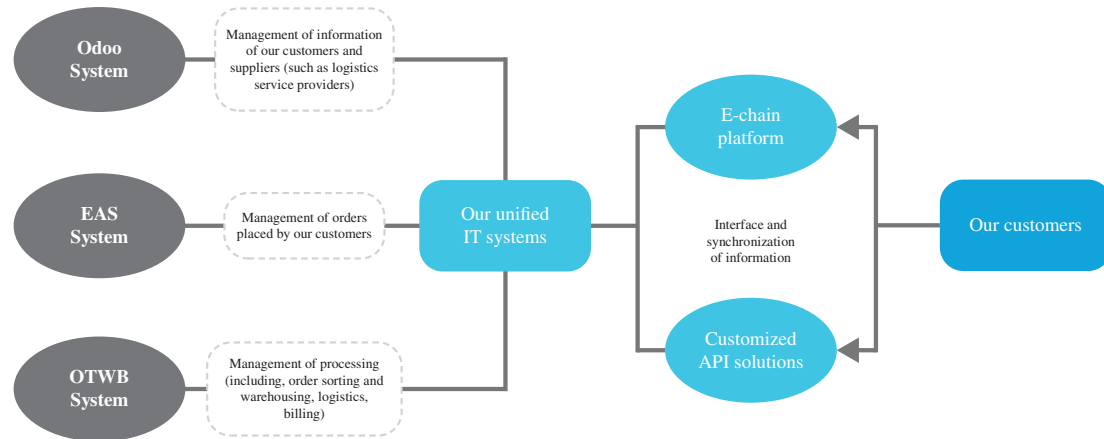
As advised by our PRC Legal Adviser, in accordance with the applicable laws and regulations, the maximum permissible interest that can be charged shall not exceed four times the one-year Loan Prime Rate (LPR) as at the date of the relevant agreement. Given the interest rates charged by us ranged from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

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

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Flow of Information

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



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

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

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

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Flow of Commerce

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

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

Our export solutions

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

- ***Exports to end customers.*** The majority of our export solutions facilitate the export of our customers’ finished products to their end customers in different countries. This involves managing the logistics, documentation, and compliance aspects to ensure seamless delivery to the final destination. Our expertise ensures that each step, from customs clearance to final delivery, is handled efficiently, minimizing delays and ensuring customer satisfaction.
- ***Exports to overseas processing facilities.*** Additionally, we provide export solutions for the shipment of semi-finished goods to our customers’ processing facilities located overseas, particularly in Southeast Asia. These facilities further process the semi-finished goods to meet specific local specifications, enhancing the products’ suitability for local markets. This service helps our customers optimize their supply chains and meet the diverse needs of their international operations.

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

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

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

Our logistics and warehousing solutions

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

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

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

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

OUR CROSS-BORDER FUND ARRANGEMENTS

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

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

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

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Telegraphic Transfer (T/T)

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

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



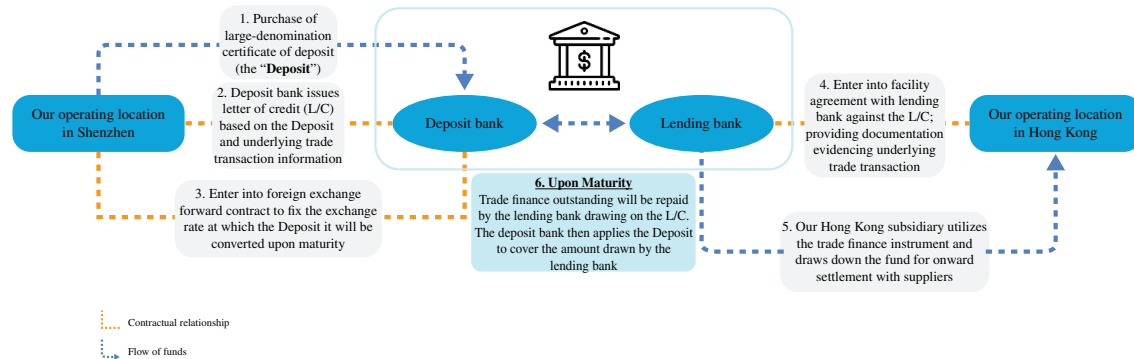
- **Identification of Commercial Bank.** Our fund operation department identifies the PRC commercial bank that offers the most favourable terms, such as handling fees and market rates.
- **Initiation of Fund Transfer.** Our fund operation department initiates the fund transfer with the PRC commercial bank by submitting T/T instructions, along with documentation evidencing the international trade transaction underlying the T/T, such as the trading contract, invoice, and customs certificate.
- **Fund Transfer Execution.** The PRC commercial bank arranges the fund transfer to the bank account of our operating location in Hong Kong according to the T/T instructions and provides us with the remittance record.

Trade Finance Structured Transfer

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

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



- **Step 1 – Purchase of Large-Denomination Certificates of Deposits.** Our operating location in Shenzhen purchases large-denomination certificates of deposits or places fixed deposits with a PRC commercial bank that offers the most favourable deposit rate. Such large-denomination certificates of deposit do not have any speculative features and, as advised by our PRC Legal Adviser, are regulated under the Interim Measures for the Administration of Large-Denomination Certificates of Deposit (大額存單管理暫行辦法) in the PRC, according to which, large-denomination certificates of deposit are “ordinary deposits” (一般性存款) in nature.
- **Step 2 Identification of Optimal Trade Finance Instruments.** Anticipating the funding needed to settle with the customers’ international upstream suppliers, the fund operation department identifies the most optimal trade finance instruments offered by commercial banks based on overall costs and commercial terms. Typically, our operating location in Hong Kong engages a PRC commercial bank to obtain trade finance instruments, such as loans and forfaiting, on the best available terms. These instruments are typically secured or discounted against letters of credit issued by the deposit bank at the request of our operating location in Shenzhen, which are, in turn, secured against the deposits.
 - Our operating location in Shenzhen enters into a letter of credit agreement with the deposit bank secured by the large denomination certificates of deposits or fixed deposits and the underlying trade transaction information.
 - Our operating location in Hong Kong enters into a facility agreement (loan or forfaiting agreement) with the lending bank and provides documentation evidencing the international trade transaction underlying the facility agreement, such as a list of customs certificates, including details such as customs declaration numbers, customs declaration date and transaction amount, and the originals of trading contracts and invoices related to such customs certificates. The lending bank will verify the details of the customs certificates through the ASOne platform of the State Administration of Foreign

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

- **Step 3 Foreign Exchange Forward Contract.** If the funding currency from the lending bank differs from the deposit currency, our operating location in Shenzhen enters into a foreign exchange forward contract with the deposit bank to fix the future exchange rate for converting foreign currency from the deposits at maturity, which will be used to repay the trade finance outstanding with the lending bank.
- **Step 4 Fund Drawdown and Deployment.** Our operating location in Hong Kong typically draws down the funds from the lending bank to segregated bank accounts in Hong Kong (the “**Hong Kong Segregated Accounts**”) and uses the funds to settle the purchase price for the goods with the customers’ international upstream suppliers.
- **Step 5 Repayment.** Upon maturity, the lending bank draws on the letter of credit (i.e., the deposit bank pays the lending bank under the letter of credit) to repay the trade finance outstanding. The deposit bank then applies the deposits to repay the amount drawn by the lending bank under the letter of credit and remits the remaining balance to our operating location in Shenzhen.

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

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purposes and best practice, we maintain the Hong Kong Segregated Accounts to specifically accept the funds made available by our Shenzhen operating location and to settle the purchase price of goods with the upstream suppliers.

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

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

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

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

Note:

- (1) The average interest rates of deposits are calculated by dividing the interest income by the weighted average amount of deposits for each period of the Track Record Period.
- (2) “Interest rates (facilities)” represents the interest charge attributable to the trade finance instrument utilised, while “Fee rates for associated costs” represents the bank charges (such as handling fee and other miscellaneous charges) attributable to the trade finance instrument utilised. Our management assesses such costs in aggregate as the effective cost of the trade finance instrument. In practice, the allocation of interest charge and bank charge is determined by the commercial banks, which varies by the nature of the instrument, bank policies and prevailing market conditions. From our perspective we are primarily concerned with the effective cost, which is our basis to evaluate the overall profitability of our trade finance structured transfers.
- (3) The average interest rates of facilities are calculated by dividing the interest expense by the weighted average amount of facilities for each period of the Track Record Period.
- (4) The average fee rates for associated costs are calculated by dividing the relevant costs by the weighted average amount of facilities for each period of the Track Record Period.
- (5) The average exchange yield rates are calculated by dividing the summation of our foreign exchange gains and fair value gains (losses) from the relevant trade finance structured transfers by the weighted average of facilities for each period of the Track Record Period.

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

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

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

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Currency Exchange Operation

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

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

Sometimes, we execute currency exchange operations in tandem with a trade finance structured transfer when the funding made available by the trade finance instrument underlying the structured transfer is denominated in a currency that is different from the settlement currency for the purchase price for the goods, necessitating a currency exchange to acquire the settlement currency in the required amount. We will choose between (i) trade finance structured transfer and (ii) trade finance structured transfer in tandem with currency exchange operation based on the trade finance instruments available from banks and the timing requirements of our customers. In determining the most optimal approach, we will reach out to various banks and

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obtain their trade finance instruments offerings and evaluate the expected yield and execution timeline associated with each alternative. We will select the structure that, after comprehensive evaluation, is expected to deliver the most favorable yield and overall terms in light of its settlement requirements. During the Track Record Period, the GMV underlying the approach of trade finance structured transfer in tandem with currency exchange operation accounted for 77.5%, 93.2% and 80.1% of our total GMV underlying trade finance structured transfer in FY2023, FY2024 and FY2025, respectively.

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

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

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

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

According to Frost & Sullivan, within the electronics cross-border integrated supply chain solution industry, companies commonly encounter substantial and frequent cash flows resulting from customers’ payment of the purchase price for goods and engage in cross-border fund arrangement business activities, and the proportion of income derived from cross-border fund arrangements is subject to various influencing factors, including the scale of funds involved, the specific financial instruments utilized, the strategies adopted for such arrangements, and market factors such as fluctuations in exchange rates and interest rates. Consequently, the proportion of income attributable to cross-border fund arrangements may

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differ among companies, and such variability is not uncommon within the industry. Considering our substantial transaction volume, the significant scale of funds processed and strong cash position, our Directors believe that the proportion of income generated from cross-border fund arrangements is reasonable. This is also taking into account the recent strategy of offering more competitive service fee rate to scale up the GMV with a view to achieving higher profitability through cross-border fund arrangements. Furthermore, our strategy is to lock-in the income upon execution, which is not subject to speculative risks; while prudent, may prove to be the more consistent and sustainable model in spite of market fluctuations in recent years.

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

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

According to Frost & Sullivan, cross-border settlements involve complex regulatory requirements, including (i) anti-money laundering regulations, such as the Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Banks’ Cross-Border Business (Trial Implementation) (銀行跨境業務反洗錢和反恐怖融資工作指引(試行)), which require commercial banks to conduct customer background checks and business reviews, and the Anti-Money Laundering Law of the People’s Republic of China (中華人民共和國反洗錢法), which requires financial institutions to verify customers and relevant transactions when there are inconsistencies in information or risk profiles, and (ii) foreign exchange control requirements, such as the Notice of the State Administration of Foreign Exchange on Further Optimizing the Administration of Trade-related Foreign Exchange Business (國家外匯管理局關於進一步優化貿易外匯業務管理的通知) for information directory registration management, the Guidelines on Foreign Exchange Business under Current Accounts (2020 version) (經常項目外匯業務指引(2020年版)), and the Detailed Rules for the Implementation of International Balance of Payments Statistics Reporting through Banks (通過銀行進行國際收支統計申報業務實施細則), which govern the review and reporting of foreign exchange receipts and payments. Such requirements make it burdensome for manufacturers and trading companies to

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establish effective systems, which require capabilities in integrating multiple financial institution interfaces, processing multi-currency settlements, performing real-time exchange rate conversions, and substantial IT infrastructure investment. While leading manufacturers and trading companies may handle basic cross-border payments, significant resources are needed for hiring specialized professionals, maintaining systems, and ensuring continuous operation. Conversely, cross-border supply chain service providers such as our Group offer cost-effective, efficient solutions with specialized, scalable, and intelligent capabilities. These providers have professional teams well-versed in settlement processes and compliance, enhancing efficiency through standardized operations and mitigating exchange rate fluctuations with financial instruments. By reducing transaction costs through economies of scale, they offer more competitive settlement fees. Outsourcing cross-border settlement to these providers allows manufacturers and trading companies to save on system development and maintenance costs, enabling them to focus on their core business operations and improve overall efficiency.

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

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

OUR UNIFIED IT SYSTEMS AND INTERFACE WITH CUSTOMERS

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

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

Our unified IT systems



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

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

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

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

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

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

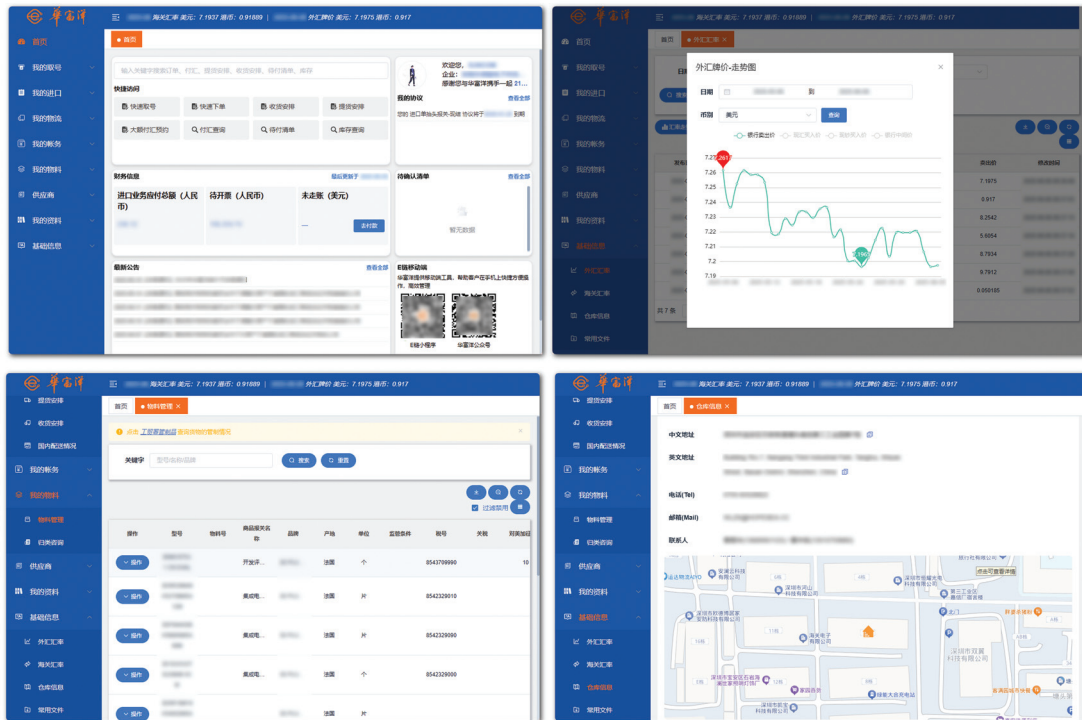
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WMS. Given most of our customers operate in manufacturing sector and require a fast-moving logistics and warehousing services with high turnovers. Our monthly average output and input had reached 374,000 packages and 371,000 packages in FY2025. To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

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

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

Our interface with customers



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

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

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

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

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

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

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

API-enabled data synchronization solutions

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

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

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

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OUR CUSTOMERS

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

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

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

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

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

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

For the year ended 31 December 2023

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

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For the year ended 31 December 2024

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

For the year ended 31 December 2025

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

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

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

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

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

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Salient terms of agreements with customers

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

Contractual period: Typically two to three years unless terminated by the parties pursuant to the agreement. If neither party issues a termination notice one month before the expiry date, the term of the agreement will be automatically extended for one year.

Scope of services: Supply chain solutions, including pick-up, inspection, packaging, sorting, warehousing, load-off, commercial inspection, customs clearance, logistics and payment settlement. During the term of the agreement, the customer can request our Group to provide integrated supply chain solutions from time to time.

Fees: Fees are determined by scope of services, payment method, and service model.

Payment method: We generally require our customers to make payments for our service fees upon customs clearance at our operating location in Shenzhen.

Any late payment will be subject to a default interest based on the principal amount and the length of delayed period as agreed.

We are free to dispose of the goods in any manner we deem appropriate if the outstanding payments are not fully settled within 30 days upon the day when such payments become due. We are entitled to claim any shortage amount of the payments after deducting the proceeds from deposition of the goods.

Termination: The agreement may be terminated by advance notice of any of the parties or upon the parties entering into a termination agreement.

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HISTORICAL THIRD PARTY PAYMENTS

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

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

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

- (i) for payments received, our finance personnel will generate collection slips through the EAS system to recognize the payments. If a payment originates from an account that does not match any of our customers’ accounts, the collection slip generated by the EAS system will require additional manual confirmation before recognizing the payment; and
- (ii) our finance personnel will not accept the relevant payments if upon checking manually that such payments are Third Party Payments.

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

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

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

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

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

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

Our pricing policy

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

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

- For our cross-border supply chain solutions, we charge a service fee as a percentage of the GMV. This percentage is determined by several factors, including the monthly trading volume of the customer, the credit period typically granted to the customer, and whether the customer opts for our value-added services such as advanced payment for the purchase price of goods, VAT, and tariffs. These additional services can significantly impact the overall fee structure, providing flexibility tailored to the customer’s specific needs.
- For logistics solutions, our fees are primarily based on accessibility of destinations, the distance of transportation and the number of packages being shipped. We adopt a scalable pricing model that aligns with the complexity and scope of the logistics required. For warehousing solutions, fees are determined by the volume and duration of storage, as well as the location of warehouse and the ancillary equipment available in such warehouse utilized. Additional fees may apply if customers choose to use our value-added inventory management services, such as labeling and packaging.
- For our value-added services that involve advanced payment for the purchase price of goods, VAT, and tariffs, we typically include these fees in the overall service fees for cross-border supply chain solutions based on the anticipated length and size of the advance. For certain customers requiring longer credit periods, we typically charge these advance payments separately based on a fee rate that is determined on a case-by-case basis considering factors such as potential risk exposure and the cost of funds (with reference to prevailing commercial bank lending rates) .
- We generally do not charge customers for our API-enabled data synchronization solutions. This service is provided to enhance data integration and operational efficiency without substantial additional cost, primarily as a hook to increase utilisation and penetration of our services. Similarly, we do not impose fees, such as service fees, on our customers for executing cross-border fund arrangements, including T/T transfers and trade finance structured transfers.

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

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

BUSINESS

Sales and Marketing

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

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

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

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

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

Payment terms

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

BUSINESS

Warranty and goods damaged in transit

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

OUR SUPPLIERS

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

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

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

For the year ended 31 December 2023

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

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

Note:

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

For the year ended 31 December 2024

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

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

Note:

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

For the year ended 31 December 2025

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

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

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

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

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

INTRA-GROUP TRANSACTIONS

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

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

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

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

Transfer pricing

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

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

Based on such review, our Directors are satisfied that:

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

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

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

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

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

- we retain an external tax consultant advising on transfer pricing matters annually to conduct analysis on our transfer pricing method and profit level indicator selected, and plan our transfer pricing policy of the transactions through financial budgeting according to the result of the analysis;
- our finance team and relevant personnel receive trainings relating to updates on relevant transfer pricing laws and regulations in the relevant jurisdictions;
- our management reviews all reporting forms before submitting to the relevant tax authority;
- we will continue to optimize the support for the functional profile for the main operating business;
- we will continue to ensure the profit arrangement is aligned with each entity’s value contribution; and
- we will continue to document and file relevant supporting documents of value contribution of each entity for risk management purposes, including but not limited to responsibilities planning correspondences, performance and outcome assessment of relevant work, etc.

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

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DEMAND PATTERN FOR OUR SUPPLY CHAIN SOLUTIONS

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

SINO-U.S. AND GLOBAL TRADE TENSION

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

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

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

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

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

	Year ended 31 December					
	2023		2024		2025	
	(RMB in million)	% of total	(RMB in million)	% of total	(RMB in million)	% of total

By GMV

– Import solutions

Asia						
Chinese Mainland ⁽¹⁾	10,788.8	36.0	11,340.5	32.6	13,322.4	32.4
Taiwan	9,329.2	31.1	11,220.7	32.2	12,188.7	29.6
Korea	2,207.9	7.4	4,655.9	13.4	5,676.0	13.8
Japan	1,127.7	3.8	1,153.7	3.3	1,854.5	4.5
Others	3,421.4	11.4	3,356.6	9.6	3,390.2	8.2
Subtotal	26,875.0	89.6	31,727.4	91.1	36,431.8	88.5

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

* Negligible

Note:

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

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

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

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

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

INTELLECTUAL PROPERTY

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

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

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

- (i) the Patent’s scope of protection is very narrow, and the likelihood of infringement being established before the court is extremely low. Under Chinese patent law, a plaintiff must show that the accused system matches every single element of the Patent’s claims. If even one element is missing, there is no infringement. The Patent’s principal claim contains at least 10 such elements, and based on the assessment of our Intellectual Property Adviser, our system is far from meeting the threshold for infringement;
- (ii) there are clear indications that this action constitutes malicious litigation (惡意訴訟) designed to take advantage of the Company’s vulnerability during its [REDACTED] process. The following factors are particularly indicative of patent speculation and bad faith litigation: according to our Intellectual Property Adviser’s searches of publicly available records, the Claimant has no identifiable paid-in registered capital against its registered capital of RMB500,000, and its insured headcount is zero; its registered business scope has insufficient connection to the Patent, and no record exists of the Claimant having registered as an import/export goods consignor/consignee or holding any import/export credit certification; the Claimant acquired the Patent as recently as 20 August 2025, pledged it as collateral to two third parties within approximately two weeks of doing so, and then commenced this large-scale damages claim shortly afterwards; and the Claimant has not submitted any evidence in support of its RMB50,000,000 damages claim, nor provided any basis for the calculation of that figure; and

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

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

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

PROPERTIES

Owned properties

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

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

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

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

Leased properties

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

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

Issues relating to our leased properties in the PRC

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

Leased properties which are subject to title defects

As at the Latest Practicable Date, three of our leased properties, with an aggregate GFA of 11,056 sq.m., located in Shenzhen and functioning as our warehouses and employee dormitories that were leased from a third party landlord are subject to title defects. The

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landlord of such properties has confirmed to us that these properties are unauthorised buildings that were historically constructed during the urbanization process of rural areas in Shenzhen and the landlord has not obtained relevant property ownership certificates. We understand from our PRC Legal Adviser that the relevant lease agreements may be deemed as invalid due to such title defects and as a result we may not be able to enforce our rights to use such properties under the relevant lease agreements. In the worst case scenario, we may be required to vacate the relevant properties. As at the Latest Practicable Date, we are not aware of any such circumstances.

Inconsistency with approved zoning plan

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

Non-registration of lease agreements

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

Issues relating to one of our leased properties in Hong Kong

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

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against the lessor by contractual claim for losses and damages if any material issue arises. To the best of our knowledge after conducting reasonable due diligence, the lessor has an established logistics and warehousing business of substance.

Views of our Directors

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

No valuation of any of our property interests is required

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

EMPLOYEES

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

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

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

Relationship with our employees

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

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

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

Training

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

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

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

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- offer employees regular training on the risks associated with the transportation of goods as part of cross-border supply chain.
- conduct regular emergency management training for employees.
- provide regular training for employees on information protection and confidentiality.

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

Remuneration and benefits

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

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

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

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social insurance and housing provident fund. We had committed to, upon the request of the competent authorities, promptly and fully settle any outstanding amounts of our social insurance and housing provident fund contributions and comply with their other instructions, if any.

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

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

In addition, on 31 July 2025, the Supreme People's Court issued the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法院問題的解釋(二)》) (the “Interpretation II”), which took effect on 1 September 2025. Considering that we have lawfully entered into labor contracts with our employees and have registered and paid social insurance for all employees except those legally exempt (such as interns and re-employed retirees), our PRC Legal Adviser is of the view that (i) the Interpretation II does not expand penalty exposure or repeal existing laws, (ii) if we make timely contributions to social insurance and housing

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provident fund contributions upon requested by relevant government authorities, and (iii) if there is no material changes to current PRC laws and regulations, nor to the practices in policy implementation and local government inspections concerning social insurance, in the absence of material complaints from our employees, the risk of the relevant PRC authority requiring us to make up the shortfall or imposing penalty on us is remote.

INSURANCE

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

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

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

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

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

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ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

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

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

Governance on ESG-related Matters

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

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

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

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

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

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

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

Energy Use

We leased certain properties in Chinese Mainland and Hong Kong to operate as our office premises, warehouses and employee dormitories, and maintained a fleet of transport and official vehicles as at the Latest Practicable Date. Our primary energy consumption includes purchased electricity, diesel (for transport vehicles), and gasoline (for official vehicles). To manage our

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energy use effectively, we have implemented an Energy and Resources Management System, established an Energy Management Leading Group, and set energy and resource-related targets. We had also taken several measures to conserve energy and reduce emissions during the Track Record Period:

- **Active Electricity Management:** We promote environmental awareness among employees by posting electricity-saving slogans. Designated personnel check electrical equipment and lighting after work daily, perform regular maintenance, install intelligent meters in warehouses to monitor electricity usage, and address any anomalies promptly.
- **Lighting Upgrades:** We have replaced traditional lighting with low-power consumption LED lamps and ensure regular maintenance and cleaning of electrical lighting.
- **Office Practices:** We promote a paperless office environment and use recycled paper for necessary printing. We purchase eco-friendly office supplies, establish waste sorting points, and assign personnel to supervise waste management.
- **Green Travel:** We encourage employees to adopt environmentally friendly commuting practices and organize events like “Green Riding Day”.
- **Green Logistics:** We optimize logistics distribution routes to reduce energy consumption.

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

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

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

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Water Resources Management

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

- conducting water-saving publicity and training to strengthen staff awareness of water resource protection.
- encouraging employees to propose water-saving suggestions and reward practical ideas.
- replacing water fixtures with water-saving appliances when renovating the warehouse.

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

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

Emissions Management

Waste Management

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

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

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

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

Response to Climate Change

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

Governance

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

Strategy

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

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

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

Risk Management

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

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

Metrics and Targets

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

- **Short Term (1-2 years):** Continue optimizing transportation routes, identify backup suppliers, and incorporate ESG concepts, particularly energy conservation and emission reduction, into supplier selection.
- **Medium Term (3-5 years):** Develop a climate risk map of the supply chain, establish a monitoring and early warning system, and promote green certification for suppliers.
- **Long Term (more than 5 years):** Plan to deploy AI for risk prediction and build a regional distribution center to diversify risks.

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

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

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

- 1 The total greenhouse gas emissions are equal to the sum of GHG Scope 1 emissions and GHG Scope 2 emissions.
- 2 GHG Scope 1 emissions are calculated based on gasoline usage and emission factors, with the emission factors referenced from Appendix 4 of the China Energy Statistical Yearbook 2020 and the IPCC, 2014: Climate Change 2014: Synthesis Report, Intergovernmental Panel on Climate Change Fifth Assessment Report, Working Group I, II, and III Reports.
- 3 GHG Scope 2 emissions are calculated based on electricity consumption and emission factors, with the emission factors referenced from the Ministry of Ecology and Environment’s Notice on Doing Well in the Management of Greenhouse Gas Emission Reporting for Power Generation Enterprises in 2023-2025.

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

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

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

Employment, Training, and Occupational Health & Safety

Employment Management

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

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

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

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

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

Employee Care

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

Training and Development

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

Employee Wellness and Safety

We have formulated the “Wellness and Safety System for Huafuyang Employees” to ensure their health and work safety, prevent accidents and occupational diseases, and create a safe and healthy work environment. We regularly provide safety education, organize quarterly

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wellness knowledge lectures with professional doctors or wellness experts, and offer Q&A sessions to address employees’ concerns. We also offer mental health support services through professional psychological consulting institutions, providing free counseling services for employees.

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

Service Responsibility

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

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

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

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Supply Chain Management

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

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

Integrity and Anti-Corruption

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

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

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

Corporate Social Responsibility

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

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DATA COMPLIANCE AND DATA SECURITY

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

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

- (i) *To provide supply chain solutions.* We collect and use contact information (including the name and phone number) of our customers (or the companies receive or pick up the goods on their behalf).
- (ii) *Human resources management.* We collect personal information including name, ID number, place of birth, nationality, ethnicity, age, contact information, address, emergency contact phone number, work experience, and educational background from our employees for the purpose of employment management.

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

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

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

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

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

LEGAL PROCEEDINGS AND COMPLIANCE

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

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

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

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

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

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

Certain customers were added to the BIS Entity List

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

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

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

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

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

To the best knowledge of our Directors, we were not involved in any import or export services related to items subject to the EAR for or on behalf of the Designated Entities following their respective designations. We have conducted an internal review of our supply

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

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

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

Further, we provide domestic warehousing solutions to Customer D (which comprises two entities under the same group) (Please refer to “*Business — Our customers*”). One of such entities was added to the Entity List during the Track Record Period. Our revenue attributable to the warehousing solutions provided to Customer D was approximately RMB9.0 million, RMB11.4 million and RMB14.2 million in FY2023, FY2024 and FY2025, respectively. Considering (i) our transactions with such entity have been limited to warehousing solutions in the PRC and have not involved any nexus with the Relevant Sanctions Jurisdictions, and (ii) the electronic components warehoused in connection with these transactions were not subject to the EAR and have not been imported from, or exported to, jurisdictions outside the PRC, Our International Sanctions Legal Adviser is of the view that our transactions with Customer D were not in violation of Applicable Sanctions Laws. Furthermore, our International Sanctions Legal Adviser is of the view that our transactions with Customer D do not involve items under the EAR, nor do they amount to Primary Sanctioned Activities or Secondary Sanctionable Activities, considering (i) the warehouse solutions we provided for and on behalf of Customer D involved no nexus with the United States. Specifically, these services did not involve USD-denominated payments, U.S.-based subsidiaries, or U.S. persons employed by or acting on our behalf, (ii) we have conducted an internal review of our supply chain records and documentation. Based on such review, and to the best of our knowledge: (a) none of the items provided to Customer D have been assigned ECCNs; (b) none originated from, or were

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exported from, the United States at any point in the supply chain, including via direct shipment or transshipment; and (c) none contained U.S.-origin parts, components, software, or technology, and (iii) we have also reviewed our customer and supplier lists and confirmed that none of the parties involved in the warehouse solutions provided for Customer D are Sanctioned Persons. To the best knowledge of our Directors, based on our screening measures adopted, save for the six customers disclosed above, none of our customers during the Track Record Period and up to the Latest Practicable Date had been subject to the U.S. sanctions or other sanction programmes that could potentially prohibit or restrict our business activities with such customers.

Business activities in relation to Relevant Regions

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

Our International Sanctions Legal Adviser has reviewed the sanctions risks associated with these activities based on the information provided by us and has not identified any violations of Applicable Sanctions Laws. Although the Relevant Regions were subject to various sanctions during the Track Record Period, neither of the Relevant Regions was designated as a Sanctioned Country (i.e., subject to a comprehensive embargo) under the laws of any Relevant Sanctions Jurisdiction. Our International Sanctions Legal Adviser is of the view that our activities involving two China-based customers did not constitute Primary Sanctioned Activities or Secondary Sanctionable Activities, as (i) none of our customers in the Relevant Regions is or has been a Sanctioned Person, (ii) the transactions did not involve any nexus with the Relevant Sanctions Jurisdictions, apart from certain USD payments (which did not constitute a violation of Applicable Sanctions Law), (iii) no U.S.-based subsidiaries or U.S. persons employed by or acting on behalf of us were involved in the transactions within the Relevant Regions, (iv) we had neither knowledge of, nor any reasonable basis to suspect, that any owners, directors, employees, consignees, or suppliers of our customers were Sanctioned Persons under Applicable Sanctions Laws; (v) we have had no dealings with sectors in Russia subject to sectoral sanctions (including no sales to Russia's technology, defense, and related materiel, metals and mining, quantum computing, financial services, aerospace, electronics, accounting, management consulting and trust/corporate formation sectors); (vi) we have no knowledge of, nor any reasonable basis to suspect, that any owners, directors, employees, consignees, suppliers, or ultimate customers of the consignee in Russia and Zimbabwe were Sanctioned Persons under Applicable Sanctions Laws; and (vii) our business operations have no connection to Sanctioned Countries (i.e., countries that are subject to a general and comprehensive embargo). We have not, directly or indirectly, undertaken any contract or

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engaged in any activity with counterparties located in Sanctioned Countries, nor have we provided goods or services to any person in such jurisdictions. In addition, we have conducted an internal review of our supply chain records and documentation, including supplier invoices and packing lists. Based on such review, (a) none of the items provided to these customers have been assigned ECCNs; (b) none originated from, or were exported from, the United States at any point in the supply chain, including via direct shipment or transshipment; and (c) none contained U.S.-origin parts, components, software, or technology. As such, our International Sanctions Legal Adviser is of the opinion that our services to two China-based customers did not involve any items subject to the EAR.

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

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

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

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

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IMPACT OF COVID-19 PANDEMIC

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

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

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

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

INTERNAL CONTROL AND RISK MANAGEMENT

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

Financial Reporting

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

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

Operational Risk Management

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

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

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

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Risk Management in relation to our cross-border fund arrangements

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

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

- We have implemented an internal management policy with clearly defined duties for each key personnel on our funds management team, including their respective scope of work, reporting lines, and work procedures. This clarity ensures accountability and smooth operation of our fund arrangements;
- We maintain detailed operational records of all our cross-border fund arrangement activities. This includes underlying transaction details such as transaction amounts, counterparties, responsible persons, applicable exchange rates, and interest rates;
- We have established comprehensive operation procedures for all aspects of our cross-border fund arrangements. This includes the reporting of customers’ settlement needs, selection of appropriate means for fund arrangements and suitable products and monitoring the flow of funds; and
- We closely monitor the customs declaration status to ensure the genuineness of the trade transactions underlying the cross-border fund arrangements.

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

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International Sanctions Risk Management

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

- We have established comprehensive compliance policies and procedures, including the export control compliance management policy and export control process flowchart, which clearly set out the processes for identifying controlled items/parts, entities and persons and compliance screening. Our designated risk management team is responsible for ensuring adherence to regulatory requirements and internal policies;
- We regularly monitor and review announcements and documents from the governments of the United States, the European Union, China, and other regions on a weekly basis to stay promptly informed of any updates to the list of companies, items/parts, and persons that are restricted for trading. We then upload any such changes into our Odoo and EAS systems to ensure our databases reflect the latest regulatory updates;
- We conduct thorough screening and inspections on the goods for which we facilitate cross-border trading. This includes inspecting underlying trading documents, invoices, and packing lists to ensure the goods do not fall within any categories of sanctioned goods and that they are not sourced from sanctioned jurisdictions;
- Our systems are equipped with automated compliance check functions to identify customers, suppliers, or items/parts that fall under the trading restriction database automatically. The Odoo and EAS systems will automatically halt order processing if any red flags are identified until we provide instructions that the associated risks have been cleared; and
- We have also adopted a U.S. export control compliance procedure to ensure our compliance with the EAR, including procedures for reporting and internal review, training and recordkeeping.
- We offer import and export control compliance training to our employees quarterly and provide telephone consultations, on-site training, and explanatory sessions to our customers and suppliers as needed. This ongoing education ensures that our employees, customers, and suppliers are well-informed and compliant with export control regulations.

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

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

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

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

- (a) We implement stringent “know-your-customer” (KYC) processes, including specific screening procedures designed to identify sanctioned parties and associated risks. Additionally, we have a policy in place not to engage in violative dealings (i.e. business or transactions that are prohibited or restricted by sanctions laws or regulations).
- (b) We maintain a policy not to engage in dealings with jurisdictions considered to be high risk. We do not import from, or arrange logistics involving, such jurisdictions.
- (c) Our customer base is primarily composed of entities established or incorporated in Chinese Mainland or Hong Kong. We have a policy that scrutinises dealings with entities established or incorporated in jurisdictions considered to be high risk.

BUSINESS

LICENSES AND PERMITS

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

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

BUSINESS

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

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

AWARDS AND RECOGNITIONS

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

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

BUSINESS

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

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into certain lease agreements with certain parties that will, upon the [REDACTED], become our connected persons.

RELEVANT CONNECTED PERSONS

Upon the [REDACTED], the following parties, which have entered into certain lease agreements with our Group, will become our connected persons:

Name	Connected relationship
Shenzhen Tenglong Development Investment Co., Ltd. (深圳市騰龍發展投資有限公司) (“ Tenglong Development ”)	Tenglong Development is a company owned as to 100% by Shenzhen HuaFuYang Investment Consulting Co., Ltd (深圳市華富洋投資顧問有限公司), which is in turn owned as to 50% by Mr. Fung and 50% by Ms. Yeung, who are our Controlling Shareholders, and is therefore an associate of each of Mr. Fung and Ms. Yeung under Rule 14A.12(1)(c) of the Listing Rules, and our connected person under Rule 14A.07(4) of the Listing Rules.
Tranquil Management Company Limited (寧遠管理有限公司) (“ Tranquil Management ”)	Tranquil Management is a company owned as to 35% by Mr. Fung, 35% by Ms. Yeung and 30% by Ms. Fung, who are our Controlling Shareholders, and is therefore an associate of each of Mr. Fung, Ms. Yeung and Ms. Fung under Rule 14A.12(1)(c) of the Listing Rules, and our connected person under Rule 14A.07(4) of the Listing Rules.

ONE-OFF CONNECTED TRANSACTIONS

Lease Agreements

On [●], we entered into a lease agreement with Tranquil Management, pursuant to which we agreed to lease from Tranquil Management certain premises with a total gross area of approximately 2,622.8 sq.m. in Hong Kong as our warehouse and office, for a term of three years from the [REDACTED] at the monthly rental of HK\$352,900.

On [●], we entered into a lease agreement with Tenglong Development, pursuant to which we agreed to lease from Tenglong Development certain premises with a total gross area of approximately 7,432.8 sq.m. in Shenzhen as our warehouse, for a term of three years from the [REDACTED] at the monthly rental of RMB230,000.

CONNECTED TRANSACTIONS

Our Directors confirmed that the monthly rentals of the foregoing lease agreements (collectively the “**Lease Agreements**”) were determined after arm’s length negotiations between the parties with reference to the then prevailing market conditions and rental rate of similar warehouses or office facilities in the vicinity.

Reasons for and benefits of the transaction

We had been using the premises under the Lease Agreements at the same monthly rent during the Track Record Period. Any relocation may cause unnecessary disruption to our operations and incur additional costs. The continuation of such lease is cost efficient and is beneficial to our operations.

In light of the above, our Directors are of the view that the transactions under the Lease Agreements are fair and reasonable and in the best interest of our Group and the Shareholders as a whole.

Accounting treatment of the Lease Agreements

In accordance with IFRS 16 “Leases”, we will recognise right-of-use assets on our consolidated statements of financial position in connection with the transactions contemplated under each of the Lease Agreements. As such, the transaction contemplated thereunder would be regarded as an acquisition of assets by us for the purposes of the Listing Rules.

Listing Rules implications

The transactions contemplated under the Lease Agreements are one-off transactions entered into by us prior to [REDACTED]. Such transactions will not, following the [REDACTED], constitute our continuing connected transactions under Chapter 14A of the Listing Rules, and will not be subject to further requirements under the Listing Rules. We will comply with the relevant requirements under Chapter 14A of the Listing Rules should there be any material change to the terms of the Lease Agreements, or in the event we enter into any other connected transactions in relation thereto after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of six Directors: (i) two executive Directors; (ii) one non-executive Director; and (iii) three independent non-executive Directors. It is collectively responsible for, among other things, overseeing our overall management and strategic direction, ensuring compliance with legal and regulatory requirements, and safeguarding the interests of our Shareholders.

Our senior management team includes four members who are responsible for the daily operations of our Group.

DIRECTORS AND SENIOR MANAGEMENT

The table below sets forth certain information of our Directors and members of our senior management team:

Name	Age	Position(s)	Date of Joining our Group	Date of appointment as a Director/senior management	Primary roles and responsibilities	Relationship with other Directors and senior management
<i>Directors</i>						
Mr. Fung So Kwan (馮蘇軍)	71	Chairman, non-executive Director	6 July 2001	22 April 2025	Providing strategic directions to our Group	Father of Ms. Fung Yeung; father-in-law of Mr. Cheung Sen Kwong
Ms. Fung Yeung (馮揚)	41	Executive Director	1 August 2007	22 April 2025	Overseeing and managing all operational matters of our Group	Daughter of Mr. Fung So Kwan; spouse of Mr. Cheung Sen Kwong
Mr. Cheung Sen Kwong (張晨光)	40	Executive Director, chief executive officer	1 April 2011	22 April 2025 (as Director)	Overseeing and managing business development of our Group	Son-in-law of Mr. Fung So Kwan; spouse of Ms. Fung Yeung
Mr. Mok Kwai Pui Bill (莫貴標)	64	Independent non-executive Director	[REDACTED]	[REDACTED]	Providing independent judgement to our Board	None
Ms. Fok Pui Ming Joanna (霍珮鳴) . . .	46	Independent non-executive Director	[REDACTED]	[REDACTED]	Providing independent judgement to our Board	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of Joining our Group	Date of appointment as a Director/senior management	Primary roles and responsibilities	Relationship with other Directors and senior management
Mr. David Tiang Wei Ping (程偉賓)	58	Independent non-executive Director	[REDACTED]	[REDACTED]	Providing independent judgement to our Board	None
<i>Senior Management</i>						
Mr. Cheung Sen Kwong (張晨光)	40	Chief executive officer	1 April 2011	2 June 2025 (as chief executive officer)	Overseeing and managing the business development of our Group	Son-in-law of Mr. Fung So Kwan; spouse of Ms. Fung Yeung
Ms. Zhang Yulin (張瑜琳)	55	Chief finance officer	7 March 2011	2 June 2025	Managing finance and accounting related matters of our Group	None
Mr. Yi Liang (易亮)	52	Vice president of operations	1 September 2004	2 June 2025	Managing business operational matters of our Group	None
Mr. Zhou Haidong (周海東)	46	Vice president of marketing	27 October 2007	2 June 2025	Managing marketing and customer management related matters of our Group	None

Save as disclosed in the table above, none of our Directors and members of our senior management team is related to each other.

Directors

Mr. Fung So Kwan (馮蘇軍), aged 71, was appointed as our Director on 22 April 2025 and was designated as our non-executive Director and the chairman of our Board on 2 June 2025. Mr. Fung is primarily responsible for providing strategic directions to our Group.

Mr. Fung has been the director and legal representative of Shenzhen HFY Supply Chain (our headquarter office) since its establishment in 2001, playing a pivotal role in the growth and success of our Group. He has accumulated substantial experience in the supply chain solutions industry and has developed a deep understanding of the complexities and challenges inherent in the industry. Mr. Fung’s strategic vision and ability to innovate have consistently driven improvements in productivity and cost-effectiveness, fostering a culture of excellence

DIRECTORS AND SENIOR MANAGEMENT

within our Group. As part of succession planning to ensure leadership continuity of our Group, he has been handing over management and decision making responsibilities to our executive Directors. In his capacity as the non-executive Director and the chairman of our Board, Mr. Fung will continue to deliver strategic value to our Group, leveraging his invaluable insights and extensive experience.

Ms. Fung Yeung (馮揚), aged 41, joined our Group in August 2007. She was appointed as our Director on 22 April 2025 and was designated as our executive Director on 2 June 2025. Ms. Fung is primarily responsible for overseeing and managing all operational matters of our Group.

Ms. Fung has nearly 20 years of experience in the supply chain industry. Ms. Fung holds multiple roles in several companies within our Group and is responsible for the overall management of the operations of these companies. She has been serving as the director and general manager of Hope Sea Import & Export since April 2023 and August 2007 respectively, the director of Sky Rich Technologies since May 2013, the president of Shenzhen HFY Supply Chain since July 2013, the executive director and general manager of Shenzhen HFY Smart Supply Chain since February 2014, the supervisor of Beijing HFY Supply Chain since June 2016, the supervisor of Shanghai HFY Supply Chain since July 2016, the executive director and manager of Shenzhen HFY E-commerce since September 2016 and the director of Hope Sea International Limited since April 2024.

Ms. Fung graduated from the University of Hull with a bachelor’s degree in Accounting and Financial Management in 2007.

Mr. Cheung Sen Kwong (張晨光), aged 40, joined our Group in April 2011. Mr. Cheung was appointed as our Director on 22 April 2025 and was designated as our executive Director and appointed as our chief executive officer on 2 June 2025. Mr. Cheung is primarily responsible for overseeing and managing the business development of our Group, including in particular revenue/income generation processes of our Group.

Mr. Cheung has over ten years of experience in the supply chain industry. He holds multiple roles in several companies within our Group including serving as the deputy general manager of Hope Sea Import & Export since April 2011, the Deputy General Manager from July 2013 to March 2025 and the General Manager since April 2025 of Shenzhen HFY Supply Chain, the supervisor of Shenzhen HFY Smart Supply Chain from February 2014, the supervisor of Shenzhen Union Honest from November 2014, the manager and executive director of Beijing HFY Supply Chain from June 2016, the executive director and manager of Shanghai HFY Supply Chain from July 2016 and the director of Hope Sea International Limited from April 2024.

Mr. Cheung graduated from the University of Hull with a bachelor’s degree in Business and Financial Management in 2007.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Mok Kwai Pui Bill (莫貴標), aged 64, was appointed as an independent non-executive Director on 2 June 2025, with effect from the [REDACTED]. He is responsible for providing independent judgement to the Board.

Mr. Mok has over 30 years of experience in auditing, accounting and finance. Mr. Mok started his accounting career in the USA and continued his professional career after returning to Hong Kong in 1988. Mr. Mok worked at Price Waterhouse (currently known as PricewaterhouseCoopers) from December 1988 to August 1993 with his last position as a deputy manager. Mr. Mok left public accounting profession for commercial field and joined Jade Dynasty Publications Limited as Finance Manager from August 1993 to May 1995. From May 1995 to November 1996, Mr. Mok joined and worked at a blue-chip company, Hong Kong And China Gas Company Limited, as Finance Manager — PRC Projects. Mr. Mok then moved to investment industry to join Nava SC Securities Limited (formerly known as “Standard Chartered Securities Limited”) in November 1996 and subsequently Prudential-Bache International (Hong Kong) Limited, as an analyst. In March 1999, Mr. Mok joined ING Baring Securities (Hong Kong) Limited (now known as Macquarie Capital Limited), a company which is principally engaged in investment banking business, as an utility analyst until his departure in September 2003. Mr. Mok was appointed as the Chief Financial Officer of Far East Consortium International Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0035), which is principally engaged in property and hotel development, investment and management businesses, from April 2004 to October 2010. Took charge of spinning off the hotel division of Far East Consortium as a separate listed company, Mr. Mok worked as the President and Executive Director of Kosmopolito Hotels International Limited (subsequently renamed as Dorsett Hospitality International Limited), a company listed on the Main Board of the Stock Exchange (stock code: 2266) and privatized in October 2015, from October 2010 to October 2011. From November 2011 to May 2017, Mr. Mok was the Chief Financial Officer of Fortune Oil PLC, a company then listed on the London Stock Exchange (stock code: FTO.L) and voluntarily delisted in March 2015 and its principal activity is oil and gas investment holding business. From May 2017 to 1 May 2023, Mr. Mok served as the Chief Financial Officer of China Education Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0839), which is engaged in the provision of higher and vocational education in China, Australia and the United Kingdom.

Presently, Mr. Mok is an independent non-executive director of Minth Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 425). Previously, Mr. Mok was an independent non-executive director of Grand Ming Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1271) from July 2013 to December 2022 and PF Group Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8221) from January 2017 to December 2020.

Mr. Mok obtained a Bachelor of Arts in Business Administration from the University of Washington in June 1984 and a Master Degree in Business Administration from Seattle University in December 1987. Mr. Mok is a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) since July 1993 and September 1994, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Fok Pui Ming Joanna (霍珮鳴), aged 46, was appointed as an independent non-executive Director on 2 June 2025, with effect from the [REDACTED]. Ms. Fok is primarily responsible for providing independent judgement to our Board.

Ms. Fok has extensive experience in human resources related functions having worked in multinational public companies, including Servcorp Business Service (Beijing) Co., Ltd., a member of Servcorp group, which is a workplace solutions provider listed on the Australian Securities Exchange (ASX: SRV) and various offices of PageGroup, an international recruitment firm listed on the London Stock Exchange (LSE: PAGE)), in Japan, Shanghai and Hong Kong. In April 2019, she joined Colliers International (Hong Kong) Limited, a member of Colliers group, which is a real estate services and investment management company listed on the Nasdaq Stock Market (NASDAQ: CIGI). She was promoted to her current position as Director of People & Performance in May 2021.

Ms. Fok is currently serving as an independent non-executive director of China Chunlai Education Group Co., Ltd. (stock code: 1969), a company listed on the Main Board of the Stock Exchange.

Ms. Fok holds a Bachelor of Science degree from the University of British Columbia, obtained in May 2001, and a Master’s degree in Public Management from Tsinghua University, awarded in July 2004.

Mr. David Tiang Wei Ping (程偉賓), previously also known as Mr. Tiang David Nicholas, 程偉斌, aged 58, was appointed as an independent non-executive Director on 2 June 2025, with effect from the [REDACTED]. Mr. Tiang is primarily responsible for providing independent judgement to our Board.

Mr. Tiang has more than 30 years of legal expertise in renowned institutions. Mr. Tiang worked at multiple international law firms, including Norton Smith & Co, Masons (now Pinsent Masons) and Lovell White Durrant (now Hogan Lovells), in particular, he practiced at Norton Smith & Co in Sydney Australia from December 1991 to December 1992, joined Masons (now Pinsent Masons) in Hong Kong in January 1993. Mr. Tiang served as the Legal Counsel at B.A.T. China Limited from January 1999 to June 2002, and was appointed as the Legal Counsel at GE Industrial Systems Asia based in Shanghai for GE International Inc in July 2002. He also joined Walmart China Co., Ltd (沃爾瑪中國有限公司) in September 2008 as VP, General Counsel, and later served as the Senior Vice President at Wal-Mart (China) Investment Co., Ltd. (沃爾瑪(中國)投資有限公司) from August 2011 to May 2012 with his last position as the Senior Vice President. Mr. Tiang subsequently worked at King & Wood Mallesons as a partner of the Shanghai branch. In 2017, Mr. Tiang founded Tiang & Partners (程偉賓律師事務所, previously known as Tiang & Co), a member of the PwC network and served as a partner until November 2024. Mr. Tiang also served as the General Counsel of PricewaterhouseCoopers Ltd.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tiang obtained a bachelor’s and master’s degree of law from the University of Sydney, Australia in May 1990 and in May 1992, respectively, and a Postgraduate Diploma in the Law of the People’s Republic of China from the University of Hong Kong in June 1994 and a Diploma on Practices in Chinese Laws & Regulations Affecting Foreign Business jointly awarded from the Southwest University of Political Science & Law and the Hong Kong Management Association in August 1994. Mr. Tiang is admitted as a solicitor in New South Wales (Australia), Hong Kong and England and Wales.

Certain PricewaterhouseCoopers (“PwC”) entities have provided professional services to us in connection with the [REDACTED], including audit services as our Reporting Accountant and non-audit services, such as internal control, IT systems and operating data analytics, tax and transfer pricing analysis. As disclosed above, Mr. Tiang was a partner of Tiang & Partners, which is a member of the PwC network. For completeness, Mr. Tiang has also confirmed that, solely for tax purposes in connection with his role at PwC and Tiang & Partners, prior to November 2024, he had been a nominee director and nominee shareholder of certain PwC entities; such PwC entities do not currently provide, and had not within two years immediately prior to the date of appointment of Mr. Tiang as our independent non-executive Director provided, any services to us or our core connected persons.

Our Directors consider that Mr. Tiang’s former association with PwC has no bearing on his independence as our independent non-executive Director on account of the following:

- Mr. Tiang has over 30 years of experience in the legal industry. We believe that Mr. Tiang is able to exercise his professional judgment and draw upon his extensive legal knowledge and experience for the benefit of our Company and the Shareholders as a whole, in particular, the independent Shareholders, and is capable of exercising judgment independently and free from any undue influence.
- As confirmed by Mr. Tiang, while Tiang & Partners is a member of the PwC network, it is a separate legal entity and financially independent from other members. Mr. Tiang was previously a partner of Tiang & Partners, which have never provided any services to our Group or our connected persons.
- Mr. Tiang has confirmed that he has never been involved in services provided to us by PwC and he was never in the chain of command in any of the PwC business units or lines of service or management board. Specifically, with respect to his role as the General Counsel of PricewaterhouseCoopers Ltd., his involvement was primarily relating to internal legal matters of PwC, and he did not have any client engagement or management responsibilities.
- To the best of our knowledge, the professional fee incurred/to be incurred relating to PwC’s provision of audit and non-audit services to our Group is not material to the PwC global network as a whole.

DIRECTORS AND SENIOR MANAGEMENT

- Since November 2024, Mr. Tiang has had no relationship with, nor any interest (financial, shareholding or otherwise) in Tiang & Partners, PwC or any of its affiliated entities.
- Mr. Tiang has not retained any role or other relationship with the Reporting Accountant, and does not have any financial interest or shareholding or other right to participate in the income or profit of the Reporting Accountant.
- We do not have any arrangement or intention to engage Tiang & Partners to provide services to us upon appointment of Mr. Tiang as our independent non-executive Director.
- Mr. Tiang has confirmed to us that apart from his prior association with PwC as disclosed above, he was not a director, partner or principal of any of the PwC entities which has within two years immediately prior to the date of his proposed appointment provided services, or is or was an employee of such PwC entities who is or has been involved in providing such services during the same period, to us or any of our core connected persons.

On the basis that Mr. Tiang’s prior roles and connections with PwC are not with the Reporting Accountant or any other professional adviser to any person as described under Rules 3.13(3)(a) and (b) of the Listing Rule within two years immediately prior to his appointment date, and taking into account the abovementioned factors and Mr. Tiang’s confirmation that (a) none of factors referred to in Rules 3.13(1) to (8) of the Listing Rules concerns him; and (b) there are no other factors that may affect his independence at the time of his appointment, the Sole Sponsor considers that Mr. Tiang satisfies the independence requirement under Rule 3.13 of the Listing Rules.

Other matters relating to our Directors

Save as disclosed above, none of our Directors has been a director of any listed companies during the three years immediately prior to the Latest Practicable Date and as at the Latest Practicable Date, there was no other information in respect of our Directors to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or other matter that needed to be brought to the attention of our Shareholders.

Each of our Directors confirms that she or he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2025, and (ii) understands her or his obligations as a director of a [REDACTED] issuer on the Stock Exchange under the Listing Rules.

Each of our Directors confirms that to the best of her/his best knowledge and belief, as at the Latest Practicable Date, she/he was not interested in or engaged in any business, which, competes or is likely to compete, directly or indirectly, with our Group’s business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Each of our independent non-executive Directors confirms (i) her/his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that she/he has no past or present financial or other interest in our business and the business of our subsidiaries or any connection with any of our core connected person under the Listing Rules as at the Latest Practicable Date, and (iii) that there are no other factors that may affect her/his independence at the time of her/his appointment.

As at the Latest Practicable Date, save as disclosed in the section headed “*Appendix IV — Statutory and General Information*” in this document, none of our Directors and chief executive held any interests in our Shares that are required to be disclosed pursuant to Part XV of the SFO.

Senior Management

For the biographical details of Mr. Cheung Sen Kwong (our chief executive officer), please refer to “*Directors*” in this section. Biographical details of other members of our senior management team are as follows:

Ms. Zhang Yulin (張瑜琳), aged 55, joined our Group in March 2011 and was appointed as our chief finance officer on 2 June 2025. She is primarily responsible for managing the finance and accounting related matters of our Group.

Ms. Zhang has over 29 years of experience in finance and accounting. Prior to joining our Group, Ms. Zhang had served as the accountant of Ma’anshan Hualian Department Store Co., Ltd. (馬鞍山華聯商廈有限公司) from May 1995 to December 2002. From January 2003 to October 2003, Ms. Zhang had served at Shenzhen Yingtianhan Industrial Co., Ltd. (深圳市盈天翰實業有限公司). From November 2003 to February 2007, Ms. Zhang had worked at Shenzhen Wanji Pharmaceutical Co., Ltd. (深圳市萬基藥業有限公司) with her last position as financial manager. From March 2007 to March 2008, Ms. Zhang had served as the financial controller at Shenzhen Tai’ang Energy Technology Co., Ltd. (深圳市泰昂能源科技股份有限公司). From April 2008 to December 2010, Ms. Zhang had served at Shenzhen Star Sky Holding Group Co., Ltd (深圳市星天空控股集團有限公司).

Ms. Zhang graduated from the Anhui Business Senior Vocational College (安徽商業高等專科學校), currently known as the Anhui University of Technology (安徽工業大學) in July 1995. She later graduated from the Open University of Hong Kong (香港公開大學) (currently known as Hong Kong Metropolitan University (香港都會大學)) with a master’s degree in business administration in December 2011. Ms. Zhang obtained a middle level accounting qualification (中級會計資格) from the Ministry of Finance in May 1999.

Mr. Yi Liang (易亮), aged 52, joined our Group in September 2004 and was appointed as our vice president of operations on 2 June 2025. He is primarily responsible for managing business operational matters of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yi has over 20 years of experience in the supply chain industry. He initially served as an information technology engineer in Shenzhen HFY Supply Chain when he joined our Group in September 2004 as a customs affair manager. Since October 2008, Mr. Yi has been serving as the deputy general manager of Shenzhen HFY Supply Chain. Prior to joining our Group, Mr. Yi had been a Chinese teacher of Daifang Middle School in Le’An, Jiangxi Province, the PRC from July 1994 to December 2001.

Mr. Yi successfully completed all curriculums required for his full-time study in Han Language and Literature and graduated from the Fuzhou Normal College (撫州師範專科學校, currently known as the East China University of Technology (東華理工大學)) in July 1994.

Mr. Zhou Haidong (周海東), aged 46, joined our Group in October 2007 and was appointed as vice president of marketing on 2 June 2025. He is primarily responsible for marketing activities and customer relationship related matters of our Group.

Mr. Zhou has more than 15 years of experience in marketing and customer relationship management in supply chain industry. Mr. Zhou initially joined our Group as a business manager of Shenzhen HFY Supply Chain in October 2007. He has since served multiple roles in Shenzhen HFY Supply Chain, including division manager and currently serves as the vice president of the marketing centre, responsible for overseeing the market analysis, business planning and strategy formulation, and marketing team management. He has also served as the manager of Fuyang Xuntong since December 2023, where he is responsible for formulating and overseeing the implementation of strategic development plans, and the marketing director at Hope Sea Import & Export since March 2024, where he is responsible for the development of the international marketing business.

Mr. Zhou successfully completed all curriculums required for his full-time study in Han Language and Literature and graduated from the Wuhan University (武漢大學) in January 2007.

JOINT COMPANY SECRETARIES

Ms. Jiang Xiaojun (姜曉均), aged 35, joined our Group in June 2024 and was appointed as our company secretary on 2 June 2025.

Ms. Jiang has more than five years of experience in securities and investor related matters. Prior to joining our Group, Ms. Jiang served at Shenzhen Riland Industry Group Co., Ltd. (深圳市瑞凌實業集團股份有限公司, stock code: 300154.SZ) from October 2016 to May 2020 with her last position served as an investment assistant, responsible for the research and composition of the company’s investment portfolio. From June 2020 to November 2020, she served at Shenzhen Time High-Tech Equipment Co., Ltd. (深圳市時代高科技設備股份有限公司, stock code: 874663.NQ) as the securities representative, responsible for the preparation of listing process. From March 2021 to June 2024, Ms. Jiang served at Shenzhen Tongyi Industry Co., Ltd. (深圳市同益實業股份有限公司, stock code: 300538.SZ) as the securities representative, responsible for the public disclosure and investor relations.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Jiang obtained her bachelor’s degree in accounting from the East China University of Technology (東華理工大學) in the PRC in July 2016. She obtained qualification certificate of board secretary granted by Shenzhen Stock Exchange in July 2022. She also passed the relevant examinations for the Fund Practicing Qualification (基金從業資格) in 2018.

Ms. Wong Wing Yee (黃詠儀), aged 32, was appointed as a joint company secretary of our Company on 2 June 2025. Since September 2022, Ms. Wong has been an assistant manager of corporate services of Vistra Corporate Services (HK) Limited. She has over six years of experience in the corporate services industry.

Ms. Wong has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) in United Kingdom since June 2022.

Ms. Wong obtained a bachelor of arts (Chinese) from the Lingnan University in November 2015.

BOARD COMMITTEES

We have established the following committees under the Board: Audit Committee, Nomination Committee and Remuneration Committee. The committees operate in accordance with terms of reference established by our Board.

Audit Committee

We have established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Mr. Mok Kwai Pui Bill, Mr. David Tiang Wei Ping and Ms. Fok Pui Ming Joanna. The chairman of the Audit Committee is Mr. Mok Kwai Pui Bill. Mr. Mok holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process, risk management and internal control systems, and to nominate and monitor external auditors and other duties required under Appendix C1 of the Listing Rules.

Nomination Committee

We have established a nomination committee (the “**Nomination Committee**”) with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. David Tiang Wei Ping, Ms. Fok Pui Ming Joanna and Ms. Fung Yeung. The chairman of the Nomination Committee is Mr. David Tiang

DIRECTORS AND SENIOR MANAGEMENT

Wei Ping. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment and removal of our Directors and other duties required under Appendix C1 of the Listing Rules.

Remuneration Committee

We have established a remuneration committee (the “**Remuneration Committee**”) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set forth in Appendix C1 to the Listing Rules. The Remuneration Committee consists of three members, namely Ms. Fok Pui Ming Joanna, Mr. David Tiang Wei Ping and Ms. Fung Yeung. The chairman of the Remuneration Committee is Ms. Fok Pui Ming Joanna. The primary duties of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration package of our Directors and senior management, and evaluate and make recommendations on employee benefit arrangements and other duties required under Appendix C1 of the Listing Rules.

COMPENSATION OF DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

We offer our executive Directors and senior management members, who are also our employees, various compensation in the form of fees, salaries, retirement benefit scheme contributions, discretionary bonus, housing allowances and other benefits in kind. Our independent non-executive Directors receive compensation with reference with their respective positions and duties, including being a member or the chairman of Board committees.

In FY2023, FY2024 and FY2025, the total remuneration (including fees, salaries, retirement benefit scheme contributions and other benefits) we paid to our Directors amounted to approximately RMB3.0 million, RMB3.3 million and RMB2.3 million, respectively.

In FY2023, FY2024 and FY2025, the total remuneration (including fees, salaries, retirement benefit scheme contributions and other benefits) we paid to the five highest paid individuals amounted to approximately RMB5.2 million, RMB5.4 million and RMB4.7 million, respectively.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments have been paid or are payable in FY2023, FY2024 and FY2025 by us or any of our subsidiaries to our Directors.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, we intend to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Hong Kong Listing Rules after the [REDACTED].

BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the approach to achieve and maintain diversity in our Board. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Board currently consist of two female Directors and four male Directors with a balanced mix of gender, knowledge and skills, including but not limited to knowledge and experience in the areas of supply chain industry, commercial operation and corporate management, business development, legal, auditing, and finance. Taking into consideration our existing business model and specific needs as well as the different background of our Directors, our Directors consider that the composition of our Board upon the [REDACTED] satisfies our board diversity policy. After the [REDACTED], we will strive to keep gender balance of our Board through measures implemented by our Nomination Committee in accordance with our board diversity policy. In particular, we will keep identifying and selecting female individuals with a diverse range of skills, experience and knowledge in different fields who are suitably qualified to become our Board members and maintain at least one female Director and at least 10% female representations in our Board.

Our Nomination Committee is responsible for the implementation of our board diversity policy. Upon completion of the [REDACTED], our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business, developments or results deviated from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry to us under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the [REDACTED] and end on the date on which we distribute our annual report with respect to our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately after the [REDACTED], Mr. Fung, Ms. Yeung and Ms. Fung will be able to control approximately [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme) or [REDACTED] (assuming the [REDACTED] is fully exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme) voting rights in our Company through Hope Atlas (the directors of which are Mr. Fung and Ms. Yeung) and Hope Horizon (the director of which is Ms. Fung). For the purposes of the Listing Rules only, since Ms. Fung is the daughter of Mr. Fung and Ms. Yeung, they and their respective investment holding companies are regarded as a group of Controlling Shareholders. For the avoidance of doubt, each of (i) Mr. Fung and Ms. Yeung; and (ii) Ms. Fung has confirmed that they are not acting in concert and are not bound to vote together, and each of them is entitled to, and intends to, exercise their respective voting rights in the Company independently and at their own discretion. Accordingly, Mr. Fung, Ms. Yeung, Hope Atlas, Ms. Fung and Hope Horizon will be our Controlling Shareholders.

Eternal Radiance Family Trust (春暉家庭信託) is a reserved power trust established under BVI law, with Mr. Fung and Ms. Yeung as settlors and Tricor Equity Trustee Limited as professional trustee. Tricor Equity Trustee Limited owns and administers Eternal Radiance Company Limited, the trust vehicle holding the trust assets. None of Eternal Radiance Company Limited, Tricor Equity Trustee Limited, or Eternal Radiance Family Trust (春暉家庭信託) is considered a Controlling Shareholder, as control over the voting rights of the Shares held by Hope Atlas remains with Mr. Fung and Ms. Yeung under the trust terms. Similarly, Yuk Shing Company Limited, Tricor Equity Trustee Limited, and Yuk Shing Family Trust (玉承家庭信託) are not considered Controlling Shareholders, as control over the voting rights of the Shares held by Hope Horizon remains with Ms. Fung.

Competition

Each of our Controlling Shareholders confirms that as at the Latest Practicable Date, she/he/it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Independence

Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Fung, one of our Controlling Shareholders, is our non-executive Director and the Chairman of the Board. Ms. Fung, one of our Controlling Shareholders, is our executive Director. Mr. Fung is the father of Ms. Fung and the father-in-law of Mr. Cheung Sen Kwong, our executive Director and chief executive officer. Ms. Fung is the daughter of Mr. Fung and the spouse of Mr. Cheung Sen Kwong.

Each of our Directors is aware of her/his fiduciary duties as a director that require, among other things, that she or he acts for the benefit and in the interests of our Company and does not allow any conflict between her or his duties as our Director and her or his personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted towards the quorum.

Having considered the foregoing, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders and their respective close associates following the completion of the [REDACTED].

Operational Independence

We have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and suppliers and an independent management team to operate our business. Save as disclosed below and to the best knowledge of our Directors, all our suppliers are Independent Third Parties. Our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their close associates.

As at the Latest Practicable Date, we had a lease agreement with Tenglong Development (a company indirectly owned as to 50% by Mr. Fung and 50% by Ms. Yeung) to operate the relevant premises located in Shenzhen as our warehouse, and a lease agreement with Tranquil Management (a company owned as to 35% by Mr. Fung, 35% by Ms. Yeung and 30% by Ms. Fung) to operate the relevant premises located in Hong Kong for our warehouse and office uses. However, our Directors are of the view that we are still capable of operating independently from our Controlling Shareholders on the grounds that (i) such transactions have been entered into, and will continue to be, on normal commercial terms and in the ordinary course of business of our Company; and (ii) the relevant premises are not “purpose-built”, and even if we cease to lease the relevant premises from Tenglong Development and/or Tranquil Management, we will still be able to readily identify other suitable premises for relocation using our own resources. For details of the leasing of the relevant premises, please refer to “*Connected Transactions*”.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

As at 31 December 2025, we had outstanding notes payable of approximately RMB441.2 million that were secured by, among other things, personal guarantees provided by Mr. Fung and Ms. Yeung. For the purposes of demonstrating our financial independence from our Controlling Shareholders, we have communicated with the relevant lending banks and such personal guarantees will be released upon [REDACTED]. Save as disclosed foregoing, we had no outstanding loans, current account balances, financial assistance or financing in any other forms from our Controlling Shareholders and/or their respective close associates.

During the Track Record Period and up to the Latest Practicable Date, our Group had relied principally on cash generated from operations to carry on our business and this is expected to continue after the [REDACTED]. In view of our internal resources and the estimated [REDACTED] from the [REDACTED], our Directors believe that our Group will have sufficient capital for our financial needs and that our Group is financially independent from our Controlling Shareholders.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of good corporate governance in protecting our Shareholders’ interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

- (a) under the Articles, where a Shareholders’ meeting is to be held for considering proposed transactions in which any of our Controlling Shareholders or any of their associates has a material interest, the relevant Controlling Shareholders or their associate will not vote on the relevant resolutions;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (d) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (e) our Company will disclose decisions on matters reviewed by our independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisers and legal advisers, the appointment of such independent professionals will be made at our Company’s expenses; and
- (g) we have appointed Rainbow Capital (HK) Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as at the Latest Practicable Date and immediately following the completion of the [REDACTED], the following persons (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme) had and will have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Shareholder	Nature of interest	Shares held as at the Latest Practicable Date		Shares held immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		Shares held immediately after completion of the [REDACTED] (assuming the [REDACTED] is exercised in full)	
		Number	Percentage	Number	Percentage	Number	Percentage
Hope Atlas ⁽¹⁾	Beneficial owner	182,400,000	76.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Eternal Radiance Company Limited ⁽¹⁾	Interest in a controlled corporation	182,400,000	76.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Fung ⁽¹⁾	Founder of a discretionary trust	182,400,000	76.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Yeung ⁽¹⁾	Founder of a discretionary trust	182,400,000	76.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hope Horizon ⁽²⁾	Beneficial owner	57,600,000	24.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yuk Shing Company Limited ⁽²⁾	Interest in a controlled corporation	57,600,000	24.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Fung ⁽²⁾	Founder of a discretionary trust	57,600,000	24.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tricor Equity Trustee Limited ⁽³⁾	Trustee	240,000,000	100.00%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) Hope Atlas directly holds 182,400,000 Shares in our Company. All of the shares in Hope Atlas are in turn subject to the Eternal Radiance Family Trust (春暉家庭信託), which is a reserved power trust established under the laws of the BVI, with Mr. Fung and Ms. Yeung as the settlors and Tricor Equity Trustee Limited as professional trustee. Under the structure of the trust, Hope Atlas is held as to 100% by Eternal Radiance Company Limited, which is in turn held as to 100% by Tricor Equity Trustee Limited. As Mr. Fung and Ms. Yeung are the settlors of the Eternal Radiance Family Trust (春暉家庭信託), by virtue of the SFO, each of them is deemed to be interested in all the 182,400,000 Shares directly held by Hope Atlas.
- (2) Hope Horizon holds directly 57,600,000 Shares in our Company. All of the shares in Hope Horizon are in turn subject to the Yuk Shing Family Trust (玉承家庭信託), which is a reserved power trust established under the laws of the BVI, with Ms. Fung as the settlor and Tricor Equity Trustee Limited as professional trustee. Under

SUBSTANTIAL SHAREHOLDERS

the structure of the trust, Hope Horizon is held as to 100% by Yuk Shing Company Limited, which is in turn held as to 100% by Tricor Equity Trustee Limited. As Ms. Fung is the settlor of the Yuk Shing Family Trust (玉承家庭信託), by virtue of the SFO, she is deemed to be interested in all the 57,600,000 Shares directly held by Hope Horizon.

- (3) Tricor Equity Trustee Limited is the professional trustee of each of the Eternal Radiance Family Trust (春暉家庭信託) and Yuk Shing Family Trust (玉承家庭信託). Please refer to notes (1) and (2). Accordingly, by virtue of the SFO, Tricor Equity Trustee Limited is deemed to be interested in an aggregate of 240,000,000 Shares in our Company.

Save as disclosed above, our Directors are not aware of any other person who will, immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme), have an interest and/or a short position in our Shares or the underlying shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid as at the date of this document and immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme):

	<u>Aggregate par value of Shares</u>
As at the date of this document	
<i>Authorized share capital</i>	
5,000,000,000 Shares of US\$0.00001 each	US\$50,000
<i>Issued share capital</i>	
240,000,000 Shares of US\$0.00001 each	[REDACTED]
Immediately after completion of the [REDACTED]	
<i>Authorized share capital</i>	
5,000,000,000 Shares of US\$0.00001 each	US\$50,000
[REDACTED] to be issued under the [REDACTED] (assuming the [REDACTED] is not exercised)	
[REDACTED] Shares of US\$0.00001 each	[REDACTED]
<i>Total issued Shares immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised)</i>	
[REDACTED] Shares of US\$0.00001 each	[REDACTED]

The above table assumes that the [REDACTED] becomes unconditional, and the [REDACTED] are issued pursuant to the [REDACTED]. The above tables also do not take into account any Shares which may be issued or repurchased by us under the general mandates granted to our Board as referred to below and any Shares that may be issued pursuant to any awards, or exercise of any options, that may be granted under the [REDACTED] Share Scheme.

RANKING

The [REDACTED] will rank *pari passu* in all respects with all Shares currently in issue or to be issued as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; (iv) cancel any shares which have not been taken or agreed to be taken by any person; (v) make provision for the allotment and issue of shares which do not carry any voting rights; (vi) change the currency of denomination of its share capital; (vii) reduce its share premium account; and (viii) perform any action not required to be performed by special resolution. In addition, our Company may subject to the provisions of the Cayman Companies Act reduce its share capital by its shareholders passing a special resolution. See “*Summary of the Constitution of the Company and the Cayman Islands Companies Laws — 2. Articles of Association — 2.1 Shares — (c) Alteration of Capital*” in Appendix III for further details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Board has been granted a general mandate to allot, issue and deal with our Shares with a total par value of not more than the sum of:

- 20% of the aggregate par value of our Shares in issue immediately following completion of the [REDACTED]; and
- the aggregate par value of Shares repurchased by us under the authority referred to in the paragraph headed “— *General Mandate to Repurchase Shares*” in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum and Articles or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

For details, see “*Appendix IV — Statutory and General Information — A. Further Information about our Group — 4. Resolutions of our Shareholders dated [●].*”

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, our Board has been granted a general mandate to exercise all the powers of our Company to repurchase our own securities with par value of up to 10% of the aggregate par value of our Shares in issue immediately following the completion of the [REDACTED].

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are [REDACTED] (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “*Statutory and General Information — A. Further Information about our Group — 5. Repurchase of Our Own Securities*” in Appendix IV to this document. This general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum and Articles or any other applicable laws to be held; or
- the date on which it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

[REDACTED] SHARE SCHEME

Our Company has conditionally adopted the [REDACTED] Share Scheme. The principal terms of the [REDACTED] Share Scheme are summarized in “*Statutory and General Information — D. [REDACTED] Share Scheme*” in Appendix IV to this document.

FINANCIAL INFORMATION

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.

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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;

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- 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

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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

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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.

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from supply chain solutions	116,479	122,952	157,023
Net income from cross-border fund arrangements	<u>104,042</u>	<u>111,911</u>	<u>110,775</u>
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	<u>(29,403)</u>	<u>(30,857)</u>	<u>(31,304)</u>

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	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	
	% of total revenue from supply chain solutions		% of total revenue from supply chain solutions		% of total revenue from supply chain solutions	
	Amount (RMB'000)		Amount (RMB'000)		Amount (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

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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

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	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

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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*”.

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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	% of net income from cross-border fund arrangements	Amount	% of net income from cross-border fund arrangements	Amount	% of net income from cross-border fund arrangements	
(RMB'000)		(RMB'000)		(RMB'000)		
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.

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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⁾			
	<i>(RMB' in million)</i>		
– 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)			
	<i>(% of GMV)</i>		
– 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.

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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 purposely 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

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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.

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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.

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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

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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
<i>Subtotal</i>	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.

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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.

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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.

FINANCIAL INFORMATION

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).

FINANCIAL INFORMATION

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.

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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.

FINANCIAL INFORMATION

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.

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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.

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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.

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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.

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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.

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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

FINANCIAL INFORMATION

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*”.

FINANCIAL INFORMATION

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

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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.

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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.

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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.

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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

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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
<i>Subtotal</i>	11,892,885	12,951,709	17,522,080
<i>Interest Receivable</i>			
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
<i>Subtotal</i>	317,361	194,943	255,025
Total	12,210,246	13,146,652	17,777,105

Note:

- 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.

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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

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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.

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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”.

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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

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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.

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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

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	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

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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

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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	<u>12,219,418</u>	<u>13,194,706</u>	<u>18,132,922</u>	<u>18,050,235</u>

Notes:

- (1) Our borrowings related to cross-border fund arrangements consist of forfeiting 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”.

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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.

FINANCIAL INFORMATION

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%.

FINANCIAL INFORMATION

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 INFORMATION

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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

[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.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “*Business — Our Strategies*” for a detailed description of our future plans.

[REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] and other estimated [REDACTED] payable by us in connection with the [REDACTED], and assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the indicative [REDACTED] range of [REDACTED] and [REDACTED]), we estimate that we will receive [REDACTED] of approximately [REDACTED] from the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

[REDACTED]	% of the [REDACTED]	Rationale	Currently expected timeframe
Expansion of service capacity and/or capability.	[REDACTED]%, or approximately HK\$[REDACTED]	–	–
(a) To acquire self-owned warehouses with an anticipated GFA (subject to then market condition) of 20,000 to 25,000 sq.m in aggregate in Hong Kong and Shenzhen.	[REDACTED]%, or approximately HK\$[REDACTED]	We operate our warehouses on leased properties under relatively short lease terms from one to three years. While such business model gives us flexibility and reduces our capital commitment, we are subject to certain limitations in terms of effecting structural changes necessary to optimize the storage space and functions according to our specific needs. By operating on self-owned warehouses, we will enjoy the autonomy to make necessary renovations and adaptations without the constraints of lease agreements. This includes tailoring the layout and design of the warehouses to accommodate specific storage requirements for electronics, implementing anti-static flooring and specialized shelving, installing optimized loading docks to improve workflow efficiency, upgrading security systems, and integrating advanced automation technologies, such as AGVs, RFID tracking systems and other automation capabilities, all of which translate to increased capacity, workflow efficiency and more optimized solutions for handling electronics, and thereby attracting more customers seeking specialized and innovative supply chain solutions, increasing our GMV and strengthening our competitive edge in the market. We also believe this will improve long-term cost management, as owning the properties has potential to offer long-term cost savings by eliminating ongoing lease payments and reducing susceptibility to rental market fluctuations.	One year from [REDACTED]

FUTURE PLANS AND [REDACTED]

[REDACTED]	% of the [REDACTED]	Rationale	Currently expected timeframe
(b) To digitize and automate our warehouse operations (including our leased and self-owned warehouses, as appropriate) through: (i) <i>RFID project</i>. To deploy approximately 90 PDAs (personal digital assistant) and approximately 10.8 million RFID tags (radio-frequency identification), integrated with complementary software and RFID-enabled gantry (auto-detect and read the RFID tags attached to the goods stored). (ii) <i>AGV project</i>. To deploy approximately 100 AGV (automated guided vehicles) moving robots, 10 AGV trucks with maximum loading capacity of one ton each, and four AGV trucks with maximum loading capacity of five tons each, and upgrading warehouse infrastructure with enhancements such as charging stations and advanced safety control systems. (iii) <i>Ancillary software</i>. To deploy ancillary software systems, including Automated Storage (AS) systems and Retrieval Systems (RS) to interface and manage our warehouse operations. . .	[REDACTED]%, or approximately HK\$[REDACTED]	The shift towards automation not only reduces operational cost and human errors by decreasing reliance on manual processes, but also accelerates our warehousing operations. We expect faster order fulfillment, improved service levels, and increased customer satisfaction from these upgrades. With these upgrades, we will be able to accurately and reliably track the storage locations of goods in our warehouses. In particular, RFID tags will allow for real-time inventory tracking, ensuring precise item location and retrieval, which significantly reduces the likelihood of human error and enhances inventory accuracy; and AGVs will streamline the movement of goods within the warehouse, minimizing manual labor and reducing the risk of workplace injuries. We will evaluate the feasibility of automation upgrades in both our leased and self-owned warehouses, as appropriate, considering factors such as property conditions and any restrictions on structural changes, reinstatement costs and other terms of use under the relevant leases. Our overarching objective is to enhance efficiency and productivity across all our facilities to the extent feasible and commercially reasonable for our Group.	Three years from [REDACTED]

FUTURE PLANS AND [REDACTED]

[REDACTED]	% of the [REDACTED]	Rationale	Currently expected timeframe
(c) To expand our operation in Shanghai by recruiting talent and increasing office and warehouse capacity in our Shanghai operation	[REDACTED]%, or approximately HK\$[REDACTED]	There is significant demand in the Yangtze River Delta region for Re-export Trades. We intend to further capitalize on the opportunities of the free-trade zone and enhance our offerings in Re-export Trade to better serve the needs of our customers in the region.	Three years from [REDACTED]
(d) To establish our own Hong Kong – mainland ground transportation fleet, including purchasing eight trucks, recruiting drivers and truckload delivery specialist . .	[REDACTED]%, or approximately HK\$[REDACTED]	We primarily rely on third party logistics service providers for the transportation between Hong Kong and mainland China. By establishing our own fleet, we expect a significant improvement in optimizing the transportation routes and utilization of the vehicle space, thereby enhancing our operation efficiency, service responsiveness and ultimately our profitability.	Three years from [REDACTED]
• Upgrading our unified IT systems. To upgrade and develop our EAS system with configurations and specifications tailored to our daily operational needs by implementing hardware upgrades (such as servers, networks, firewalls, VPNs and bastion hosts), software upgrades, and recruiting IT specialists.	[REDACTED]%, or approximately HK\$[REDACTED]	Our unified IT systems play a critical role in supporting our business operations. We plan to invest in both software and hardware enhancements to improve coordination and visibility across our supply chain solutions and functional departments. This will involve customizing the EAS system (our customized ERP system) to better align with our specific business processes, enhancing data integration, process automation, scalability, and user-friendliness, and incorporating advanced analytics and reporting tools. These upgrades will create a more cohesive and efficient IT infrastructure, supporting our operational goals, enhancing supply chain management, and ultimately delivering better value to our customers.	Three to five years from [REDACTED]
• International expansion. To expand our operation in Singapore by recruiting talent (such as local sales and marketing team) and adding office and warehouse capacity . . .	[REDACTED]% or approximately HK\$[REDACTED]	To further capitalize on the momentum of our customers expanding into international markets, we plan to develop our Singapore subsidiary into a regional warehouse to function as a transshipment centre and client facing entity to attract customers located in South East Asia.	Three years from [REDACTED]
• Working capital and for general corporate uses	[REDACTED]%, or approximately HK\$[REDACTED] million	To maintain sufficient level of cash for our operations.	–

FUTURE PLANS AND [REDACTED]

Implementation Timeline

The table below summarises our implementation timeline and the planned yearly allocation of the [REDACTED] from the [REDACTED], from 2026 through 2030. [REDACTED] should note that these plans are based on assumptions and are subject to uncertainties. As such, we cannot guarantee that our plans will [REDACTED] as scheduled or that our objectives will be fully achieved.

	Year ending 31 December				
	2026	2027	2028	2029	2030
	<i>(in million' HK\$)</i>				
Expansion of service capacity and/or capability					
– To acquire self-owned warehouses with an anticipated GFA (subject to then market condition) of 20,000 to 25,000 sq.m in aggregate in Hong Kong and Shenzhen	[REDACTED]	[REDACTED]	–	–	–
– To digitize and automate our warehouse operations (including our leased and self owned warehouses, as appropriate).	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	–
– To expand our operation in Shanghai by recruiting talent and increasing office and warehouse capacity in our Shanghai operation . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	–
– To establish our own Hong Kong – mainland ground transportation fleet, including purchasing eight trucks, recruiting drivers and truckload delivery specialist.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	–
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	–

FUTURE PLANS AND [REDACTED]

	Year ending 31 December				
	2026	2027	2028	2029	2030
	<i>(in million' HK\$)</i>				
Upgrading our unified IT systems					
To upgrade and develop our EAS system with configurations and specifications tailored to our daily operational needs by implementing hardware upgrades (such as servers, networks, firewalls, VPNs and bastion hosts), software upgrades, and recruiting IT specialists	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
International expansion					
To expand our operation in Singapore by recruiting talent (such as local sales and marketing team) and adding office and warehouse capacity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	–
Working capital and for general corporate uses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The table below sets out further details of our expansion plan to acquire self-owned warehouses:

Location	Number of warehouse	Anticipated GFA	Anticipated acquisition cost	Anticipated use of allocated [REDACTED]
		<i>(sq.m.)</i>	<i>(in million' HK\$)</i>	<i>(in million' HK\$)</i>
Shenzhen	1	18,000	108.0	[REDACTED]
Hong Kong	1	2,000	60.0	[REDACTED]

Based on the current market conditions and subject to then market conditions, we plan to acquire a warehouse with an anticipated GFA of approximately 18,000 sq.m. in Shenzhen and expect to deploy our own funds of approximately HK\$12.3 million together with [REDACTED] of approximately [REDACTED] million. As advised by our PRC Legal Adviser, to acquire a warehouse in Shenzhen, the transferor is required to apply for (i) the

FUTURE PLANS AND [REDACTED]

review by the local counterpart of the Municipal Planning and Natural Resources Department; and (ii) the review by the local counterpart of competent industrial authority for industrial land use right transfer. Given the industry we operate in is classified as an “Encouraged Industry” under Shenzhen Industrial Structure Adjustment and Optimization and Industry Guidance Catalogue (2016 Revision) (深圳市產業結構調整優化和產業導向目錄(2016年修訂)), as long as we ensure that the industrial land where the target warehouse is located meets the conditions for transfer of land use rights through due diligence, our PRC Legal Adviser is of the view that there will not be any major legal impediment for us to obtain necessary approvals and permits for the acquisition.

In Hong Kong, we expect to deploy our own funds of approximately [REDACTED] million together with [REDACTED] from the [REDACTED] of approximately [REDACTED] million to acquire a warehouse with an anticipated GFA of approximately 2,000 sq.m. based on the current market conditions and subject to then market conditions. As advised by our Hong Kong legal adviser for local legal matters, to acquire a warehouse in Hong Kong, approval is required if the terms of the government lease or statutory plan of the relevant land contains any restriction on the use of land as warehouse, and the landlord could apply to the Lands Department for a waiver/consent to waive such restriction or modify the block government lease (“BGL”) of lots in the New Territories so that erection of a warehouse will be permissible, which involves payment of a waiver fee/premium, upon receipt of such application. Our Hong Kong legal adviser for local legal matters is of the view that upon payment of sufficient premium/waiver fee as requested by Government and if there is no restriction in the outline zoning plan of the relevant lot, it is likely the Lands Department will waive such restriction and/or modify the BGL, and even if the statutory plan of the relevant land does not permit the use as warehouse, the landlord could apply to the Town Planning Board for permission of temporary use as warehouse, for which they do not foresee any issue for such application.

Considering the dynamic nature of the real estate markets in Shenzhen and Hong Kong, we intend to closely monitor market conditions over the following year. This approach will allow us to identify and secure the most suitable target warehouses on favorable terms. We remain flexible and ready to adjust our implementation plan as needed to respond to market fluctuations and opportunities, ensuring that our strategic objectives are effectively achieved.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the [REDACTED] of the [REDACTED] will increase by approximately HK\$[REDACTED] million or decrease by approximately HK\$[REDACTED].

The [REDACTED] that we would receive if the [REDACTED] were exercised in full would be: (i) HK\$[REDACTED] million (assuming an [REDACTED] of [REDACTED] per Share, being the maximum [REDACTED] of the indicative [REDACTED] range); (ii) HK\$[REDACTED] million (assuming an [REDACTED] of [REDACTED] per Share, being the mid-point of the indicative [REDACTED] range); and (iii) HK\$[REDACTED] million (assuming an [REDACTED] of [REDACTED] per Share, being the minimum [REDACTED] of the indicative [REDACTED] range).

FUTURE PLANS AND [REDACTED]

To the extent that the [REDACTED] from the [REDACTED] are either more or less than expected, we will adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans in the timeframe as intended, we may temporarily deploy such funds to our treasury activities, including placing deposits in short-term interest-bearing accounts with authorised and licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions) for so long as our Directors are satisfied that it is in the best interests of the Company to do so, after considering the operating needs and expansion plans of our Group, potential return from such treasury activities and associated risks. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would hinder the development of any of our projects, drastic changes to the geopolitical dynamics and international trading landscape and/or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may [REDACTED] the proposed use of [REDACTED] from the [REDACTED]. We will issue an appropriate announcement if there is any material change to the above proposed [REDACTED] in accordance with the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report set out on pages I-[1] to I-[2], received from the Company’s reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[To insert the firm’s letterhead]

[DRAFT]

ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HOPE SEA INC. AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Hope Sea Inc. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[3] to I-[66], which comprises the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, the statement of financial position of the Company as at 31 December 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[3] to I-[66] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the “Document”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1(a) to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant’s responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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ACCOUNTANT’S REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1(a) to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant’s report, a true and fair view of the financial position of the Company as at 31 December 2025 and the consolidated financial position of the Group as at 31 December 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1(a) to the Historical Financial Information.

APPENDIX I**ACCOUNTANT’S REPORT**

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note [13] to the Historical Financial Information which contains information about the dividends paid by Hope Sea Inc. in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

APPENDIX I**ACCOUNTANT’S REPORT**

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountant’s report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by [PricewaterhouseCoopers] in accordance with International Standards on Auditing issued by the IAASB (“Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue from supply chain solutions .	5	116,479	122,952	157,023
Net income from cross-border fund arrangements	6	104,042	111,911	110,775
Income from ordinary course of business		220,521	234,863	267,798
Other income	7	9,636	10,652	12,735
Employee benefit expenses	10	(63,908)	(64,179)	(59,444)
Transportation expenses		(21,877)	(30,545)	(54,430)
Depreciation and amortisation expenses	2.2(d), 15, 16, 17	(20,141)	(23,481)	(27,557)
[REDACTED]		–	(2,932)	(16,544)
Net impairment (losses)/reversals on the financial assets	3.1(b)	(3,833)	5,038	1,161
Other gains, net	8	1,697	68	35,508
Other operating expenses	9	(29,403)	(30,857)	(31,304)
Operating profit		92,692	98,627	127,923
Finance income	11	14,612	12,474	7,097
Finance costs	11	(5,326)	(5,737)	(9,287)
Finance income/(costs), net	11	9,286	6,737	(2,190)
Profit before income tax		101,978	105,364	125,733
Income tax expense	12	(18,369)	(19,836)	(17,381)
Profit for the year		83,609	85,528	108,352
Profit attributable to:				
Owners of the Company		83,020	85,000	108,352
Non-controlling interests		589	528	–
		83,609	85,528	108,352
Other comprehensive income:				
Items that may be reclassified to profit or loss				
Foreign exchange differences on translation		2,604	3,022	(7,341)
Items that will not be reclassified to profit or loss				
Foreign exchange differences on translation		–	–	(359)
Other comprehensive income for the year, net of tax		2,604	3,022	(7,700)
Total comprehensive income for the year		86,213	88,550	100,652
Attributable to:				
Owners of the Company		85,610	88,022	100,652
Non-controlling interests		603	528	–
		86,213	88,550	100,652
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share):				
Basic and diluted earnings per share	14	0.35	0.35	0.45

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ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	4,676	3,991	3,394
Right-of-use assets	16	31,659	43,544	46,818
Investment properties	17	46,329	44,309	39,591
Deferred tax assets	18	6,067	2,463	1,691
Intangible assets		1,234	1,320	1,559
Other non-current assets	25	1,942	3,531	4,556
Total non-current assets		91,907	99,158	97,609
Current assets				
Other receivables	19	769,601	523,223	527,432
Derivative financial assets	20	149,395	68,567	33,901
Accounts receivable	21	11,065	7,729	17,646
Notes receivable	22	71,107	12,190	7,961
Restricted cash	23	12,210,246	13,146,652	17,777,105
Prepaid income tax		3,873	5,179	14,068
Other current assets	24	11,839	8,686	8,987
Cash and cash equivalents	23	709,710	687,129	648,913
Current assets excluding assets classified as held for sale		13,936,836	14,459,355	19,036,013
Assets classified as held for sale	15	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	16,294	22,589	25,502
Deferred tax liabilities	18	35,038	26,772	6,520
Total non-current liabilities		51,332	49,361	32,022
Current liabilities				
Lease liabilities	16	15,827	21,748	22,588
Derivative financial liabilities	20	135,413	74,135	30,742
Borrowings	26	12,186,404	13,133,738	18,084,832
Accounts payable		1,331	1,176	3,399
Notes payable	27	201,772	18,765	5,803
Income tax payable		776	4,218	251
Other payables and accruals	28	406,048	490,524	230,029
Redemption liabilities	29	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
EQUITY				
Share capital	31	—	—	17
Capital reserves	31	(607)	482	(403)
Other reserves	31	10,534	13,556	8,664
Retained earnings	31	979,300	750,800	715,678
Equity attributable to owners of the Company		989,227	764,838	723,956
Non-controlling interests	35	6,089	—	—
Total equity		995,316	764,838	723,956
Total equity and liabilities		14,038,520	14,558,513	19,133,622

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ACCOUNTANT’S REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December
	Note	2025
		RMB'000
ASSETS		
Non-current assets		
Investment in a subsidiary	35(c)	1,752
Current assets		
Cash and cash equivalents		17
Other current assets	24	5,898
Total current assets		5,915
Total assets		7,667
LIABILITIES		
Current liabilities		
Other payables and accruals	28	25,092
Total liabilities		25,092
Net current Liabilities		19,177
EQUITY		
Share capital	31	17
Other reserves	31	1,410
Accumulated losses		(18,852)
Total equity		(17,425)
Total equity and liabilities		7,667

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ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company				Non-controlling interests	Total equity	
		Share capital	Capital reserves	Other reserves	Retained earnings			Total
		RMB'000	RMB'000	RMB'000	RMB'000			RMB'000
As at 1 January 2023		–	(607)	7,266	1,105,958	1,112,617	6,986	1,119,603
Profit for the year		–	–	–	83,020	83,020	589	83,609
Foreign exchange differences								
on translation	31(a)	–	–	2,590	–	2,590	14	2,604
Profit appropriations to								
statutory reserve	31(a)	–	–	678	(678)	–	–	–
Dividends	13	–	–	–	(209,000)	(209,000)	(1,500)	(210,500)
As at 31 December 2023								
and 1 January 2024		–	(607)	10,534	979,300	989,227	6,089	995,316
Profit for the year		–	–	–	85,000	85,000	528	85,528
Foreign exchange differences								
on translation	31(a)	–	–	3,022	–	3,022	–	3,022
Dividends	13	–	–	–	(313,500)	(313,500)	(120)	(313,620)
Acquisition of additional equity interest in a non-wholly owned subsidiary	1.2(i)	–	1,089	–	–	1,089	(6,497)	(5,408)
As at 31 December 2024								
and 1 January 2025		–	482	13,556	750,800	764,838	–	764,838
Profit for the year		–	–	–	108,352	108,352	–	108,352
Foreign exchange differences								
on translation	31(a)	–	–	(7,700)	–	(7,700)	–	(7,700)
Completion of reorganisation	1.2	17	(885)	1,834	–	966	–	966
Profit appropriations to								
statutory reserve	31(a)	–	–	974	(974)	–	–	–
Dividends	13	–	–	–	(142,500)	(142,500)	–	(142,500)
As at 31 December 2025		17	(403)	8,664	715,678	723,956	–	723,956

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ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash generated from operations	32(a)	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
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment and assets classified as held for sale		3,150	11,115	112
Proceeds from disposal of investment properties	33(c)(iii)	–	–	46,305
Purchase of property, plant and equipment, intangible assets and other non-current assets		(3,684)	(1,637)	(2,515)
Settlement of other investments		1,226,722	586,206	76,509
Placement of other investments		(1,223,943)	(585,397)	(75,000)
Proceeds from time deposits		–	204,315	–
Placement of time deposits		(200,000)	–	–
Net cash (used in)/generated from investing activities		(197,755)	214,602	45,411
Cash flows from financing activities				
Proceeds from reorganization	1.2(iv)	–	–	949
Proceeds from other bank borrowings	32(b)	89,651	151,071	625,390
Repayment of other bank borrowings	32(b)	–	(89,651)	(151,071)
Withdrawal of guaranteed deposits		–	17,033	5,078
Placement of guaranteed deposits		(14,000)	(8,200)	(61,950)
Dividend paid	13	–	(211,220)	(456,000)
Proceeds of loans to related parties	33(d)	3,144	19,019	571
Repayment of loans from related parties	33(d)	(2,497)	(1,464)	(16,631)
Interests paid		(1,818)	(2,860)	(7,362)
[REDACTED] paid		–	(1,099)	(4,197)
Acquisition of additional equity interests in a non-wholly owned subsidiary	1.2(i)	–	(5,408)	–
Proceeds from long-term rental deposits		1,434	901	1,542
Payment for long-term rental deposits		(1,186)	(2,490)	(1,799)
Payment of lease liabilities	32(b)	(16,402)	(20,185)	(26,016)
Payment of redemption liabilities	29, 32(b)	–	(45,773)	(10)
Proceeds from borrowing secured by discounted bank acceptance notes	32(b)	71,107	12,190	20,966
Repayment of borrowing secured by discounted bank acceptance notes	32(b)	(119,575)	(71,107)	(25,245)
Others		57	34	42
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

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ACCOUNTANT’S REPORT

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 22 April 2025 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of supply chain solutions services in the People’s Republic of China (the “PRC”) and cross-border fund arrangements (the “[REDACTED] Business”).

Mr. Fung So Kwan (the “Founder”) established the Group’s principal operating entities in the PRC, including Shenzhen HuaFuYang Supply Chain Co., Ltd. (“Shenzhen HFY Supply Chain”) and Hope Sea Import & Export Limited, which are owned as to 95.6% by the then holding company namely Union Honest Trading Limited (“Hong Kong Union Honest”). Hong Kong Union Honest is a Hong Kong incorporated company and prior to the Reorganisation (as defined in Note 1.2), it was owned by Ms. Yeung who is the spouse of the Founder and the Founder (the “Controlling Shareholders”) and Ms. Fung who is the daughter of the Controlling Shareholders as to 25%, 51% and 24%, respectively.

The ultimate holding company of the Company is Hope Atlas Limited which is wholly owned by the Controlling Shareholders through Eternal Radiance Family Trust.

1.2 Reorganisation

Prior to the incorporation of the Company and during the Track Record Period, the [REDACTED] business was conducted by Shenzhen HFY Supply Chain and its subsidiaries (collectively referred to as the “Operating Entities”).

In anticipation of the [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEX”), the Group implemented a series of reorganisation steps (“the Reorganisation”). Upon the Completion of the Reorganisation, the [REDACTED] Business is transferred to the Company.

The Reorganisation comprised the following key steps:

(i) Acquisition of 4.4% non-controlling interests in Shenzhen HFY Supply Chain

In October 2024 and November 2024, Shenzhen Union Honest Investment Consultancy Co., Ltd., (“Shenzhen Union Honest”) acquired 0.6% and 3.8%, totaling 4.4% equity interests in Shenzhen HFY Supply Chain from Mr. Feng Sujin, who is a brother of the Founder, and Zhuhai Fuyang Lianchuang Information Consultancy Partnership (Limited Partnership) (“Fuyang Lianchuang”), which was the Group’s employee share ownership platform in form of limited liability partnership (Note 29) which was de-registered on 10 January 2025, respectively.

(ii) Incorporation of the Company

On 22 April 2025, the Company was incorporated in the Cayman Islands with 1 share allotted, issued and transferred to Hope Atlas Limited which is wholly owned by the Controlling Shareholders. On the same date, with a par value of USD0.00001 each, 182,399,999 Shares and 57,600,000 Shares of the Company were allotted and issued to Hope Atlas Limited and Hope Horizon Limited, which is wholly owned by Ms. Fung, respectively. Since then, the Company was owned as to 76% by the Controlling Shareholders and 24% by Ms. Fung.

The new issue of [REDACTED] shares of USD2,400 was equivalent to RMB17,179. Before and after the Reorganisation, the original shareholders, the Controlling Shareholders, have the same absolute and relative interests in the net assets of the group before and after Reorganisation.

(iii) Incorporation of intermediate holding companies by the Company

On 30 April 2025, Hope Sea International Co., Limited (“Hope Sea International”) was incorporated in the British Virgin Islands (“BVI”) with 500 shares allotted and issued to the Company. Since then, Hope Sea International became a directly wholly owned subsidiary of the Company.

APPENDIX I

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(iv) Acquisition of 51% equity interest in Hong Kong Union Honest by the Company through subscription of shares of Hong Kong Union Honest

On 2 May 2025, the issued number of shares of Hong Kong Union Honest was increased from 1,000,000 shares to 2,040,817 shares. The new issue of 1,040,817 shares was fully subscribed by Hope Sea International, which became a 51% equity holder of Hong Kong Union Honest. Hope Sea International fully paid the consideration of HKD1,040,817 (equivalent to RMB949,173) that was funded by a loan provided by the Controlling Shareholders and Ms. Fung, who agreed to waive the loan in its entirety immediately upon the completion of the subscription.

(v) Acquisition of 49% equity interest in Hong Kong Union Honest by the Company through a court-free share capital reduction of Hong Kong Union Honest

On 16 June 2025, Hong Kong Union Honest conducted a share capital reduction, pursuant to which the issued share capital of HKD1,000,000 in aggregate was directly held by the Controlling Shareholders and Ms. Fung. As the Controlling Shareholders and Ms. Fung irrevocably and unconditionally waived all and every right, title, claim and demand whatsoever they may have against Hong Kong Union Honest in respect of the sum of HKD1,000,000, which was equivalent to RMB885,260, the waived share capital was transferred from capital reserves to other reserves. After such share capital reduction, Hong Kong Union Honest became a 100% owned subsidiary of Hope Sea International and became an indirectly wholly owned subsidiary of the Company.

Upon completion of the Reorganisation, the Company had direct or indirect interest in subsidiaries, as detailed in Note 35.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the [REDACTED] Business is held by Hong Kong Union Honest. The [REDACTED] Business is mainly conducted through Shenzhen HFY Supply Chain, Hope Sea Import & Export Limited and Shenzhen HuaFuYang Smart Supply Chain Co., Ltd. which are all subsidiaries of Hong Kong Union Honest. Pursuant to the Reorganisation, Hong Kong Union Honest and the [REDACTED] Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a recapitalization of the [REDACTED] Business with no change in management of such business and the ultimate owners of the [REDACTED] Business remain the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the [REDACTED] Business under Hong Kong Union Honest and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of Hong Kong Union Honest and its subsidiaries, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the [REDACTED] Business under the consolidated financial statements of Hong Kong Union Honest and its subsidiaries for all periods presented.

2. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Summary of material accounting policies

(a) Basis of preparation

The accounting policies applied in the preparation of Historical Financial Information are in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board. The Historical Financial Information has been prepared on a historical cost basis, except for financial assets and financial liabilities that are carried at fair value.

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

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(b) *New standards and interpretations*

(i) *New standards and interpretations not yet adopted*

Standards, amendments and interpretations that have been issued but not yet effective and have not been early adopted by the Group during the Track Record Period, are as follows:

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts referencing Nature-dependent electricity	1 January 2026
Annual improvements project	Annual improvements to IFRS Accounting Standards – volumes 11	1 January 2026
Amendment to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28.	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group’s operations. Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group’s profit for the year, the Group expects that grouping items of income and expenses in the consolidated statements of comprehensive income into the new categories will impact how operating profit is calculated and reported.
 - Foreign exchange differences currently aggregated in some line item in profit/(loss) before tax might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
 - IFRS 18 has specific requirements on the category in which derivative gains or losses are recognised — which is the same category as the income and expenses affected by the risk that the derivative is used to manage. The group currently recognises some gains or losses in operating profit, and evaluating the need for change.
- Line items presented on the primary financial statements might change as a result of the application of the concept of ‘useful structured summary’ and the enhanced principles on aggregation and disaggregation.

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- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - Management-defined performance measures;
 - A break-down of the nature of expenses for line items presented by function in the operating category of the consolidated statements of comprehensive income — this break-down is only required for certain nature of expenses; and
 - For the first annual period of application of IFRS 18, a reconciliation for each line item in the consolidated statements of comprehensive income between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per share” are also made. The group will apply the IFRS 18 and the consequential amendments to other IFRS Accounting Standards from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

(c) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Refer to Note 2.1(e) for further accounting policy information.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, changes in equity and financial position respectively.

(d) Recognition and estimation of redemption liabilities

A contract that contains an obligation to purchase equity instruments for cash or other financial asset gives rise to a financial liability for the present value of the redemption amount. Even if the Group’s obligations to purchase are conditional on the counterparty exercising a right to redeem.

The Group recognised the financial instruments with redemption rights as liabilities considering that not all triggering events for triggering exercise of redemption rights, are out of the control of the Group. The redemption liabilities are initially measured at the present value of the amount expected to be paid to the investors upon redemption with subsequent changes in the carrying amount charged as finance costs in profit or loss.

The Group derecognizes redemption liabilities when, and only when, the Group’s obligations are discharged, cancelled, or have expired. The carrying amount of the financial instruments derecognised was credited into the equity if the redemption liabilities expire without exercise.

As mentioned in Note 29, a subsidiary of the Group established employee share ownership platform and sold or issued shares with redemption rights to the employees in employee share ownership platform, the obligation to redeem the shares of the Group under certain circumstance which is out of the control of the Group was accounted for as redemption liabilities. The redemption liabilities were initially and subsequently measured at present value of the estimated redemption amount, which is determined by the management in accordance with the terms under employee share ownership arrangement (the “Arrangement”).

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(e) Business combinations

The Group applies the acquisition method to account for business combinations other than business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation are measured at either their fair value or the present ownership interests’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets.

Inter-company transactions, balances and unrealized gains/losses on transactions between Group companies are eliminated on consolidated basis.

(f) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost;
- those to be measured at fair value through other comprehensive income (FVOCI);
- those to be measured subsequently at fair value through profit or loss (FVTPL).

The assets measured at amortised cost include restricted cash, accounts receivable, notes receivable (Note 2.1(j)), other receivables. The assets measured at FVOCI include notes receivable (Note 2.1(j)). The assets measured at FVTPL include derivative financial instrument.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

The Group purchase a few fixed-term certificates of deposit as collateral and enters into facility agreements which are unrelated to cross-border fund arrangements. A gain or loss of these other investments is recognised in profit and loss and presented in other income.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when a financial asset is transferred and the Group has transferred substantially all of the risks and rewards of ownership, or when the Group neither transfers nor retains substantially all risks or rewards of ownership of the financial asset and has not retained control of the financial asset.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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(iv) Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in “Other gains/(losses), net” together with foreign exchange gains and losses. Impairment losses are presented as “Net impairment reversals/(losses) on the financial assets”.
- FVOCI: assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of profit or loss and other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented in “Other gains/(losses), net”. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in “Other gains/(losses), net” and impairment expenses are presented as “Net impairment reversals/(losses) on the financial assets”.
- FVTPL: assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a derivative that is subsequently measured at FVTPL is recognised in profit or loss and presented net within in “fair value gains/(losses)” (Note 6) when it arises from trade finance structure transfer. A gain or loss on a derivative that is subsequently measured at FVTPL is recognised in profit or loss and presented net within “Investment income” of “Other income” (Note 7) when it arises from other investments.

(v) Equity instruments

The Group did not retain any equity investment at fair value during Track Record Period.

(vi) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments including Accounts receivable, other receivables carried at amortised cost and notes receivable carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For Accounts receivable, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

(g) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(h) Revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group’s performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group’s efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

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When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity’s performance and the customer’s payment. A contract asset is the Group’s right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

When another party is involved in providing goods or services to a customer, the Group shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for those goods or services to be provided by the other party. The Group determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. If a contract with a customer includes more than one specified good or service, an entity could be a principal for some specified goods or services and an agent for others.

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. However, an entity does not necessarily control a specified good if the entity obtains legal title to that good only momentarily before legal title is transferred to a customer. An entity that is a principal may satisfy its performance obligation to provide the specified good or service itself or it may engage another party (for example, a subcontractor) to satisfy some or all of the performance obligation on its behalf. When (or as) the Group that is a principal satisfies a performance obligation, the Group recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred.

The Group is an agent if the Group’s performance obligation is to arrange for the provision of the specified good or service by another party. The Group that is an agent does not control the specified good or service provided by another party before that good or service is transferred to the customer. When (or as) the Group that is an agent satisfies a performance obligation, the Group recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The Group’s fee or commission might be the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

In accordance with the principal versus agent considerations prescribed by IFRS 15, the Group determines whether it act as the principal or agent in each of its revenue streams.

The following is a description of the accounting policies for the principal revenue streams of the Group, which include the cross-border supply chain solutions services and logistics and warehousing services, both of which are integral to and constitute the ordinary course of business for the Group.

(i) Revenue from cross-border supply chain solutions

In the cross-border supply chain solutions, the Group offer customers a comprehensive range of services, mainly comprise customs clearance, goods import and export transportation. Where the cross-border supply chain solutions includes multiple performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone service price basis, which is determined based on the prices charged to or expected to recover from customers.

Revenue from customs clearance is recognised when the necessary transportation of goods has been completed, enabling the customer to finalize the clearance process and obtain the relevant customs clearance documents.

Revenue from transportation of goods to end customers is recognised based on the progress of the service performed within period, which is determined based on proportion of days spent to the estimated total days. As at the end of the reporting period, the Group re-estimates the progress of the service performed to reflect the actual status of contract performance.

(ii) Logistics and warehousing solutions

The Group’s logistics and warehousing solutions include local warehousing, logistics and others. These services are distinct from supply chain solutions and do not encompass import and export services.

Revenue from Logistics and warehousing solutions is recognised based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs or days spent to the estimated total days as at the end of the reporting period.

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(i) Net income from cross-border fund arrangements

In its ordinary and usual course of business, the Group generally (i) receives RMB from its customers in the PRC to settle the purchase price of goods (denominated in foreign currencies, predominately United States Dollars (“USD”)) to overseas suppliers; and (ii) transfers funds to, or makes funds available in, the Group’s bank accounts (“Hong Kong Bank Accounts”) to settle such purchase amounts with overseas suppliers on its customers’ behalf through trade finance structured transfer or telegraphic transfer.

In the process of trade finance structured transfer, the Group transfers funds by a combination of financial assets and liabilities, which generates net income from trade finance structured transfer.

Before or after telegraphic transferred or trade finance structure transfer, the Group may convert RMB into foreign currencies by exchanging currency with commercial banks, which generates net income from currency exchange operations.

(i) Trade finance structured transfer

The PRC subsidiary purchases large-denomination certificates of deposits (the “Deposits”) as collateral and enters into a letter of credit agreement (the “Letter of Credit”) with PRC commercial banks (the “Deposit Banks”). To access funding in Hong Kong, the Group’s Hong Kong subsidiary (“HK Subsidiary”) enters into a facility agreement with the same or a different commercial bank (the “Lending Bank”) to obtain trade finance instruments (e.g. loans and forfaiting) (“Trade Finance Instruments”) that will be secured or discounted against the Letter of Credit. This arrangement enables the Hong Kong Subsidiary to draw down funds from the Lending Bank to the Hong Kong Bank Accounts for settlement with overseas suppliers. The Group derives interest income from the Deposits and incurs costs on the Trade Finance Instruments. An income is generated based on the differential between the interest income and costs (the “Interest Differential”) when the Letter of Credit is settled by Trade Finance Instruments. Interest Differential on financial assets or liabilities at amortized cost calculated using the effective interest method is recognised in profit or loss and presented net within “Net income from cross-border fund arrangements” (Note 6).

If the funding under the Trade Finance Instruments is denominated in a currency (the “Trade Finance Instrument Currency”) different from that of the Deposits, the PRC Subsidiary will enter into a foreign exchange forward contract (the “Forward Contract”) or a cross currency and interest rate swap contract (the “CCIRS Contract”) with the Deposit Bank to fix the future exchange rate at which foreign currency will be converted from the Deposits to repay the amounts outstanding under the Trade Finance Instruments (“Trade Finance Outstanding”) at maturity to the Lending Bank. And the Group’s subsidiary will enter into an interest rate swap contract (“IRS”) to fix the floating rate of some Trade Finance Instruments according to specific agreements with commercial banks. The forward contracts and IRS are initially recognised and subsequently measured at fair value in accordance with IFRS 9 (Note 3.3). Gains or losses on a forward contracts and IRSs are recognised in profit or loss and presented net within “Net income from cross-border fund arrangements” (Note 6).

(ii) Currency exchange operations

The Group’s PRC subsidiary (the “PRC Subsidiary”) receives RMB or USD funds (equivalent to the purchase price of goods) from its customers, in the exchange rate published by the People’s Bank of China on the payment date (the “Retail Rate”). Then the Group converts funds into foreign currencies with commercial bank for payment on behalf customers with overseas suppliers, in the favourable wholesale exchange rate (the “Wholesale Rate”). Net income from currency exchange operations generated from differential between Retail Rate and Wholesale Rate is recognised in profit or loss and presented net within in “Net income from cross-border fund arrangements” (Note 6).

(j) Receivables

(i) Accounts receivable

Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the Accounts receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. Accounts receivable primarily consist of service fees receivable from customers.

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(ii) *Notes receivable*

The Group receives the bank acceptance notes from its customers for settlement. The bank acceptance notes are not held for long-term investment; instead, the Group typically discounts them upon receipt. For bank acceptance notes issued by banks which designated as “9+6” banks under the People’s Bank of China framework, the Group initially recognises the note as FVOCI and derecognises upon discounting, recognising the cash inflow within operating activities. For bank acceptance notes issued by banks which are not designated as “9+6” banks under the People’s Bank of China framework, due to the recourse clauses and credit risk disparities, the Group initially recognises the note measured at amortised cost and does not derecognise them upon discounting, recognising the corresponding cash inflow as borrowings secured by the discounted bank acceptance notes (Note 2.2(i)). In the latter case, discounted but unmatured notes receivable at period-end continues to be reported under notes receivable alongside the recognition of an equivalent liability. During the Track Record Period, there were no balances of notes receivable classified as FVOCI as of year end dates.

(iii) *Other receivables*

Majority of other receivables are advances payments made on behalf of customers for the purchase of goods within the cross-border supply chain solutions, rental deposit and value-added tax recoverable. If collection of account and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.2 Summary of other accounting policies

(a) *Leases*

(i) *The Group is the lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option,
- lease payments to be made under an extension option if the Group is reasonably certain to exercise the option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and restoration costs.

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(ii) *The Group is the lessor*

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 7). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

(b) **Foreign currency translation**

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in RMB, which is the Group’s main business functional and presentation currency of the Company.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

The Group’s foreign exchange gains and losses generate from: i) trade finance structured transfer, ii) currency exchange operations and iii) other foreign exchange.

Foreign exchange gains generated from trade finance structured transfer are presented in the consolidated statement of profit or loss and other comprehensive income within “Net income from cross-border fund arrangements” (Note 2.1(i), Note 6).

Foreign exchange gains generated from currency exchange operations are presented in the consolidated statement of profit or loss and other comprehensive income within “Net income from cross-border fund arrangements” (Note 2.1(i), Note 6).

Other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within “Other income” (Note 7) and “Other gains/(losses), net” (Note 8).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

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On combination, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(c) *Property, plant and equipment*

All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost might also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Buildings	31-67 years
Machinery and motor vehicles	4-10 years
Electronic devices	3-5 years
Office and other equipment	5 years
Leasehold improvements	Shorter of their useful lives and the lease term

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(d) *Intangible assets*

(i) *Software*

The Group amortises intangible assets with a finite useful life, using the straight-line method over the following periods:

- IT development and software. 3-5 years

The amortisation expenses of intangible assets for the years ended 31 December 2023, 2024 and 2025 are RMB350,000, RMB466,000, and RMB694,000 respectively.

(ii) *Impairment of non-financial assets*

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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(e) Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, including properties under construction for such purpose, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings 31-64 years

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

(f) Cash and cash equivalents and restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

The Group’s PRC Subsidiary purchases large-denomination certificates of deposits as collateral for cross-border fund arrangements (Notes 2.1(i)) and other loans. These deposits are classified to restricted cash but not cash and cash equivalents.

(g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Payables

Payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, and presented as current liabilities, unless payment is not due within 12 months after the reporting period.

(i) Accounts payable

Accounts payable mainly represent liabilities for services provided to the Group prior to the end of financial year which are unpaid.

(ii) Notes payable

All notes payable are payable to third parties. The carrying amounts of notes payable are considered to be the same as their fair values, due to their short-term nature.

(iii) Other payables and accruals

The amounts mainly include payment for goods and tax on behalf of the Group’s customer, dividends, amounts due to related parties and employee benefits payables and others.

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(i) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as “Net income from cross-border fund arrangements” (Note 6) when borrowings are related to cross-border fund arrangements. The difference between the carrying amount and the consideration paid is recognised in profit or loss as “Other income” (Note 7) when borrowings are related to other investments. The difference between the carrying amount and the consideration paid is recognised in profit or loss as “Finance costs” (Note 11) when borrowings are related to other borrowings.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

Borrowings secured by the discounted bank acceptance notes are recognized when bank acceptance notes are not derecognized upon discounting due to the recourse clauses and credit risk disparities. (Note 2.1(j))

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(j) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(k) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period, and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

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(ii) *Housing funds, medical insurances and other social insurances*

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(l) *Dividend distribution*

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(m) *Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) *Market risk*

(i) *Foreign exchange risk*

The Group’s main business involves settlement overseas and is exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognize assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group has a professional team to manage the risk arising of fluctuation of exchange rate, with approach of signing forward foreign exchange hedging contracts and controlling the scale of foreign currency assets and liabilities, to minimize foreign exchange risk, and to reduce the impact of exchange rate fluctuations on business performance. The functional currency of the Company is Hong Kong Dollar (“HKD”) but majority of its PRC subsidiaries is RMB and the functional currencies of the overseas subsidiaries include USD, HKD and Singapore Dollar (“SGD”).

About the foreign exchange risks generated from restricted cash and borrowings in trade finance structured transfer, the Group arranges a series of forward contracts as derivative to economically hedge the foreign exchange risk (Note 2.1(i)). The Group’s foreign exchange risk is immaterial.

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As at 31 December 2023, 2024 and 2025, except the economically hedged financial assets and financial liabilities above, for the Group’s subsidiaries with RMB as the functional currency, other major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated	Other currencies denominated
	RMB'000	RMB'000
At 31 December 2023		
Cash and cash equivalents	19,205	27
Other receivables	363,754	160
Other payables	(670,802)	(4,022)
	<u>(287,843)</u>	<u>(3,835)</u>
At 31 December 2024		
Cash and cash equivalents	9,648	788
Other receivables	478,352	3,174
Other payables	(535,061)	(3,868)
	<u>(47,061)</u>	<u>94</u>
At 31 December 2025		
Cash and cash equivalents	78,168	6
Other receivables	128,597	242
Other payables	(199,925)	(127)
	<u>6,840</u>	<u>121</u>

As at 31 December 2023, 2024 and 2025, for the above various foreign currencies financial assets and foreign currencies financial liabilities, if USD and other currencies had strengthened/weakened by 5% against RMB, with all other factors remaining unchanged, the Group will decrease/(increase) its profit after income tax for the year by approximately RMB12,407,000, RMB1,987,000 and RMB(265,000) respectively.

As at 31 December 2023, 2024 and 2025, for the Group’s subsidiaries with USD as the functional currency, major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	RMB denominated	HKD denominated	Other currencies denominated
	RMB'000	RMB'000	RMB'000
At 31 December 2023			
Cash and cash equivalents	162,113	3,491	377
Other receivables	–	13,480	4,773
Accounts payable	–	(732)	–
Other payables	(298,500)	(591)	–
	<u>(136,387)</u>	<u>15,648</u>	<u>5,150</u>
At 31 December 2024			
Cash and cash equivalents	3,117	3,820	630
Other receivables	434	2,555	4,253
Accounts payable	–	(740)	–
Other payables	(11,323)	(1,016)	(4,082)
	<u>(7,772)</u>	<u>4,619</u>	<u>801</u>
At 31 December 2025			
Cash and cash equivalents	3,547	3,040	824
Accounts receivable	1	1,254	–
Other receivables	35,136	2,869	832
Accounts payable	–	(646)	–
Other payables	–	(1,398)	–
	<u>38,684</u>	<u>5,119</u>	<u>1,656</u>

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As at 31 December 2023, 2024 and 2025, for the above various foreign currencies financial assets and foreign currencies financial liabilities, if RMB, HKD and other currencies had strengthened/weakened by 5% against RMB, with all other factors remaining unchanged, the Group will decrease/(increase) its profit after income tax for the year by approximately RMB4,826,000, RMB98,000 and RMB(1,899,000) respectively.

(ii) Cash flow and interest rate risk

The Group hedges the cash flow risk by arranging guaranteed deposit contracts and bank borrowing contracts or forfeiting borrowing contracts in cross-border structured transfer. The principal and interest of deposits are used to repay the principal and interest of borrowings so the cash flow risk is offset.

The amount of the Group’s restricted cash at the end of the reporting period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At fixed rate			
Less than 1 year	12,210,246	13,146,652	17,777,105

The Group’s fixed rate restricted cash are almost related to cross-border fund arrangements and other investments. At the maturity date, these fixed rate restricted cash could be settled with borrowings related to cross-border fund arrangements and other investments so the cash flow risk is immaterial.

The exposure of the Group’s borrowings to interest rate changes (before considering interest rate swap contracts) at the end of the reporting period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At variable rate	2,571,437	1,474,812	–
At fixed rate			
Less than 1 year	9,614,967	11,658,926	18,084,832
	12,186,404	13,133,738	18,084,832

In cross-border structured transfer, some commercial banks offer bank borrowings with floating interest rate term. The Group simultaneously hedges the interest rate changing risk by arranging interest rate swap contracts (“IRS”) with the commercial bank which offers borrowings.

The floating interest rate portion is converted to a fixed interest rate through the execution of Interest Rate Swap contract, thereby eliminating exposure to interest rate fluctuations. The fixed interest rate portion is not subject to interest rate fluctuations. Therefore, the Group’s floating interest risk is immaterial.

(b) Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, notes receivable and other receivables represent the Group’s major exposure to credit risk in relation to financial assets.

(i) Cash and cash equivalent and Restricted cash

To manage this risk arising from cash and cash equivalents and restricted cash, the Group mainly transacts with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. As a result, the Group anticipates minimal credit losses, thereby ensuring the preservation of its financial assets.

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(ii) *Accounts receivable*

The majority of the balances of accounts receivable are due from electronic equipment traders and manufacturers. In respect of customers with a poor credit history, sending written payment reminders, shortening or cancellation of credit periods and other follow-up actions are taken to ensure the overall credit risk of the Group is limited to a controllable extent. In addition, the Group has 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, the Directors of the Company consider that the expected credit risks of them are adequately covered.

The Group has applied the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL for all accounts receivable.

To measure the expected credit losses, accounts receivable have been grouped based on their shared credit risk characteristics and the days past due.

The historical loss rates are determined by reference to the credit rating analysis of respective debtors and external data or based on the payment profiles of sales over a period before the respective period ends and the corresponding historical credit losses experienced within these periods.

Indicators of insolvencies include, amongst others, the failure of a debtor engage in a repayment plan with the Group, and a failure to make contractual payments. Trade receivables with known insolvencies are assessed individually for impairment allowances while those without known insolvencies are assessed on a collective basis based on shared credit risk characteristics.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the gross domestic product, consumer price index, producer price index and industrial added value of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Movements on the provision for impairment of Accounts receivable are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	146	186	131
(Reversal)/provision of impairment losses .	(803)	(56)	88
Recovery of previously written-off bad debts	841	–	–
Currency translation differences	2	1	7
At the end of the year	<u>186</u>	<u>131</u>	<u>226</u>

The provision and reversal of provision for impairment of receivables have been included in impairment losses on financial assets in the consolidated statements of profit or loss and other comprehensive income. Amounts charged to the allowance account are written off when there is no expectation of recovery.

The Group wrote off bad debts in 2019 and reversed the impairment losses in 2023 due to recovery of funds.

For accounts receivable from related parties, the Group considers the counterparties with relatively good credit worthiness based on past experience and satisfactory settlement history. The Group assessed the ECL for Accounts receivable from related parties was insignificant during the reporting period.

A default on accounts receivable is when the counterparty fails to make contractual payments when they fall due.

Accounts receivable is written off when there is no reasonable expectation of recovery.

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The following table sets forth the loss allowance for accounts receivable as at 31 December 2023, 2024 and 2025 by invoice days:

	Less than 90 days	More than 90 days but less than 180 days	More than 180 days	Total
As at 31 December 2023				
Expected loss rate	1.73%	1.14%	0.96%	1.65%
Gross carrying amount – accounts receivable	9,999	525	727	11,251
Loss allowance	<u>(173)</u>	<u>(6)</u>	<u>(7)</u>	<u>(186)</u>

	Less than 90 days	More than 90 days but less than 180 days	More than 180 days	Total
As at 31 December 2024				
Expected loss rate	1.64%	2.15%	–	1.67%
Gross carrying amount – accounts receivable	7,488	372	–	7,860
Loss allowance	<u>(123)</u>	<u>(8)</u>	<u>–</u>	<u>(131)</u>

	Less than 90 days	More than 90 days but less than 180 days	More than 180 days	Total
As at 31 December 2025				
Expected loss rate	1.26%	1.59%	2.13%	1.26%
Gross carrying amount – accounts receivable	17,762	63	47	17,872
Loss allowance	<u>(224)</u>	<u>(1)</u>	<u>(1)</u>	<u>(226)</u>

The Company determine the loss rate based on various factors of the counterparties, such as their business sectors, listing status, credit history with the company, collateral or guarantee obtained etc. The credit term could range from 7 days to 90 days depending on counterparties’ circumstances, which could be extended by 60 days to 90 days for the companies with good credit history.

As at 31 December 2023			
	Gross amount	Loss allowance	Expected loss rate
Accounts receivable			
	RMB'000	RMB'000	%
Collectively assessed			
– The third parties	11,249	185	1.64%
Individually assessed			
– The third parties	<u>2</u>	<u>1</u>	50.00%
	<u>11,251</u>	<u>186</u>	

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As at 31 December 2024			
	Gross amount	Loss allowance	Expected loss rate
Accounts receivable			
	RMB'000	RMB'000	%
Collectively assessed			
– The third parties	7,858	130	1.65%
Individually assessed			
– The third parties	2	1	50.00%
	<u>7,860</u>	<u>131</u>	

As at 31 December 2025			
	Gross amount	Loss allowance	Expected loss rate
Accounts receivable			
	RMB'000	RMB'000	%
Collectively assessed			
– The third parties	<u>17,872</u>	<u>226</u>	1.26%

(iii) *Notes receivable*

Due to the bank acceptance notes are not held for long-term investment, management believes that the credit risk associated with the notes receivable is not material.

(iv) *Other receivables*

3-stages general approach ECL model has been applied for other receivables. The Group assesses whether their credit risk has increased significantly since their initial recognition and applies a 3-stages impairment model to calculate their impairment allowance and recognize their ECL.

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments without or with significant increase in credit risk, 12-month or lifetime ECL are provided respectively. The ECL is the result of discounting the product of exposure at default, probabilities of default and loss given default and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables.

Under IFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period. The Group set quantitative and qualitative criteria to assess whether there has been a significant increase in credit risk (“SICR”) after initial recognition. The judgement criteria mainly includes the probabilities of default changes of the debtors, changes of credit risk categories and other indicators of SICR, etc..

To assess whether there is a significant increase in credit risk, the Group also compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty.

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable event.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the gross domestic product, consumer price index, producer price index and industrial added value of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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The balances of the Group mainly comprise advances made on behalf of customers, value-added tax recoverable and rental deposit during the Track Record Period. Value-added tax recoverable includes receive value-added tax recoverable for Group’s customers. Movements on the Group’s allowance for expected credit losses of other receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	7,768	12,405	7,424
Allowance/(reversal of) for impairment . . .	4,636	(4,982)	(1,249)
Written off as uncollectible	–	(1)	–
Currency translation differences	1	2	–
At the end of the year	<u>12,405</u>	<u>7,424</u>	<u>6,175</u>

Based on historical experiences, other receivables from related parties were settled within 12 months of initial recognition hence the expected credit loss is minimal.

As stated in Note 2.1(f), impairment on other receivables accounted as amortized cost is measured as either 12-month ECL or lifetime ECL. The following table sets forth the loss allowance for other receivables as at 31 December 2023, 2024 and 2025 by invoice days:

	Less than 90 days	More than 90 days but less than 180 days	More than 180 days	Total
As at 31 December 2023				
Expected loss rate	1.63%	0.96%	0.61%	1.59%
Gross carrying amount – other receivables	737,145	32,196	12,665	782,006
Loss allowance	<u>(12,018)</u>	<u>(310)</u>	<u>(77)</u>	<u>(12,405)</u>

	Less than 90 days	More than 90 days but less than 180 days	More than 180 days	Total
As at 31 December 2024				
Expected loss rate	1.46%	0.84%	0.84%	1.40%
Gross carrying amount – other receivables	481,034	43,692	5,921	530,647
Loss allowance	<u>(7,005)</u>	<u>(369)</u>	<u>(50)</u>	<u>(7,424)</u>

	Less than 90 days	More than 90 days but less than 180 days	More than 180 days	Total
As at 31 December 2025				
Expected loss rate	1.16%	0.74%	0.72%	1.16%
Gross carrying amount – other receivables	529,174	404	4,029	533,607
Loss allowance	<u>(6,143)</u>	<u>(3)</u>	<u>(29)</u>	<u>(6,175)</u>

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The Company determine the loss rate based on various factors of the counterparties, such as their business sectors, listing status, credit history with the company, collateral or guarantee obtained etc. The credit term could range from 7 days to 180 days depending on counterparties’ circumstances, which could be extended by 60 days to 90 days for the companies with good credit history.

The Group uses the expected credit loss model to determine the expected loss provision for other receivables. The majority of third parties and related parties have a low risk of default and a strong capacity to meet contractual cash flow, and therefore are classified as stage 1 for ECL purpose.

As at 31 December 2023			
	Gross amount	Loss allowance	Expected loss rate
Other receivables			
	RMB'000	RMB'000	%
Collectively assessed			
– The third parties	779,136	12,083	1.55%
– The related parties	2,388	33	1.38%
Individually assessed			
– The third parties	482	289	59.96%
	<u>782,006</u>	<u>12,405</u>	

As at 31 December 2024			
	Gross amount	Loss allowance	Expected loss rate
Other receivables			
	RMB'000	RMB'000	%
Collectively assessed			
– The third parties	527,399	6,437	1.22%
– The related parties	571	15	2.63%
Individually assessed			
– The third parties	2,677	972	36.31%
	<u>530,647</u>	<u>7,424</u>	

As at 31 December 2025			
	Gross amount	Loss allowance	Expected loss rate
Other receivables			
	RMB'000	RMB'000	%
Collectively assessed			
– The third parties	<u>533,607</u>	<u>6,175</u>	1.16%

(v) *Net impairment reversals/(losses) on the financial assets recognised in profit or loss*

During the year, the following reversals /(losses) were recognised in profit or loss in relation to impaired financial assets:

Year ended 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net impairment reversals/(losses) on the financial assets			
Movement in loss allowance for accounts receivable	803	56	(88)
Movement in loss allowance for other receivables	<u>(4,636)</u>	<u>4,982</u>	<u>1,249</u>
	<u>(3,833)</u>	<u>5,038</u>	<u>1,161</u>

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(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such.

The table below analyzes the Group’s financial liabilities by relevant maturity groupings based on the remaining period since the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023						
Accounts payable	1,331	–	–	–	1,331	1,331
Notes payable	201,772	–	–	–	201,772	201,772
Other payables and accruals (excluding value-added tax and tariff payable to customs, employee benefits payable and other taxes payable) . .	294,048	–	–	–	294,048	294,048
Borrowings	7,764,906	4,471,671	–	–	12,236,577	12,186,404
Lease liabilities	8,897	8,931	13,619	3,935	35,382	32,121
Redemption liabilities . .	–	44,301	–	–	44,301	44,301
	<u>8,270,954</u>	<u>4,524,903</u>	<u>13,619</u>	<u>3,935</u>	<u>12,813,411</u>	<u>12,759,977</u>

	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024						
Accounts payable	1,176	–	–	–	1,176	1,176
Notes payable	18,765	–	–	–	18,765	18,765
Other payables and accruals (excluding value-added tax and tariff payable to customs, employee benefits payable and other taxes payable) . .	389,724	–	–	–	389,724	389,724
Borrowings	6,863,705	6,297,521	–	–	13,161,226	13,133,738
Lease liabilities	16,343	11,710	17,158	2,684	47,895	44,337
Redemption liabilities . .	10	–	–	–	10	10
	<u>7,289,723</u>	<u>6,309,231</u>	<u>17,158</u>	<u>2,684</u>	<u>13,618,796</u>	<u>13,587,750</u>

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	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2025						
Accounts payable	3,399	—	—	—	3,399	3,399
Notes payable	5,803	—	—	—	5,803	5,803
Other payables and accruals (excluding value-added tax and tariff payable to customs, employee benefits payable and other taxes payable) . .	95,719	—	—	—	95,719	95,719
Borrowings	10,135,061	8,170,706	—	—	18,305,767	18,084,832
Lease liabilities	12,197	12,166	20,059	6,805	51,227	48,090
	<u>10,252,179</u>	<u>8,182,872</u>	<u>20,059</u>	<u>6,805</u>	<u>18,461,915</u>	<u>18,237,843</u>

The derivative financial instruments liquidated by the Group based on the total amount are mainly forward foreign exchange contracts. The table below analyzes the undiscounted cash flows of derivative financial instruments settled on a gross basis and classified by remaining maturity from the balance sheet date to the maturity date specified in the contract:

	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023					
Derivative financial instruments settled on a gross basis					
Total inflow	4,395,845	713,341	—	—	5,109,186
Total outflow	<u>(4,395,845)</u>	<u>(713,341)</u>	—	—	<u>(5,109,186)</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Derivative financial instruments settled on a net basis					
Net cash flow	<u>423</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>423</u>
At 31 December 2024					
Derivative financial instruments settled on a gross basis					
Total inflow	4,233,665	—	—	—	4,233,665
Total outflow	<u>(4,233,826)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,233,826)</u>
	<u>(161)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(161)</u>
Derivative financial instruments settled on a net basis					
Net cash flow	<u>(231)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(231)</u>
At 31 December 2025					
Derivative financial instruments settled on a gross basis					
Total inflow	3,939,186	776,684	—	—	4,715,870
Total outflow	<u>(3,939,186)</u>	<u>(776,684)</u>	<u>—</u>	<u>—</u>	<u>(4,715,870)</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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3.2 Capital management

The Group’s objectives when managing capital are to:

- safeguard the ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio: Net debt (as set out in Note 32), divided by total equity.

The Group monitors capital on the basis of the gearing ratios and the gearing ratios at 31 December 2023, 2024 and 2025 were as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net debt	237,180	207,608	681,391
Total equity	995,316	764,838	723,956
Net debt to equity ratio	24%	27%	94%

Due to the increase in other bank borrowing in this period, the net debt to equity ratio has increased. However, due to the sufficient liquidity of our group, the impact of the increase in this ratio is not significant.

3.3 Fair value estimation

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the historical financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The Group’s policy is to recognize transfers in to and transfers and transfer out of fair value hierarchy level as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1; and

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

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

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The table below analyzes the Group’s financial instruments carried at fair value as at 31 December 2023, 2024 and 2025 and by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into levels 2 within a fair value hierarchy as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Derivative financial assets			
Forward contracts related to cross-border fund arrangements	144,664	50,040	33,645
CCIRS related to cross-border fund arrangements	–	18,527	256
Interest rate swap contracts related to cross-border fund arrangements	4,731	–	–
	<u>149,395</u>	<u>68,567</u>	<u>33,901</u>
Derivative financial liabilities			
Forward contracts related to cross-border fund arrangements	131,478	55,151	30,742
CCIRS related to cross-border fund arrangements	–	18,412	–
Interest rate swap contracts related to cross-border fund arrangements	2,108	572	–
Forward contracts related to other investments . .	<u>1,827</u>	<u>–</u>	<u>–</u>
	<u>135,413</u>	<u>74,135</u>	<u>30,742</u>

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments,
- for interest rate swaps — the present value of the estimated future cash flows based on observable yield curves,
- for CCIRS — the present value of the estimated future cash flows based on observable yield curves,
- for forward currency forwards — the present value of future cash flows based on forward exchange rates at the reporting date,
- for other financial instruments — discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2. The Group did not change any valuation techniques in determining level 2.

Financial assets and liabilities measured at amortised cost held by the Group mainly includes restricted cash, cash and cash equivalents, accounts receivable, notes receivable, other receivables, notes payable, borrowings and other payables and accruals. Given that these financial assets and financial liabilities mainly mature within a year, their book values approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Group’s accounting policies.

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Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances. The critical accounting estimates and judgements adopted by the Group during the Track Record Period are as below:

(a) Measurement of the expected credit losses

The measurement of ECL for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1.

The Group monitors and reviews relevant assumptions about expected credit losses regularly. Where there is a difference between the actual bad debts and the original estimate, such difference will affect the Group’s provision for bad debts of the above assets in the future period.

(b) Fair value of derivative financial instruments determined using valuation techniques

Fair value, in the absence of an active market, is estimated by using valuation techniques, applying currently applicable and sufficiently available data, and the valuation techniques supported by other information, mainly include market approach, reference to the recent arm’s length transactions, current market value of another instrument which is substantially the same, and based on covered interest rate parity and no arbitrage approach.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate.

(c) Current and deferred income taxes

The Group is subject to income taxes in different jurisdictions. Judgment is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such determination is made.

Deferred income tax assets are recognised for temporary differences to the extent it is probable that future taxable profits will be available against which deductible temporary differences and the unused tax losses can be utilized, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax jurisdiction in which the deferred income tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred income tax assets will ultimately be realized, such as the existence of taxable temporary differences, Group relief, tax planning strategies and the periods in which estimated tax losses can be utilized. The carrying amount of deferred income tax assets and related financial models and budgets are reviewed at each date of statements of financial position and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses, the deferred income tax asset balance will be reduced, and the difference charged to the consolidated statements of profit or loss and other comprehensive income.

Deferred tax liabilities are recognised for withholding tax levied on dividends to be declared to foreign investors from the investment enterprise established in Chinese Mainland. Significant management judgement is required to determine the amount of deferred tax liabilities that should be recognised, based upon the dividends to be declared in foreseeable future. Further details are contained in Note 18.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in providing certain services to its customers necessitates the judgement and consideration of all relevant facts and circumstances. In evaluating the Group’s role as a principal or an agent, the Group assesses, either individually or in combination, whether it controls the specified service before it is transferred to the customer, whether it is primarily responsible for meeting customers’ specifications, whether it is subject to the risks associated with service engagement (such as inventory risk), and whether it has discretion in establishing prices.

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5. SEGMENT INFORMATION AND REVENUE

The chief operating decision makers (“CODM”), who are the executive directors of the Company, identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments. An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group’s management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group.

The CODM considers that the Group’s operations are operated and managed as a single operating segment which is the supply chain solutions business under the requirements of IFRS 8 “Operating Segments” and therefore no operating business segment information is presented.

(a) Revenue by business lines

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from supply chain solutions			
Cross-border supply chain solutions	78,000	79,205	80,081
Logistics and warehousing solutions	38,479	43,747	76,942
	<u>116,479</u>	<u>122,952</u>	<u>157,023</u>
Timing of revenue recognition as analysed as follow:			
At a point in time	72,256	73,741	75,887
Over time	44,223	49,211	81,136
	<u>116,479</u>	<u>122,952</u>	<u>157,023</u>

(b) Geographical information

Since the Group’s revenue and operating profit were substantially generated in China and the Group’s identifiable assets and liabilities were substantially located in China, no geographical information is presented.

(c) Unsatisfied performance obligations

For supply chain solutions, it is rendered normally within a few days and there is no material unsatisfied performance obligation at the end of financial years.

(d) Information about major customers

For the years ended 31 December 2023, 2024 and 2025, no customer whose income from ordinary course of business accounted for more than 10%.

For the years ended 31 December 2023, 2024 and 2025, revenue derived from customers who accounted for more than 10% were set out below:

	Year ended 31 December		
	2023	2024	2025
Customer A	*	*	14.35%
Customer B	<u>15.13%</u>	<u>10.16%</u>	<u>*</u>

* The respective customer contributed less than 10% of Group’s revenue from supply chain solutions for the corresponding period as indicated.

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6. NET INCOME FROM CROSS-BORDER FUND ARRANGEMENTS

Net income from cross border fund arrangements was generated from trade finance structured transfer and currency exchange operations (Note 2.1(i)).

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade finance structured transfer			
Interest income	351,981	307,316	300,519
Interest expense	(312,685)	(335,159)	(321,808)
Foreign exchange gains	61,813	46,620	80,909
Fair value (losses)/gains	(38,243)	45,437	11,824
Bank charges	(8,152)	(11,961)	(5,954)
	54,714	52,253	65,490
Currency exchange operations	49,328	59,658	45,285
	<u>104,042</u>	<u>111,911</u>	<u>110,775</u>

7. OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants (i)	4,365	4,973	8,960
Rental income	2,502	4,196	3,478
Investment income (ii)	2,769	1,483	297
	<u>9,636</u>	<u>10,652</u>	<u>12,735</u>

(i) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and individual income tax preferences, to reward the Group’s support and contribution to the development of local economies. As at 31 December 2023, 2024 and 2025, there were no unfulfilled conditions or contingencies relating to these government grants.

(ii) The Group had other investments that are not related to cross-border fund arrangements, such investment generated investment income by utilizing excess cash on hand to purchase fixed-term certificates of deposit as collateral for facility agreements (Note 2.1(f)).

8. OTHER GAINS, NET

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

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9. OTHER OPERATING EXPENSES

The following table sets out the breakdown of other operating expenses:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Storage fees	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	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
Auditors’ remuneration	640	742	596
Professional service expenses	330	592	735
Others	1,823	4,514	4,433
	<u>29,403</u>	<u>30,857</u>	<u>31,304</u>

10. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	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	4,360	4,902	5,378
Other employee benefits (ii)	3,383	3,353	3,038
	<u>63,908</u>	<u>64,179</u>	<u>59,444</u>

(i) Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group’s liabilities in respect of benefits schemes are limited to the contribution payable in each year.

Full time employees of the Group in Hong Kong are members of the Mandatory Provident Fund Scheme (“MPF”). MPF is a retirement protection system established by the Hong Kong government. It is a mandatory, privately managed, fully funded contribution scheme.

(ii) Other employee benefits mainly include catering provided for employees, holiday benefits and so on.

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(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023, 2024 and 2025 include 2, 3 and 2 directors respectively whose emoluments are reflected in the analysis shown in Note 10(d), respectively. The emoluments paid to the remaining 3, 2 and 3 individuals are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and bonuses	3,026	2,077	2,747
Pension obligations, housing funds, medical insurances and other social insurances	31	39	136
	<u>3,057</u>	<u>2,116</u>	<u>2,883</u>

The emoluments of the above individuals fell within the following bands:

(c) Number of individuals

	Year ended 31 December		
	2023	2024	2025
Emolument bands (in Hk dollar)			
HKD500,000 to HKD1,000,000	1	—	2
HKD1,000,001 to HKD1,500,000	2	2	1
	<u>3</u>	<u>2</u>	<u>3</u>

(d) Benefits and interests of directors

	Fees	Salaries, wages, bonuses	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023					
Executive directors:					
Ms. Fung Yeung (ii)	—	809	—	56	865
Mr. Cheung Sen Kwong (ii)	—	1,059	—	56	1,115
Chairman and non-executive director:					
Mr. Fung So Kwan (i)	—	1,035	—	—	1,035
	—	<u>2,903</u>	—	<u>112</u>	<u>3,015</u>
	—	<u>2,903</u>	—	<u>112</u>	<u>3,015</u>

	Fees	Salaries, wages, bonuses	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Executive directors:					
Ms. Fung Yeung (ii)	—	1,075	—	56	1,131
Mr. Cheung Sen Kwong (ii)	—	1,108	—	56	1,164
Chairman and non-executive director:					
Mr. Fung So Kwan (i)	—	1,006	—	—	1,006
	—	<u>3,189</u>	—	<u>112</u>	<u>3,301</u>
	—	<u>3,189</u>	—	<u>112</u>	<u>3,301</u>

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	Fees	Salaries, wages, bonuses	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Executive directors:					
Ms. Fung Yeung (ii)	–	834	–	59	893
Mr. Cheung Sen Kwong (ii) . . .	–	868	–	59	927
Chairman and non-executive director:					
Mr. Fung So Kwan (i)	–	468	–	–	468
	–	2,170	–	118	2,288
	–	–	–	–	–

- (i) Mr. Fung So Kwan was appointed as the chairman and non-executive director of the Company on 22 April 2025.
- (ii) Ms. Fung Yeung and Mr. Cheung Sen Kwong were appointed as the executive directors of the Company on 22 April 2025.

Mr. Mok Kwai Pui Bill, Ms. Fok Pui Ming Joanna and Mr. David Tiang Wei Ping were appointed as independent non-executive directors of the Company on 2 June 2025. During the years ended 31 December 2023, 2024 and 2025, the appointment have not yet been effective and did not receive directors’ remuneration in the capacity of independent non-executive directors.

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period.

(e) Directors’ retirement benefits

There were no retirement benefits paid to or receivable by any Directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertakings during the Track Record Period.

(f) Directors’ termination benefits

There were no termination benefits paid to or receivable by any Directors during the Track Record Period.

(g) Consideration provided to third parties for making available directors’ services

No payment was made to the former employer of Directors for making available the services of them as a Director of the Company during the Track Record Period.

(h) Information about loans, quasi-loans and other dealings in favour of directors

There were no loans, quasi-loans and other dealings entered into between the Group and the directors and in favour of the directors during the Track Record Period.

(i) Directors’ material interests in transactions, arrangements or contracts

Other than those as disclosed in Note 29 and Note 33, there are no significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

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11. FINANCE INCOME/(COSTS), NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income			
Interest income from demand deposits	12,749	9,931	7,055
Interest income from time deposits	1,806	2,509	–
Others	57	34	42
	<u>14,612</u>	<u>12,474</u>	<u>7,097</u>
Finance costs			
Interest expenses on other bank borrowings	(1,610)	(2,322)	(7,362)
Interest on redemption liabilities	(2,540)	(1,482)	–
Interest expenses on lease liabilities	(968)	(1,395)	(1,925)
Other bank borrowings charges	(208)	(538)	–
	<u>(5,326)</u>	<u>(5,737)</u>	<u>(9,287)</u>
	<u>9,286</u>	<u>6,737</u>	<u>(2,190)</u>

12. INCOME TAX EXPENSE

The following table sets forth the component of income tax expense of the Group for the years ended 31 December 2023, 2024 and 2025:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	770	24,498	36,861
Deferred income tax (<i>Note 18</i>)	17,599	(4,662)	(19,480)
	<u>18,369</u>	<u>19,836</u>	<u>17,381</u>

Reconciliation between income tax expenses and profit before income tax at applicable tax rates for the years ended 31 December 2023, 2024 and 2025:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before income tax	101,978	105,364	125,733
Tax calculated at a tax rate of 25%	25,495	26,341	31,433
Effect of different tax rates available to different jurisdictions	(1,401)	(3,212)	(6,701)
Preferential income tax rates applicable to subsidiaries	(8,408)	(6,501)	(6,040)
Tax effect of unrecognised tax losses and temporary differences	282	550	194
Expenses not deductible for tax purposes	527	711	5,180
Utilization of previously unrecognized tax temporary differences and tax losses	(231)	(4)	–
Income not subject to tax purpose	–	–	(9,229)
Withholding tax	2,105	1,951	2,544
	<u>18,369</u>	<u>19,836</u>	<u>17,381</u>

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(a) PRC corporate income tax (“PRC CIT”)

According to the Enterprise Income Tax Law of the People’s Republic of China and the Regulations on the Implementation of Enterprise Income Tax Law, except for some subsidiaries enjoying the preferential tax rates, the Company and other subsidiaries established in the Chinese mainland are subject to the enterprise income tax rate of 25%.

Pursuant to the Notice on the Policies and Catalogue of Income Tax Preferences for Enterprises in Guangdong Hengqin New Area, Fujian Pingtan Comprehensive Experimental Zone, and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperative Zone (Cai Shui [2014] No. 26) and the Notice on Continuing the Policies of Income Tax Preferences for Enterprises in Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperative Zone (Cai Shui [2021] No. 30) jointly issued by the Ministry of Finance and the State Taxation Administration, Shenzhen HFY Supply Chain and other 2 subsidiaries are subject to enterprise income tax at the preferential rate of 15% from 2021 to 2025.

(b) Cayman Islands and British Virgin Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. As such, the operating results reported by the Company, including the share-based payments, are not subject to any income tax.

The Group entities established under the International Business Companies Acts of British Virgin Islands (“BVI”) are exempt from BVI income taxes.

(c) Hong Kong income tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the assessable profits for the years presented, based on the existing legislation, interpretations and practices in respect thereof.

(d) Singapore income tax

Entities incorporated in Singapore are subject to corporate income tax at tax rates of 17% on the assessable profits for the years presented, based on the existing legislation, interpretations and practices in respect thereof.

(e) Withholding tax in mainland China (“WHT”)

According to the New Corporate Income Tax Law (“New EIT Law”), distribution of profits earned by companies in mainland China since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors, upon the distribution of profits to overseas-incorporated immediate holding companies.

(f) OECD Pillar Two model rules

The Group is within the scope of the Pillar Two model rules released by the Organization for Economic Co-operation and Development (“OECD”). The Pillar Two legislation had become effective in certain jurisdictions on January 1, 2024 during the Track Record Period. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion (“GloBE”) effective tax rate in each jurisdiction and the 15% minimum rate. Since the group’s annual income was less than EUR750,000,000 during the Track Record Period, it’s exempted to comply with the legislation.

13. DIVIDENDS

In June 2025, the Company declared and paid a dividend of RMB142,500,000 to its shareholders in the respect of the year ended 31 December 2024.

Prior to the completion of the Reorganisation, a subsidiary of the Group, Hong Kong Union Honest, declared dividends of RMB209,000,000 and RMB313,500,000 to its shareholders in the respect of the years ended 31 December 2023 and 2024. Another subsidiary of the Group, Shenzhen HFY Supply Chain, declared dividends of RMB1,500,000 and RMB120,000 to its non-controlling interests shareholder in the respect of the years ended 31 December 2023 and 2024.

The rate for the above dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

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14. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during each respective year. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effect of the issuance of 240,000,000 shares of the Company in connection with the Reorganisation completed on 16 June 2025 deemed to have been issued since 1 January 2023.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit attributable to owners of the Company (RMB'000)	83,020	85,000	108,352
Weighted average number of shares in issue (thousand shares)	240,000	240,000	240,000
Basic EPS (RMB per share)	0.35	0.35	0.45

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The amounts of diluted earnings per share for the years ended 31 December 2023, 2024 and 2025 were the same as basic earnings per share of the respective year as there was no dilutive potential ordinary share outstanding as at 31 December 2023, 2024 and 2025.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic devices	Office and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023						
Cost	15,940	2,643	3,468	3,101	14,396	39,548
Accumulated depreciation	(2,075)	(2,287)	(3,163)	(2,027)	(13,142)	(22,694)
Net book amount	13,865	356	305	1,074	1,254	16,854
Year ended 31 December 2023						
Opening net book amount	13,865	356	305	1,074	1,254	16,854
Classified as held for sale (i)	(9,777)	–	–	–	–	(9,777)
Additions	–	2,071	200	740	574	3,585
Disposals	(2,565)	(10)	(5)	(7)	–	(2,587)
Transfers	(1,336)	–	–	–	–	(1,336)
Depreciation charge	(187)	(218)	(112)	(337)	(1,224)	(2,078)
Currency translation differences	–	(5)	–	6	14	15
Closing net book amount	–	2,194	388	1,476	618	4,676
As at 31 December 2023						
Cost	–	4,471	3,553	3,740	14,989	26,753
Accumulated depreciation	–	(2,277)	(3,165)	(2,264)	(14,371)	(22,077)
Net book amount	–	2,194	388	1,476	618	4,676

- (i) In May 2024, the Shenzhen Futian District Government entered into an agreement with a subsidiary of the Company to repurchase certain talent apartments units previously sold to the subsidiary. The above transaction was completed in 2024.

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	Buildings	Motor vehicles	Electronic devices	Office and other equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024						
Opening net book amount	–	2,194	388	1,476	618	4,676
Additions	–	142	168	435	350	1,095
Disposals	–	(28)	–	(2)	–	(30)
Depreciation charge	–	(622)	(145)	(438)	(587)	(1,792)
Currency translation differences	–	30	–	9	3	42
Closing net book amount	–	1,716	411	1,480	384	3,991
As at 31 December 2024						
Cost	–	3,537	3,715	4,135	15,356	26,743
Accumulated depreciation	–	(1,821)	(3,304)	(2,655)	(14,972)	(22,752)
Net book amount	–	1,716	411	1,480	384	3,991

	Buildings	Motor vehicles	Electronic devices	Office and other equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2025						
Opening net book amount	–	1,716	411	1,480	384	3,991
Additions	–	111	143	496	61	811
Disposals	–	(13)	(7)	(3)	–	(23)
Depreciation charge	–	(596)	(157)	(433)	(175)	(1,361)
Currency translation differences	–	(16)	–	(8)	–	(24)
Closing net book amount	–	1,202	390	1,532	270	3,394
As at 31 December 2025						
Cost	–	3,336	3,685	4,477	14,267	25,765
Accumulated depreciation	–	(2,134)	(3,295)	(2,945)	(13,997)	(22,371)
Net book amount	–	1,202	390	1,532	270	3,394

16. LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated statements of financial position

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Right-of-use assets			
Offices	12,735	10,378	16,060
Warehouses and dormitories	18,924	33,166	30,758
	31,659	43,544	46,818
Lease liabilities			
Current	15,827	21,748	22,588
Non-current	16,294	22,589	25,502
	32,121	44,337	48,090

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Movements of right-of-use assets were as follows:

	Offices	Warehouses and dormitories	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023			
Cost	19,319	26,101	45,420
Accumulated depreciation	(5,101)	(17,733)	(22,834)
Net book amount	14,218	8,368	22,586
Year ended 31 December 2023			
Opening net book amount	14,218	8,368	22,586
Additions	4,665	–	4,665
Modification	2,994	20,084	23,078
Early termination	(3,245)	–	(3,245)
Depreciation charge	(6,138)	(9,556)	(15,694)
Currency translation differences	241	28	269
Closing net book amount	12,735	18,924	31,659
At 31 December 2023			
Cost	22,828	33,360	56,188
Accumulated depreciation	(10,093)	(14,436)	(24,529)
Net book amount	12,735	18,924	31,659
	Offices	Warehouses and dormitories	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024			
Opening net book amount	12,735	18,924	31,659
Additions	–	30,683	30,683
Modification	2,931	3,616	6,547
Early termination	–	(6,224)	(6,224)
Depreciation charge	(6,764)	(12,360)	(19,124)
Currency translation differences	1,476	(1,473)	3
Closing net book amount	10,378	33,166	43,544
At 31 December 2024			
Cost	26,999	40,973	67,972
Accumulated depreciation	(16,621)	(7,807)	(24,428)
Net book amount	10,378	33,166	43,544
Year ended 31 December 2025			
Opening net book amount	10,378	33,166	43,544
Additions	12,770	15,585	28,355
Modification	4	(515)	(511)
Depreciation charge	(6,799)	(17,190)	(23,989)
Currency translation differences	(293)	(288)	(581)
Closing net book amount	16,060	30,758	46,818
At 31 December 2025			
Cost	38,596	47,193	85,789
Accumulated depreciation	(22,536)	(16,435)	(38,971)
Net book amount	16,060	30,758	46,818

The reduction of right-of-use assets during the years ended 31 December 2023, 2024 and 2025 mainly arose from early termination and modification of lease contracts.

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(b) Amounts recognised in the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income show the following amounts relating to leases:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets			
Offices	6,138	6,764	6,799
Warehouses and dormitories	9,556	12,360	17,190
	<u>15,694</u>	<u>19,124</u>	<u>23,989</u>
Interest expenses (<i>Note 11</i>)	968	1,395	1,925
Expense relating to short-term leases and low-value assets (other operating expenses)	<u>6,049</u>	<u>4,829</u>	<u>2,534</u>
Total cash outflow for leases (included in operating and financing cash outflow)	<u>24,834</u>	<u>22,902</u>	<u>28,296</u>

17. INVESTMENT PROPERTIES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year			
Costs	70,950	73,515	73,864
Accumulated depreciation	<u>(24,049)</u>	<u>(27,186)</u>	<u>(29,555)</u>
Net book amount	<u>46,901</u>	<u>46,329</u>	<u>44,309</u>
At the end of the year			
Opening net book amount	46,901	46,329	44,309
Transfer from property, plant and equipment	1,336	–	–
Depreciation charge	<u>(2,019)</u>	<u>(2,099)</u>	<u>(1,513)</u>
Other disposals (<i>Note 33(c)(iii)</i>)	–	–	(3,244)
Currency translation differences	<u>111</u>	<u>79</u>	<u>39</u>
Closing net book amount	<u>46,329</u>	<u>44,309</u>	<u>39,591</u>
At the end of the year			
Cost	73,515	73,864	50,135
Accumulated depreciation	<u>(27,186)</u>	<u>(29,555)</u>	<u>(10,544)</u>
Net book value	<u>46,329</u>	<u>44,309</u>	<u>39,591</u>

- (i) Certain investment properties with a net carrying amount of approximately RMB36,501,000, RMB26,706,000, and RMB18,112,000 as at 31 December 2023, 2024 and 2025, respectively were pledged as securities for bank loan facilities granted to the Group.

(a) Fair value

The fair values of the investment properties were estimated by management or independent professional property valuers as at 31 December 2023, 2024 and 2025. The valuations are derived using market comparison method and income capitalization method respectively. Market comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently been transacted. Income capitalization method is based on the capitalization of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalization rates. Capitalization is estimated by valuer based on the risk profile of the properties being valued.

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The fair values of the investment properties were set out as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment properties at fair value	142,673	133,690	89,010

(b) Leasing arrangements

The Group leases various offices to lessees under non-cancellable operating lease agreements with rentals receivable monthly. The lease terms are mainly between 1 year and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rates. Minimum lease payments receivable on leases of investment properties are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	4,329	4,327	1,465
Between 1 and 2 years	4,298	4,295	3,146
Between 2 and 3 years	4,267	3,956	3,140
Between 3 and 4 years	3,937	3,247	3,324
Between 4 and 5 years	3,247	3,456	3,550
Over 5 years	5,639	5,285	3,793
	25,717	24,566	18,418

(c) Rental income and cost

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Rental income	2,502	4,196	3,478
Depreciation expenses	(2,019)	(2,099)	(1,513)
	483	2,097	1,965

18. DEFERRED TAX

(a) Deferred tax assets

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:			
Lease liabilities	5,197	6,962	7,663
Tax losses	6,171	331	382
Derivative financial liabilities	20,339	11,120	4,611
Loss allowances for financial assets	1,890	1,155	952
Total deferred tax assets	33,597	19,568	13,608
Set-off of deferred tax liabilities	(27,530)	(17,105)	(11,917)
Net deferred tax assets	6,067	2,463	1,691

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The movements in deferred tax assets before offsetting for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Tax losses	Derivative financial instruments	Lease liabilities	Loss allowances for financial assets and non-current assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023 . . .	8,464	14,555	3,740	1,188	27,947
(Charged)/credited to profit or loss	(2,293)	5,784	1,457	702	5,650
As at 31 December 2023 .	6,171	20,339	5,197	1,890	33,597
As at 1 January 2024 . . .	6,171	20,339	5,197	1,890	33,597
(Charged)/credited to profit or loss	(5,840)	(9,219)	1,765	(735)	(14,029)
As at 31 December 2024 .	331	11,120	6,962	1,155	19,568
As at 1 January 2025 . . .	331	11,120	6,962	1,155	19,568
Credited/(charged) to profit or loss	51	(6,509)	701	(203)	(5,960)
As at 31 December 2025 .	382	4,611	7,663	952	13,608

(b) Deferred tax liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:			
Amortization and depreciation	2,165	2,394	2,621
Right-of-use assets	5,120	6,825	7,449
Derivative financial assets	22,411	10,285	5,450
Withholding tax	32,872	24,373	2,917
Total deferred tax liabilities	62,568	43,877	18,437
Set-off of deferred tax assets	(27,530)	(17,105)	(11,917)
Net deferred tax liabilities	35,038	26,772	6,520

The movements in deferred tax liabilities before offsetting for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Amortization and depreciation	Right-of-use assets	Derivative financial assets	Withholding tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	2,384	3,664	2,504	30,767	39,319
(Credited)/charged to profit or loss	(219)	1,456	19,907	2,105	23,249
At 31 December 2023 . . .	2,165	5,120	22,411	32,872	62,568
At 1 January 2024	2,165	5,120	22,411	32,872	62,568
Charged/(credited) to profit or loss	229	1,705	(12,126)	1,951	(8,241)
Withholding tax (i)	–	–	–	(10,450)	(10,450)
At 31 December 2024 . . .	2,394	6,825	10,285	24,373	43,877
As at 1 January 2025 . . .	2,394	6,825	10,285	24,373	43,877
Charged/(credited) to profit or loss	227	624	(4,835)	2,544	(1,440)
Withholding tax (i)	–	–	–	(24,000)	(24,000)
As at 31 December 2025 .	2,621	7,449	5,450	2,917	18,437

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- (i) According to Announcement No. 37 of 2017 of the State Administration of Taxation of PRC, if a non-resident enterprise obtains income that should be withheld at the source as equity investment income such as dividends, the date on which the relevant tax withholding obligation arises shall be the actual payment date of the equity investment income such as dividends.

The Group is liable for withholding tax on dividends distributed by those subsidiaries established in Chinese Mainland to overseas Group entities. The applicable rate is 5% for the Group.

As at 31 December 2023, 2024 and 2025, no withholding tax had been provided for the earnings of approximately RMB427,403,000, RMB459,447,000 and RMB516,616,000 respectively, which are expected to be retained by the PRC entities and its subsidiaries and not to be remitted to a foreign investor in the foreseeable future based on several factors, including management’s estimation of overseas funding requirements.

(c) Deferred tax assets not recognised

Deferred tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilized. Temporary differences will not be recognised as deferred tax assets if the management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the taxable temporary differences which were not recognised as deferred tax assets as at 31 December 2023, 2024 and 2025:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Tax losses	6,025	9,540	10,035
Deductible temporary differences	—	5	—
	<u>6,025</u>	<u>9,545</u>	<u>10,035</u>

The expiry dates of the unrecognised tax losses as at 31 December 2023, 2024 and 2025 are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
2026	350	350	349
2027	335	335	335
2028	1,559	1,559	1,559
2029	—	2,663	2,663
2030	—	—	3,020
No expiry date	3,781	4,633	2,109
	<u>6,025</u>	<u>9,540</u>	<u>10,035</u>

19. OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Advances made on behalf of customers	737,707	483,045	516,581
Value-added tax recoverable	39,673	45,761	15,226
Rental deposits	1,925	966	905
Amounts due from related parties (i) (Note 33(d))	2,388	571	—
Others	313	304	895
Less: Allowance for ECL	(12,405)	(7,424)	(6,175)
	<u>769,601</u>	<u>523,223</u>	<u>527,432</u>

- (i) The amounts are due from related parties which are non-interest-bearing with no expiration date.

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20. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are primarily used for economic hedge purposes and not as speculative investments.

The Group has the following derivative financial instruments in the following line items in the consolidated statements of financial position:

	As at 31 December 2023		
	Contractual/ Notional amount	Fair value	
		Assets	Liabilities
	RMB'000	RMB'000	RMB'000
Exchange rate derivatives			
Forward contracts related to cross-border fund arrangements	5,036,492	144,664	131,478
Forward contracts related to other investments	74,900	—	1,827
Subtotal	<u>5,111,392</u>	<u>144,664</u>	<u>133,305</u>
Interest rate derivatives			
Interest rate swap contracts related to cross-border fund arrangements	2,487,381	4,731	2,108
Total	<u>7,598,773</u>	<u>149,395</u>	<u>135,413</u>

	As at 31 December 2024		
	Contractual/ Notional amount	Fair value	
		Assets	Liabilities
	RMB'000	RMB'000	RMB'000
Exchange rate derivatives			
Forward contracts related to cross-border fund arrangements	3,715,323	50,040	55,151
CCIRS related to cross-border fund arrangements	1,782,038	18,527	18,412
Subtotal	<u>5,497,361</u>	<u>68,567</u>	<u>73,563</u>
Interest rate derivatives			
Interest rate swap contracts related to cross-border fund arrangements	582,729	—	572
Total	<u>6,080,090</u>	<u>68,567</u>	<u>74,135</u>

	As at 31 December 2025		
	Contractual/ Notional amount	Fair value	
		Assets	Liabilities
	RMB'000	RMB'000	RMB'000
Exchange rate derivatives			
Forward contracts related to cross-border fund arrangements	4,182,093	33,645	30,742
CCIRS related to cross-border fund arrangements	533,777	256	—
Total	<u>4,715,870</u>	<u>33,901</u>	<u>30,742</u>

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21. ACCOUNTS RECEIVABLE

	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)
	<u>11,065</u>	<u>7,729</u>	<u>17,646</u>

(a) Aging analysis

The Group has various credit policies for different business operations depending on the requirements of the markets and businesses. The aging analysis of the accounts receivable based on invoice date is as follows:

	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
	<u>11,251</u>	<u>7,860</u>	<u>17,872</u>

There is no concentration of credit risk with respect to accounts receivable, as the Group has a large number of customers and a diverse customer base.

22. NOTES RECEIVABLE

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Notes receivable	<u>71,107</u>	<u>12,190</u>	<u>7,961</u>

23. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

(a) Restricted cash

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted cash			
Related to cross-border fund arrangements	11,165,389	12,846,538	17,440,500
Related to other investments	495,789	75,000	–
Time deposits	200,000	–	–
Guaranteed deposits.	14,000	5,200	61,950
Others	<u>17,707</u>	<u>24,971</u>	<u>19,630</u>
Subtotal	<u>11,892,885</u>	<u>12,951,709</u>	<u>17,522,080</u>

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest receivable			
Related to cross-border fund arrangements	296,539	191,807	253,164
Related to other investments	16,528	1,212	–
Related to time deposits	1,806	–	–
Related to guaranteed deposits	33	12	134
Others	2,455	1,912	1,727
Subtotal	317,361	194,943	255,025
Total restricted cash.	12,210,246	13,146,652	17,777,105

The restricted cash of the Group are primarily maintained to fulfill cross-border fund arrangements (Note 2.1(i)), other investments (Note 2.1(f)), or other designated purposes. The main sources of these restricted cash include pledged cash deposits, time deposit with original maturity longer than 3 months, and guaranteed deposits. Others include the letter of credit deposit of USD2.5 million placed annually and tariff guarantee letter deposit of RMB2 million, as well as the letter of credit and guarantee on behalf of customers. The interest receivable from restricted cash arises from the earnings that should be obtained based on a specific interest rate during the relevant restriction period. The recovery of interest receivable is also subject to the restrictions associated with the restricted cash. The restricted cash are mainly denominated in RMB.

(b) Cash and cash equivalents

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Cash at banks	709,461	686,839	648,665
Cash on hand.	249	290	248
	709,710	687,129	648,913

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	605,605	614,674	533,432
USD	99,528	66,499	109,802
HKD	4,192	5,163	3,836
EUR	362	652	673
Others	23	141	1,170
	709,710	687,129	648,913

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24. OTHER CURRENT ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Input value-added tax recoverable	11,073	6,730	2,390
Prepayments	699	803	–
Prepaid [REDACTED].	–	1,099	5,898
Others	67	54	699
	<u>11,839</u>	<u>8,686</u>	<u>8,987</u>

The Company

	As at 31 December	
	2025	
	RMB'000	
Prepaid [REDACTED].		<u>5,898</u>

25. OTHER NON-CURRENT ASSETS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Long-term rental deposits	1,942	3,531	3,788
Others	–	–	768
	<u>1,942</u>	<u>3,531</u>	<u>4,556</u>

26. BORROWINGS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Borrowings			
Forfaiting borrowings related to cross-border fund arrangements	7,171,940	9,574,643	15,283,587
Bank borrowings related to cross-border fund arrangements	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	71,107	12,190	7,911
Other bank borrowings	89,651	151,071	625,390
Total borrowings.	<u>12,186,404</u>	<u>13,133,738</u>	<u>18,084,832</u>

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(a) The Group’s bank borrowings are repayable as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year.	12,186,404	13,133,738	18,084,832

The weighted average effective interest rates per annum for the years ended 31 December 2023, 2024 and 2025 were 2.84%, 2.36% and 1.75% respectively.

(b) The Group’s borrowings are secured and/or guaranteed by:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Restricted cash (i).	12,025,646	12,897,759	17,451,531
Restricted cash, buildings and controlling shareholders (ii).	89,651	148,789	625,390
Controlling shareholders (iii).	–	75,000	–
Discounted bank acceptance notes (iv).	71,107	12,190	7,911
	12,186,404	13,133,738	18,084,832

- (i) Forfaiting and cross-border fund arrangements borrowings and part of other bank borrowings are secured by restricted cash.
- (ii) Other bank borrowings are secured by certain restricted cash or certain buildings and guaranteed by Ms. Yeung Chun Kwai and Mr. Fung So Kwan. (Note 2.2(i)) Such guarantees are settled on [date].
- (iii) The RMB75,000,000 in other investments borrowings as at 31 December 2024 is guaranteed by Ms. Yeung Chun Kwai and Mr. Fung So Kwan. (Note 2.2(i)) Such guarantees are settled on [date].
- (iv) Borrowings secured by discounted bank acceptance notes arise from the discounting of notes issued by banks which are not designated as “9+6” banks. (Note 2.2(i)) Such guarantees are settled on [date].

27. NOTES PAYABLE

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Notes payable	201,772	18,765	5,803

An ageing analysis of the notes payable based on invoice date as at 31 December 2023, 2024 and 2025 was within 90 days. The notes payable were guaranteed by Ms. Yeung Chun Kwai and Mr. Fung So Kwan, such guarantees are settled on [date].

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28. OTHER PAYABLES AND ACCRUALS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Dividend payable (<i>Note 13</i>)	211,100	313,500	–
Value-added tax and tariff payable to customs . . .	88,143	84,989	124,219
Amounts to be paid on behalf of customers	62,709	34,920	73,993
Amounts due to related parties (<i>i</i>) (<i>Note 33(d)</i>) . .	893	16,631	–
Return government subsidies	15,357	15,357	15,357
Employee benefits payable	19,272	13,469	9,574
Payable for [REDACTED]	–	–	3,114
Trading deposits received	229	5,000	–
Unpaid cheque payables (<i>ii</i>)	2,251	2,934	1,937
Other taxes payable	4,585	2,342	517
Others	1,509	1,382	1,318
	<u>406,048</u>	<u>490,524</u>	<u>230,029</u>

(i) The amounts due to related parties were unsecured, interest-free and repayable on demand.

(ii) Issued bank cheque to pay third parties were not cashed at the end of the year.

The Company

	As at 31 December
	2025
	RMB'000
Amounts due to subsidiaries	21,978
Payable for [REDACTED]	3,114
	<u>25,092</u>

29. REDEMPTION LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion.	<u>44,301</u>	<u>10</u>	<u>–</u>

The movements of redemption liabilities for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Redemption liabilities
	RMB'000
As at 1 January 2023	41,761
Redemption liabilities interest (<i>Note 11</i>)	<u>2,540</u>
As at 31 December 2023	<u>44,301</u>
As at 1 January 2024	44,301
Redemption liabilities interest (<i>Note 11</i>)	1,482
Settlement.	<u>(45,773)</u>
As at 31 December 2024	<u>10</u>
As at 1 January 2025	10
Settlement.	<u>(10)</u>
As at 31 December 2025	<u>–</u>

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The subsidiary of the Group, Shenzhen HFY Supply Chain, implemented the employee share ownership plan through establishing employee share ownership platform. Fuyang Lianchuang as the platform, Qualified employees of the Group hold the shares through subscribing share of partnership at Fuyang Lianchuang based on the fair value at the grant date.

In March 2019, Fuyang Lianchuang purchased 2.8952% equity of Shenzhen HFY Supply Chain for RMB23.93 million, and increased capital to Shenzhen HFY Supply Chain for RMB7.82 million, with a total amount of RMB31.75 million. After the transaction was completed, employee share ownership platform held a total of 3.8051% of Shenzhen HFY Supply Chain shares. The employee shareholding price was determined based on the fair value of Shenzhen HFY Supply Chain at that time, and the employee investors only had the right to dividends.

According to the arrangement, if Shenzhen HFY Supply Chain still cannot achieve an IPO before December 2023, the employee investors had the right to demand that Shenzhen Union Honest, the controlling shareholder of Shenzhen HFY Supply Chain repurchase the shares held by the employees based on the principal and an annual interest rate of 8%, deducting the dividends distributed during the holding period.

The Group recognised the financial instruments with redemption rights as liabilities considering that not all triggering events for triggering exercise of redemption rights, are within the control of the Group. The redemption liabilities are initially measured at the present value of the amount expected to be paid to the investors upon redemption with subsequent changes in the carrying amount charged as finance costs in profit or loss.

In August 2024, Shenzhen Union Honest signed repurchase arrangements with the employee investors due to exercise of redemption rights. Shenzhen Union Honest repurchased the employees’ share of partnership with principal of RMB31,750,000 and interest of RMB14,023,000 to derecognize redemption liabilities. As at 31 December 2024, the remaining redemption liabilities of RMB10,000 had been postponed merely to settle in March 2025 due to administrative process and would not be converted into shares.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The Group’s financial instruments are as follows:

		As at 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at amortised cost				
Other receivables	19	769,601	523,223	527,432
Accounts receivable	21	11,065	7,729	17,646
Restricted cash	23	12,210,246	13,146,652	17,777,105
Cash and cash equivalents	23	709,710	687,129	648,913
Notes receivable	22	71,107	12,190	7,961
Financial assets at FVTPL				
Derivative financial assets	20	149,395	68,567	33,901
		<u>13,921,124</u>	<u>14,445,490</u>	<u>19,012,958</u>
Financial liabilities				
Liabilities at amortised cost				
Borrowings	26	12,186,404	13,133,738	18,084,832
Accounts payable		1,331	1,176	3,399
Notes payable	27	201,772	18,765	5,803
Other payables and accruals (i)	28	294,048	389,724	95,719
Redemption liabilities	29	44,301	10	–
Lease liabilities	16	32,121	44,337	48,090
Financial liabilities at FVTPL				
Derivative financial liabilities	20	135,413	74,135	30,742
		<u>12,895,390</u>	<u>13,661,885</u>	<u>18,268,585</u>

- (i) Excluding value-added tax and tariff payable to customs, employee benefits payables and other taxes payable.

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31. SHARE CAPITAL, CAPITAL RESERVES, OTHER RESERVES AND RETAINED EARNINGS

(a) Share capital

	Number of authorized shares
Authorized shares	
As of 22 April 2025 (date of incorporation) and as of 31 December 2025	5,000,000,000

The Company was incorporated on 22 April 2025 with an initial authorized capital of US\$50,000 divided into 5,000,000,000 shares with a par value of US\$0.00001 each.

The Group

Issued shares	Number of shares issued	Share capital <i>RMB'000</i>
As of 31 December 2024	–	–
Completion of Reorganisation (<i>Note 1.2(ii)</i>)	240,000,000	17
As of 31 December 2025	240,000,000	17

The Company

Issued shares	Number of shares issued	Share capital <i>RMB'000</i>
As of 31 December 2024	–	–
Issuance of shares to upon incorporation (<i>Note 1.2(ii)</i>)	1	–
Issuance of shares to shareholders (<i>Note 1.2(ii)</i>)	239,999,999	17
As of 31 December 2025	240,000,000	17

(b) Capital reserves and other reserves

The Group

	Capital reserves	Other reserves	Other reserves	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	(607)	–	(81)	6,659
Currency translation differences	–	–	2,590	2,590
Profit appropriations to statutory reserve (<i>i</i>)	–	–	678	678
At 31 December 2023	(607)	–	2,509	9,927
Currency translation differences	–	–	3,022	3,022
Acquisitions of additional equity interests in non- wholly owned subsidiaries . .	1,089	–	–	1,089
At 31 December 2024	482	–	5,531	14,038
Currency translation differences	–	–	(7,700)	(7,700)
Profit appropriations to statutory reserve (<i>i</i>)	–	–	974	974
Deemed (distribution)/contribution pursuant to reorganisation . .	(885)	1,834	–	949
At 31 December 2025	(403)	1,834	(2,169)	8,261

(i) The Company’s subsidiaries registered in the PRC are required to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends.

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The Company

	Other reserves	Foreign exchange differences on translation	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2025	–	–	–
Foreign exchange differences on translation	–	(359)	(359)
Deemed contribution pursuant to reorganisation. .	1,769	–	1,769
At 31 December 2025	<u>1,769</u>	<u>(359)</u>	<u>1,410</u>

(c) Retained earnings

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	1,105,958	979,300	750,800
Profit for the year	83,020	85,000	108,352
Profit appropriations to statutory reserve	(678)	–	(974)
Dividends declared (<i>Note 13</i>)	<u>(209,000)</u>	<u>(313,500)</u>	<u>(142,500)</u>
At the end of the year	<u>979,300</u>	<u>750,800</u>	<u>715,678</u>

32. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations:

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Profit before income tax		<u>101,978</u>	<u>105,364</u>	<u>125,733</u>
Adjustments for:				
Depreciation of property, plant and equipment	15	2,078	1,792	1,361
Amortisation of intangible assets	2.2(d)	350	466	694
Depreciation of right-of-use assets	16	15,694	19,124	23,988
Depreciation of investment properties	17	2,019	2,099	1,513
Impairment/(reversals of impairment) losses on financial assets	3.1(b)	3,833	(5,038)	(1,161)
Interests on redemption liabilities	29	2,540	1,482	–
Gains on disposal of property, plant and equipment	8	(563)	(1,308)	(89)
Gains on disposal of investment properties	8	–	–	(43,061)
Net foreign exchange (gains)/losses	8	(1,083)	3,291	7,282
Gains from unclaimed deposits	8	–	(1,897)	(925)
Net fair value (gains)/losses on derivative of trade finance structured transfer	20	(95,733)	21,377	(8,727)
Investment income	7	(2,769)	(1,483)	(297)
Finance (income)/costs, net	11	(11,769)	(8,185)	2,232
Others	11	<u>(57)</u>	<u>(34)</u>	<u>(42)</u>
Operating cash flow before working capital changes		<u>16,518</u>	<u>137,050</u>	<u>108,501</u>

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	Year ended 31 December		
	2023	2024	2025
Note	RMB'000	RMB'000	RMB'000
Changes in working capital:			
Decrease/(increase) in restricted cash related to operating activities	206,468	(1,583,150)	(4,649,793)
Decrease/(increase) in accounts receivable	(1,166)	3,392	(10,005)
Decrease in other assets	2,224	4,252	4,498
Decrease in notes receivable	48,468	58,917	4,229
Decrease/(increase) in other receivables	(273,904)	262,545	(2,365)
Increase/(decrease) in notes payable.	150,284	(183,007)	(12,962)
Increase in borrowings related to cross-border fund arrangements	25,895	1,379,783	4,556,054
Increase/(decrease) in accounts payable.	(469)	(155)	2,223
Increase/(decrease) in other payables and accruals.	29,829	(41,336)	61,904
Cash generated from operations	204,147	38,291	62,284

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net debt			
Borrowings secured by the discounted bank acceptance notes (<i>Note 26</i>)	(71,107)	(12,190)	(7,911)
Other bank borrowings (<i>Note 26</i>)	(89,651)	(151,071)	(625,390)
Lease liabilities (<i>Note 16</i>)	(32,121)	(44,337)	(48,090)
Redemption liabilities (<i>Note 29</i>)	(44,301)	(10)	—
	(237,180)	(207,608)	(681,391)

Liabilities from financing activities					
	Borrowing secured by the discounted bank acceptance notes	Other bank borrowings	Lease liabilities	Redemption liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net debt as at					
1 January 2023	(119,575)	—	(23,057)	(41,761)	(184,393)
Accrued interest expenses	—	—	(968)	(2,540)	(3,508)
Cash flows	48,468	(89,651)	16,402	—	(24,781)
Other non-cash movements	—	—	(24,498)	—	(24,498)
Net debt as at					
31 December 2023	(71,107)	(89,651)	(32,121)	(44,301)	(237,180)

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	Liabilities from financing activities				
	Borrowing secured by the discounted bank acceptance notes	Other bank borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accrued interest expenses	—	—	(1,395)	(1,482)	(2,877)
Cash flows	58,917	(61,420)	20,185	45,773	63,455
Other non-cash movements	—	—	(31,006)	—	(31,006)
Net debt as at 31 December 2024	<u>(12,190)</u>	<u>(151,071)</u>	<u>(44,337)</u>	<u>(10)</u>	<u>(207,608)</u>
Accrued interest expenses	—	—	(1,925)	—	(1,925)
Cash flows	4,279	(474,319)	26,016	10	(444,014)
Other non-cash movements	—	—	(27,844)	—	(27,844)
Net debt as at 31 December 2025	<u>(7,911)</u>	<u>(625,390)</u>	<u>(48,090)</u>	<u>—</u>	<u>(681,391)</u>

(i) Other non-cash movements include modification and early termination of lease liabilities.

33. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor’s returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Save as disclosed elsewhere (Note 10(d)) in this report, the directors of the Company are of the view that the following parties/companies were significant related parties that had transactions or balances with the Group for the years ended or as at 31 December 2023, 2024 and 2025:

Name of related parties	Relationship with the Group
深圳市華富洋投資顧問有限公司 Shenzhen Huafuyang Investment Consulting Co., Ltd. . . .	Controlled by the controlling shareholder of the Company
深圳市華富軒信息諮詢有限公司 Shenzhen Huafuxuan Information Consulting Co., Ltd . . .	Controlled by the controlling shareholder of the Company
深圳市騰龍發展投資有限公司 Shenzhen Tenglong Development Investment Co., Ltd	Controlled by the controlling shareholder of the Company
香港華富洋供應鏈有限公司 Huafuyang Supply Chain Limited (i)	Controlled by the controlling shareholder of the Company
富洋進出口有限公司(BVI公司) Hope Sea Import & Export Limited (BVI)	Controlled by the controlling shareholder of the Company
Hope Atlas Limited.	Controlling Shareholder of the Company
Hope Horizon Limited.	Controlling Shareholder of the Company
Ms. Yeung Chun Kwai.	Controlling shareholder of the Company
Mr. Fung So Kwan	Controlling shareholder of the Company
Ms. Fung Yeung.	Controlling shareholder of the Company

(i) Huafuyang Supply Chain Limited has been renamed as Tranquil Management Company Limited on 11 April 2025.

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(b) Key management personnel compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company’s Directors as disclosed in Note 10, was as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, wages and bonuses	5,432	4,837	4,449
Pension obligations, housing funds, medical insurances and other social insurances	85	155	253
	<u>5,517</u>	<u>4,992</u>	<u>4,702</u>

(c) Transactions with related parties

During the Track Record Period, saved as disclosed in Note 1.2, the Group entered into significant related party transactions as below. The Directors confirm that such transactions were conducted in the ordinary course of business on negotiated terms.

(i) Rental expenses:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Paid to the companies controlled by the controlling shareholder of the Company	7,234	7,335	6,896

(ii) Receipt of guarantees

During the Track Record Period, the controlling shareholders of the Company provided guarantees for the notes payable and borrowings issued by the Company, and such guarantees are released on [date] (Note 26, Note 27).

(iii) Proceeds from disposal of investment properties

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Proceeds from the company controlled by the controlling shareholder of the Company	—	—	46,305

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(d) Balances with related parties

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities (trade in nature):			
Controlled by the controlling shareholder of the Company	8,136	3,827	17,774
Long-term rental deposits (trade in nature):			
Controlled by the controlling shareholder of the Company	453	463	452
Amounts due to related parties (non-trade in nature):			
Controlled by the controlling shareholder of the Company (i)	893	16,631	–
Dividend payable (non-trade in nature):			
Controlling shareholder of the Company	209,000	313,500	–
Amounts due from related parties (non-trade in nature):			
Controlled by the controlling shareholder of the Company	576	571	–
Controlling shareholder of the Company	1,812	–	–
	2,388	571	–

(i) In 2025, the Group obtained several interest-free loans with no expiration date from the companies commonly controlled by the controlling shareholders amounting to RMB8,910,000, RMB4,310,000 and RMB3,280,000, for the repurchase of the partnership interests in Fuyang Lianchuang from the participating personnel, which were settled on 28 March 2025.

(ii) The amounts due from the shareholders of the Company are settled on 30 December 2025.

34. COMMITMENTS

The Group had no capital commitments at 31 December 2023, 2024 and 2025. The operating cost commitments at 31 December 2023, 2024 and 2025 as follow:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	2,280	776	307

The operating cost commitments include services purchase commitments and operating lease commitments. The operating lease commitments are comprised of short-term leases and leases of low-value assets to which the Group applies the IFRS 16 exemption.

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35. GROUP STRUCTURE — SUBSIDIARIES

(a) List of subsidiaries now comprising the Group

As at 31 December 2023, 2024 and 2025, upon the completion of the reorganisation and as at the date of this report, the Company’s subsidiaries are as follows:

Name	Place of Incorporation and Operation	Date of Incorporation	Principal Activities	Issued ordinary/ registered share capital	Effective interest held				Direct or indirect	Note
					As at 31 December			As at the date of this report		
					2023	2024	2025			
Hong Kong Union Honest	Hong Kong	24 February 2014	Investment holding	HKD1,040,817 (ix)	100%	100%	100%	[100%]	Indirect	i
Shenzhen Union Honest	PRC	19 November 2014	Investment holding	RMB500,000	100%	100%	100%	[100%]	Indirect	ii
Shenzhen HFY Supply Chain . .	PRC	6 July 2001	Cross-border Supply Chain Services	RMB10,095,000	99%	100%	100%	[100%]	Indirect	iii
Shenzhen HuaFuYang E-commerce Co., Ltd	PRC	6 September 2016	General storage service	RMB5,000,000	100%	100%	100%	[100%]	Indirect	iv
Beijing HuaFuYang Supply Chain Management Co., Ltd	PRC	28 June 2016	Cross-border Supply Chain Services	RMB500,000	100%	100%	100%	[100%]	Indirect	iv
Shanghai HuaFuYang Supply Chain Management Co., Ltd	PRC	26 July 2016	Cross-border Supply Chain Services	RMB5,000,000	100%	100%	100%	[100%]	Indirect	iv
Fuyang Lianchuang	PRC	12 March 2018	Information consulting services	Deregistered	100%	100%	NA	NA	Indirect	v
Hope Sea Supply Chain Limited	Hong Kong	13 July 2016	Investment holding	HKD5,000,000	100%	100%	100%	[100%]	Indirect	ix
Hope Sea Import & Export Limited	Hong Kong	6 July 2006	Cross-border Supply Chain Services	HKD2	100%	100%	100%	[100%]	Indirect	vi
Sky Rich Technologies (Asia) Limited	Hong Kong	16 May 2013	Cross-border Supply Chain Services	HKD1	100%	100%	100%	[100%]	Indirect	ix
Shenzhen HuaFuYang Smart Supply Chain Co., Ltd	PRC	27 February 2014	Cross-border Supply Chain Services	RMB10,000,000	100%	100%	100%	[100%]	Indirect	iii
Fuyang Xuntong (Shanghai) Supply Chain Management Co., Ltd.	PRC	15 December 2023	General storage service and other ancillary services	HKD2,000,000	100%	100%	100%	[100%]	Indirect	vii
Hope Sea International Limited	Hong Kong	8 April 2024	Trade business	HKD10,000	NA	100%	100%	[100%]	Indirect	viii
Hope Sea Supply Chain Pte. Ltd	Singapore	2 October 2023	International logistics business	SGD10,000	100%	100%	100%	[100%]	Indirect	x
Hope Sea International	BVI	30 April 2025	Investment holding	HKD1,040,817	NA	NA	100%	[100%]	Direct	xi

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ACCOUNTANT’S REPORT

(b) Subsidiaries with the audited financial statements issued

- (i) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 were audited by LI, TANG, CHEN&CO. Certified Public Accountants (Practising). The statutory financial statements of this entity for the year ended 31 December 2025 are yet to be issued.

On 2 May 2025, the issued number of shares of the subsidiary was increased from 1,000,000 shares to 2,040,817 shares. On 16 June 2025, the share capital further decreased to 1,040,817 shares pursuant to court-free share capital reduction under the Companies Ordinance. (Note 1.2(iv), 1.2(v)).

- (ii) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 were audited by SHENZHEN ZHUXIN ACCOUNTING FIRM. The statutory financial statements of this entity for the year ended 31 December 2025 are yet to be issued.
- (iii) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were audited by ShineWing certified accountants Shenzhen branch. The statutory financial statements of these entities for the year ended 31 December 2025 are yet to be issued.
- (iv) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were audited by ShineWing certified accountants Shenzhen branch. The statutory financial statements of these entities for the year ended 31 December 2025 are yet to be issued.
- (v) The statutory financial statements of this entity for the year ended 31 December 2023 was audited by SHENZHEN ZHUXIN ACCOUNTING FIRM. No audited financial statements were issued for the year ended 31 December 2024 as the subsidiary was deregistered.
- (vi) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 were audited by SHINEWING (HK) CPA Limited. The statutory financial statements of this entity for the year ended 31 December 2025 are yet to be issued.
- (vii) No audited financial statements of this entity were issued for the period from date of incorporation to 31 December 2023. The statutory financial statements of this entity for the year ended 31 December 2024 were audited by ShineWing certified accountants Shenzhen branch. The statutory financial statements of this entity for the year ended 31 December 2025 are yet to be issued.
- (viii) The statutory financial statements of this entity for the period 8 April 2024 (date of incorporation) to 31 December 2024 were audited by LI, TANG, CHEN&CO. Certified Public Accountants (Practising). The statutory financial statements of this entity for the year ended 31 December 2025 are yet to be issued.
- (ix) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 were audited by LI,TANG, CHEN&CO. Certified Public Accountants (Practising). The statutory financial statements of these entities for the year ended 31 December 2025 are yet to be issued.
- (x) The statutory financial statements of this entity for the period from 2 October 2023 (date of incorporation) to 31 December 2024 were audited by TM ASSURANCE PUBLIC ACCOUNTING CORPORATION Public Accountants and Chartered Accountants. The statutory financial statements of this entity for the year ended 31 December 2025 are yet to be issued.
- (xi) No audited financial statements of this entity were issued as it was newly incorporated.

(c) Investment in a subsidiary

	As at 31 December
	2025
	RMB'000
Investment in a subsidiary	1,752

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ACCOUNTANT’S REPORT

(d) Non-controlling interests (NCI)

Set out below is summarised financial information for a subsidiary that is material to the Group’s main business which has non-controlling interests. The amounts disclosed for a subsidiary are before inter-company eliminations.

Summarised statements of financial position	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current assets	13,944,137	14,457,048	17,801,281
Current liabilities	12,738,486	13,398,209	17,371,228
Net current assets	<u>1,205,651</u>	<u>1,058,839</u>	<u>430,053</u>
Non-current assets	123,660	99,157	82,593
Non-current liabilities	18,460	24,987	10,014
Net non-current assets	<u>105,200</u>	<u>74,170</u>	<u>72,579</u>
Net assets	<u>1,310,851</u>	<u>1,133,009</u>	<u>502,632</u>
Accumulated NCI	<u>6,089</u>	<u>–</u>	<u>–</u>

Summarised statements of profit or loss and comprehensive income	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from supply chain solutions	89,254	95,805	135,229
Net income from cross-border fund arrangements	<u>121,536</u>	<u>109,868</u>	<u>133,432</u>
Profit allocated to NCI	<u>589</u>	<u>528</u>	<u>–</u>
Dividends paid to NCI	<u>–</u>	<u>2,220</u>	<u>–</u>

The equity interest held by non-controlling interest shareholder were acquired by Shenzhen Union Honest on 5 September 2024.

36. CONTINGENCIES

As at 31 December 2023, 2024 and 2025, there were no significant contingencies for the Group.

37. SUBSEQUENT EVENTS

On 10 March 2026, the Group were served with a civil complaint filed by a company, Shenzhen Sanhaixing Technology Co., Ltd. (the “Claimant”), alleging infringement of its patent through the use of the Group’s unified IT system, and claiming compensation of RMB50,000,000 plus costs.

The directors of the Group, having consulted with Intellectual Property Adviser, are of the view that the Claimant’s complaint is frivolous, vexatious, and without merit, and does not have reasonable prospects of succeeding. The Group does not expect this matter to have a material adverse effect on the Group’s business, results of operations, financial conditions and prospects.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 31 December 2025 and up to the date of this report.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANIES LAWS

Set out below is a summary of certain provisions of the constitution of our Company and certain aspects of the company laws of the Cayman Islands.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 April 2025 under the Companies Act. Our Company’s constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of our Company is limited, that the objects for which our Company is established are unrestricted (and therefore include acting as an investment holding company) and that our Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] and will become effective on the [REDACTED]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) *Classes of Shares*

The share capital of our Company consists of a single class of ordinary shares.

(b) *Variation of Rights of Existing Shares or Classes of Shares*

If at any time the share capital of our Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not our Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person (whether physically or by virtual attendance with the use of technology) or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person (whether physically or by virtual attendance with the use of technology), or by proxy may demand a poll.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANIES LAWS

For the purposes of a separate class meeting, our Board may treat two or more classes of Shares as forming one class of Shares if our Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) *Alteration of Capital*

Our Company may by ordinary resolution:

- (i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;
- (ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, our Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by our Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to our Company for our Company's benefit;
- (iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; and
- (iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

Our Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Companies Act.

APPENDIX III

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANIES LAWS

(d) Transfer of Shares

Subject to the terms of the Articles, any member of our Company may transfer all or any of his/her/its Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, our Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as our Board may approve and may be under hand or, if the transferor or transferee is a recognised clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as our Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that our Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of our Company in respect of that Share.

Subject to the provisions of the Companies Act, if our Board considers it necessary or appropriate, our Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as our Board thinks fit. Our Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

Our Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which our Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

Our Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to our Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as our Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his/her/its behalf, the authority of that person so to do).

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**SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND THE CAYMAN ISLANDS COMPANIES LAWS**

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as our Board may determine (or such longer period as the members of our Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Redemption of Shares

Subject to the provisions of the Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, our Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or our Company. The redemption of such Shares shall be effected in such manner and upon such other terms as our Company may by ordinary resolution determine before the issue of such Shares.

(f) Power of our Company to Purchase its own Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, our Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorised by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) Power of any Subsidiary of our Company to own Shares in our Company

There are no provisions in the Articles relating to the ownership of Shares in our Company by a subsidiary.

(h) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), our Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to our Company at the time or times so specified the amount called on his/her/its Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of our Board authorising such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

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If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as our Board shall determine (together with any expenses incurred by our Company as a result of such non-payment) from the day it became due and payable until it is paid, but our Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, our Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by our Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of our Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to our Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to our Company all monies which, as at the date of forfeiture, were payable by him to our Company in respect of the Shares together with (if our Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as our Board may determine and any expenses incurred by our Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

Our Company may by ordinary resolution of the members elect any person to be a Director. Our Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of our Company after his/her/its appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by our Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

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The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his/her/its term of office, notwithstanding anything in the Articles or any agreement between our Company and such Director, and may by ordinary resolution elect another person in his/her/its stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his/her/its appointment as Director or of any other appointment or office as a result of the termination of his/her/its appointment as Director.

The office of a Director shall be vacated if:

- (i) the Director gives notice in writing to our Company that he/she/it resigns from his/her/its office as Director;
- (ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from our Board, and our Board passes a resolution that he/she/it has by reason of such absence vacated his/her/its office;
- (iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his/her/its creditors generally;
- (iv) the Director dies or an order is made by any competent court or official on the grounds that he/she/it is or may be suffering from mental disorder or is otherwise incapable of managing his/her/its affairs and our Board resolves that his/her/its office be vacated;
- (v) the Director is prohibited from being or ceases to be a Director by operation of law;
- (vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or
- (vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

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(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, our Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

Our Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in our Company on such terms as our Board may from time to time determine.

Neither our Company nor our Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of our Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of our Company or any of its Subsidiaries

Subject to the provisions of the Companies Act and the Memorandum and Articles of our Company, our Board may exercise all powers and do all acts and things which may be exercised or done by our Company to dispose of the assets of our Company or any of its subsidiaries. No alteration to the Memorandum or Articles of our Company shall invalidate any prior act of our Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

Our Board may exercise all the powers of our Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of our Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of our Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

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**SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND THE CAYMAN ISLANDS COMPANIES LAWS**

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by our Board or our Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of our Board or committees of our Board, or general meetings of our Company or separate meetings of the holders of any class of Shares or debentures of our Company, or otherwise in connection with the business of our Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by our Board.

Our Board or our Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of our Board or our Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with our Company or any of its Subsidiaries

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his/her/its office of Director for such period and upon such terms as our Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with our Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of our Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to our Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

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A Director shall not vote on (or be counted in the quorum in relation to) any resolution of our Board in respect of any contract or arrangement or other proposal in which he/she/it or any of his/her/its close associate(s) has a material interest, and if he/she/it shall do so his/her/its vote shall not be counted and he/she/it shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

- (i) the giving of any security or indemnity to the Director or his/her/its close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his/her/its close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of Shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his/her/its close associate(s) is/are or is/are to be interested as a participant in the [REDACTED] or [REDACTED] of the [REDACTED];
- (iv) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his/her/its close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his/her/its close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or his/her/its close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his/her/its close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of our Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of our Board

Our Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

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SUMMARY OF THE CONSTITUTION OF THE COMPANY AND THE CAYMAN ISLANDS COMPANIES LAWS

2.4 Alterations to the Constitutional Documents and our Company’s Name

The Memorandum and Articles may only be altered or amended, and the name of our Company may only be changed, by special resolution of our Company.

2.5 Meetings of Members

(a) *Special and Ordinary resolutions*

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to our Company’s constitutional documents or a voluntary winding up of our Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any members which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person (whether physically or by virtual attendance with the use of technology), or by proxy or, in the case of any member which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) *Voting Rights and Right to Demand a Poll*

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorised representative or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (whether physically or by virtual attendance with the use of technology), or, in the case of a member being a corporation, by its duly authorised representative or by proxy shall have one vote. For the avoidance of doubt, votes may be cast by members by electronic means, if such means are provided.

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In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of our Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he/she/it is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands (whether physically or by virtual attendance with the use of technology).

Any corporation or other non-natural person which is a member of our Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of our Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of our Company.

If a recognised clearing house or its nominee(s) is a member of our Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of our Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of our Company, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house or its nominee(s) as if such person were a natural person member of our Company, including the right to speak and vote individually on a show of hands or on a poll (whether physically or by virtual attendance with the use of technology).

All members of our Company (including a member which is a recognised clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting (whether physically or by virtual attendance with the use of technology), except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

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(c) Annual General Meetings and Extraordinary General Meetings

Our Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of our Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

Our Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of our Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of our Company in Hong Kong or, in the event our Company ceases to have such a principal place of business, the registered office of our Company. If our Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by our Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by our Company.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of our Company shall be called by at least 21 days' notice in writing, and any other general meeting of our Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting, the general nature of the business to be considered at the meeting and details for members to attend the meeting virtually with the use of technology (if applicable).

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules.

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Notwithstanding that a meeting of our Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), our Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

Our Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as our Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (A) our Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on our Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;
- (B) our Board shall determine the date, time, place and details for members to attend virtually with the use of technology for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened, details for members to attend such postponed meeting virtually with the use of technology (if applicable) and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

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- (C) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, our Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (whether physically or by virtual attendance with the use of technology), or in the case of a member being a corporation, by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) Proxies

Any member of our Company (including a member which is a recognised clearing house (or its nominee(s))) entitled to attend and vote at a meeting of our Company is entitled to appoint another person (being a natural person) as his/her/its proxy to attend and vote in his/her/its place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his/her/its behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he/she/it acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he/she/it acts as proxy as such member could exercise as if it were a natural person member present in person (whether physically or by virtual attendance with the use of technology) at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his/her/its attorney duly authorised in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorised representative. The appointor should be allowed to send the instrument appointing a proxy by electronic means.

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Our Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by our Company, specify the manner by which the instrument appointing a proxy shall be sent by electronic means (if such means are provided) or deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as our Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his/her/its intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

Our Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of our Company’s affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of our Company shall be kept at the principal place of business of our Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as our Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of our Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorised by our Board or our Company in general meeting.

Our Board shall cause to be prepared and laid before our Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors’ report with respect to the profit or loss of our Company for the period covered by the profit and loss account and the state of our Company’s affairs as at the end of such period, an auditors’ report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with our Board. The auditors’ remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

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The accounts of our Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Companies Act and the Articles, our Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorise payment of the dividends or distributions out of the funds of our Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by our Board, and (ii) no dividends or distributions shall be paid except out of the realised or unrealised profits of our Company, out of the share premium account or as otherwise permitted by law.

Our Board may from time to time pay to the members of our Company such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company. In addition, our Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit, provided such no dividends or distributions shall be paid except out of the realised or unrealised profits of our Company, out of the share premium account or as otherwise permitted by law.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

Our Board may deduct from any dividends or other distributions payable to any member of our Company all sums of money (if any) then payable by him to our Company on account of calls or otherwise. Our Board may retain any dividends or distributions payable on or in respect of a Share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by our Company on or in respect of any Share shall carry interest against our Company.

Where our Board or our Company in general meeting has resolved that a dividend should be paid or declared, our Board may further resolve:

- (a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

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- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as our Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of our Board, our Company may by ordinary resolution resolve in respect of any one particular dividend of our Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of our Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever our Board or our Company in general meeting has resolved that a dividend be paid or declared, our Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to our Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of our Company is [REDACTED] on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if our Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under the Cayman Islands laws, as summarised in paragraph 3.6 below.

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2.10 Procedures on Liquidation

Subject to the Companies Act, the members of our Company may by special resolution resolve to wind up our Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

- (a) if the assets available for distribution among the members of our Company are more than sufficient to repay the whole of our Company’s paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and
- (b) if the assets available for distribution among the members of our Company are insufficient to repay the whole of our Company’s paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If our Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of our Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he/she/it deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

3.1 Our Company was incorporated in the Cayman Islands as an exempted company on 22 April 2025 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

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3.2 Company Operations

An exempted company such as our Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.3 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by our Company subject to the provisions, if any, of its memorandum and articles of association, in such manner as our Company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of our Company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Companies Act;
- (d) writing-off the preliminary expenses of our Company; and
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of our Company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, our Company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

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3.4 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of our Company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of our Company. Such assistance should be on an arm's-length basis.

3.5 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of our Company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of our Company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of our Company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of our Company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, our Company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to our Company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

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3.6 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of our Company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.7 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of our Company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of our Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of our Company in issue, appoint an inspector to examine the affairs of our Company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that our Company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.8 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of our Company under English common law (which the Cayman Islands courts will ordinarily follow).

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3.9 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of our Company’s affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.10 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.11 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.12 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.13 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, our Company’s articles of association may provide for the prohibition of such loans under specific circumstances.

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3.14 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company’s articles of association.

3.15 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as our Company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.16 Register of Directors and Officers

Pursuant to the Companies Act, our Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of our Company (and, where applicable, the current alternate directors of our Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.17 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where our Company resolves by special resolution that it be wound up voluntarily or where our Company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, our Company is obliged to cease to carry on its business from the commencement

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of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as our Company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of our Company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of our Company disposed of, and call a general meeting of our Company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) our Company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of our Company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that our Company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon our Company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his/her/its appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of our Company shall be in the custody of the court.

3.18 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent

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**SUMMARY OF THE CONSTITUTION OF THE COMPANY
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company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.19 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; and (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

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3.20 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his/her/its view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) our Company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Companies Act or that would amount to a “fraud on the minority”.

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his/her/its shares), which may be available to dissenting members of corporations in other jurisdictions.

3.21 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.22 Indemnification

The Cayman Islands laws do not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

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3.23 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2024 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. If a company is considered to be a “relevant entity” and is conducting one or more of the nine “relevant activities”, then such company will be required to comply with the economic substance requirements in relation to the relevant activity from 1 July 2019. All companies whether a relevant entity or not is required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities.

4. GENERAL

Harney Westwood & Riegels, our Company’s legal adviser on Cayman Islands laws, has sent to our Company a letter of advice summarising the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and our Company as referred to in the paragraph headed “Documents available on display” in Appendix V. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he/she/it is more familiar is recommended to seek independent legal advice.

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A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 22 April 2025 and its registered office is located at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. Our Company has established its principal place of business in Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 10 June 2025. Ms. Wong Wing Yee has been appointed as the authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Companies Act and our constitutional documents comprising the Memorandum and Articles. A summary of certain parts of our constitutional documents and relevant aspects of the Companies Act is set out in Appendix III to this document.

As at the date of this document, our Company’s head office was located at L24-01, Tower 3, Qianhai Zhuoyue Financial Centre, 5033 Menghai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong Province, PRC.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of incorporation was US\$50,000 divided into 5,000,000,000 Shares of par value of US\$0.00001 each.

The following changes in the share capital of our Company took place during the two years immediately preceding the date of this document:

- As at the date of incorporation, the authorized share capital of our Company was US\$50,000 divided into 5,000,000,000 Shares of par value of US\$0.00001 each.
- On the date of incorporation, (i) our Company issued and allotted one Share to the incorporator at par, which was acquired by Hope Atlas; and (ii) our Company issued 182,399,999 Shares and 57,600,000 to Hope Atlas and Hope Horizon at par, respectively.

Save as disclosed above, there had been no change in our share capital within two years immediately preceding the date of this document.

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3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountant’s Report as set out in Appendix I to this document.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this document:

Fuyang Xuntong (Shanghai) Supply Chain Management Co., Ltd. (富揚迅通(上海)供應鏈管理有限公司) . . .	On 15 December 2023, Fuyang Xuntong (Shanghai) Supply Chain Management Co., Ltd. was established under the laws of the PRC with a registered capital of HK\$2,000,000
Hong Kong Union Honest	On 2 May 2025, Hong Kong Union Honest issued and allotted 1,040,817 shares to Hope Sea International. After the issuance and allotment, Hong Kong Union Honest became held as to 51% by Hope Sea International, 24.99% by Mr. Fung, 12.25% by Ms. Yeung and 11.76% by Ms. Fung
Hong Kong Union Honest	On 16 June 2025, Hong Kong Union Honest conducted a court-free share capital reduction under the Companies Ordinance, pursuant to which the issued share capital held by each of Mr. Fung, Ms. Yeung and Ms. Fung, which amounted to HK\$1,000,000 in aggregate, had been paid back. After the share capital reduction, Hong Kong Union Honest became held as to 100% by Hope Sea International

Save as set out above, there had been no alteration in the share capital of our subsidiaries which took place within two years immediately preceding the date of this document.

4. Resolutions of our Shareholders dated [●]

On [●], the following resolutions were passed by our Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in “Structure of the [REDACTED] — Conditions of the [REDACTED]” and pursuant to the terms set out therein:

- (i) our Company approved and adopted the amended and restated Memorandum and Articles of Association with effect from the [REDACTED];

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- (ii) the [REDACTED] and the grant of the [REDACTED] were approved and our Directors, were authorized to allot and issue new Shares pursuant to the [REDACTED];
- (iii) the [REDACTED] was approved and our Directors, or a committee of Directors duly authorized by our Directors or the Authorized Signatory, were authorized to implement the [REDACTED];
- (iv) subject to the “lock-up” provisions under Rule 10.08 of the Listing Rules, a general mandate was granted to the Board pursuant to the Articles of Association to allot, issue and deal with our Shares or securities convertible into our Shares or options, warrants or similar rights to subscribe for our Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), *provided that* the aggregate number of Shares allotted or agreed to be allotted by the Board other than pursuant to a (i) rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of our Shares in lieu of the whole or part of a dividend on our Shares or (iii) a specific authority granted by our Shareholders in general meeting, shall not exceed the aggregate of:
 - (A) 20% of the aggregate par value of our Shares in issue immediately following the completion of the [REDACTED]; and
 - (B) the aggregate par value of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in paragraph below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, or (II) the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum and Articles of Association or any applicable laws to be held or (III) the date on which the mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting (the “**Relevant Period**”), and the Board was authorized to exercise the powers of our Company referred to above in respect of the share capital of our Company; and
- (v) a general mandate was granted to the Board to exercise all the powers of our Company to repurchase our Shares on the Stock Exchange, or on any other stock exchange on which our Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the aggregate par value of our Shares in issue immediately following the completion of the [REDACTED] in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual

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general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (II) the expiration of the period within which our Company’s next annual general meeting is required by the Memorandum and Articles of Association or any other applicable laws to be held or (III) the date on which the mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

5. Repurchase of our own securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) *Provision of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) *Shareholders’ Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) *Source of Funds*

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time. As a matter of Cayman law, any purchases by our Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles and subject to the Cayman Companies Act.

(iii) *Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue.

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A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange.

In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase our Directors resolve to hold our Shares purchased by our Company as treasury shares, Shares purchased by our Company shall be treated as cancelled and the amount of our Company’s issued share capital shall be diminished by the par value of those shares. However, the purchase of Shares will not be taken as reducing the amount of the authorized share capital under the Cayman Companies Act.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company’s results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

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(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company’s annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “core connected person,” that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for the Board to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will be in the interests of our Company and Shareholders.

(c) Funding of Repurchases

Repurchase of our Shares must be funded out of funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands. The Board may not repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, the Board may make repurchases with profits of our Company or out of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company.

However, the Board does not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of the Board, are from time to time appropriate for us.

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(d) General

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately following the completion of the [REDACTED], but assuming the [REDACTED] is not exercised, could accordingly result in up to approximately [REDACTED] Shares being repurchased by our Company during the period prior to the earliest of:

- the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- the expiration of the period within which our Company’s next annual general meeting is required by the Articles or any other applicable laws to be held; or
- the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

The Board will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to our Company.

No core connected person (as defined in the Listing Rules) has notified us that she/he/it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of Shareholders’ interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is generally understood that a waiver of this provision would not normally be given other than in exceptional circumstances.

We confirm that neither the above nor the proposed repurchase of Shares contemplated hereunder has any unusual features.

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B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

- (a) the [REDACTED].

2. Intellectual Property Rights

(a) Trademarks

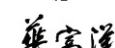
(i) Trademarks registered in the PRC

As at the Latest Practicable Date, we had registered the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registration Number	Expiry Date
1...		Shenzhen HFY Supply Chain	9	32669972	13 August 2029
2...		Shenzhen HFY Supply Chain	9	31293260	20 May 2029
3...		Shenzhen HFY Supply Chain	35	6128839	20 May 2030
4...		Shenzhen HFY Supply Chain	9	6128838	20 February 2030

(ii) Trademarks registered in Hong Kong

As at the Latest Practicable Date, we had registered the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Registered Owner	Class	Registration Number	Expiry Date
1...		Shenzhen HFY Supply Chain	39	306779369	8 January 2035
2...		Shenzhen HFY Supply Chain	39	306779378	8 January 2035
3...		Shenzhen HFY Supply Chain	39	306779314	8 January 2035
4...		Shenzhen HFY Supply Chain	39	306968305	17 July 2035

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(iii) Trademarks applications pending in the PRC

As at the Latest Practicable Date, we had not applied for the registration of any trademarks in the PRC which we consider to be or may be material to our business.

(iv) Trademarks applications pending in Hong Kong

As at the Latest Practicable Date, we had not applied for the registration of any trademarks in Hong Kong which we consider to be or may be material to our business.

(b) Copyrights

(i) Copyrights registered

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number
1.. . .	Huafuyang Trademark LOGO (華富洋商標LOGO)	Shenzhen HFY Supply Chain	Guozuodengzi (國作登字)-2018-F-00621197
2.. . .	E-shape Graphic (E圖形)	Shenzhen HFY Supply Chain	Guozuodengzi (國作登字)-2018-F-00577218

(ii) Software Copyrights registered

As at the Latest Practicable Date, we had registered the following software copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number
1.. . .	E-Chain Supply Chain Service Platform-Huafuyang V1.0 (E鏈供應鏈服務平台-華富洋V1.0)	Shenzhen HFY Supply Chain	2023SR0115245
2.. . .	Huafuyang E-Chain Service Platform V1.0 (華富洋E鏈服務平台V1.0)	Shenzhen HFY Supply Chain	2019SR0041604
3.. . .	Huafuyang Supply Chain Export Tax Rebate Management System V1.0 (華富洋供應鏈出口退稅管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR730714

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No.	Copyright	Registered Owner	Registration Number
4...	Huafuyang Supply Chain Warehouse Quotation Management System V1.0 (華富洋供應鏈倉儲報價管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR730721
5...	Huafuyang Supply Chain Invoice Management System V1.0 (華富洋供應鏈發票管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR723644
6...	Huafuyang Supply Chain Instant Inventory Inquiry System V1.0 (華富洋供應鏈即時庫存查詢系統V1.0)	Shenzhen HFY Supply Chain	2017SR724073
7...	Huafuyang Supply Chain Supplier Management System V1.0 (華富洋供應鏈供應商管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR723490
8...	Huafuyang Supply Chain Inventory Counting System V1.0 (華富洋供應鏈庫存盤點系統V1.0)	Shenzhen HFY Supply Chain	2017SR724080
9...	Huafuyang Supply Chain Inventory Management System V1.0 (華富洋供應鏈存貨管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR723628
10...	Huafuyang Supply Chain Customs Summary Taxation Management System V1.0 (華富洋供應鏈海關匯總徵稅管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR724592
11...	Huafuyang Supply Chain Commodity Classification Management System V1.0 (華富洋供應鏈商品歸類管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR724347
12...	Huafuyang Supply Chain Order Inquiry Management System V1.0 (華富洋供應鏈訂單查詢管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR723635
13...	Huafuyang Supply Chain Exchange Rate Management System V1.0 (華富洋供應鏈匯率管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR723653
14...	Huafuyang Supply Chain Financing Credit Management System V1.0 (華富洋供應鏈融資授信管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR724033

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No.	Copyright	Registered Owner	Registration Number
15...	Huafuyang Supply Chain Business Execution Plan Management System V1.0 (華富洋供應鏈業務執行方案管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR721822
16...	Huafuyang Supply Chain Accounts Payable Management System V1.0 (華富洋供應鏈應付賬款管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR721839
17...	Huafuyang Supply Chain Principal Management System V1.0 (華富洋供應鏈委託方管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR717363
18...	Huafuyang Supply Chain Business Analysis Management System V1.0 (華富洋供應鏈業務分析管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR717357
19...	Huafuyang Supply Chain Online Payment Authorization Management System V1.0 (華富洋供應鏈網上委託付款管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR717373
20...	Huafuyang Supply Chain Automatic Tax Bill Verification Management System V1.0 (華富洋供應鏈稅單自動核對管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR717382
21...	Huafuyang Supply Chain Account Age Analysis Management System V1.0 (華富洋供應鏈賬齡分析管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR718999
22...	Huafuyang Supply Chain Data Analysis Management System V1.0 (華富洋供應鏈數據分析管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR717460
23...	Huafuyang Supply Chain Business Client Management System V1.0 (華富洋供應鏈業務客戶管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR717350
24...	Huafuyang Supply Chain Accounts Receivable Management System V1.0 (華富洋供應鏈應收賬款管理系統V1.0)	Shenzhen HFY Supply Chain	2017SR719011

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No.	Copyright	Registered Owner	Registration Number
25...	Huafuyang Supply Chain Customs Affairs Management System V2.0 (華富洋供應鏈關務管理系統V2.0)	Shenzhen HFY Supply Chain	2014SR155662

(iii) Copyrights licensed

As at the Latest Practicable Date, we did not have any licensed copyrights which we consider to be or may be material to our business.

(c) Patents

(i) Patents registered

As at the Latest Practicable Date, we did not have any registered patents which we consider to be or may be material to our business.

(ii) Patents licensed

As at the Latest Practicable Date, we did not have any licensed patents which we consider to be or may be material to our business.

3. Domain names

As at the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1...	huafuyang-group.cn	Shenzhen HFY Supply Chain	6 March 2027
2...	hopesea.cc	Shenzhen HFY Supply Chain	13 June 2030
3...	hfy-group.com	Shenzhen HFY Supply Chain	6 March 2027
4...	hfy-group.cn	Shenzhen HFY Supply Chain	6 March 2027
5...	huafuyang-group.com	Shenzhen HFY Supply Chain	6 March 2027
6...	hfyzhscm.cn	Shenzhen HFY Smart Supply Chain	4 March 2029
7...	hfyzhscm.com	Shenzhen HFY Smart Supply Chain	4 March 2029
8...	skyrich.cc	Sky Rich Technologies	23 April 2031

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which we consider to be material or may be material in relation to our business.

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors’ service contracts

Each of our Directors [has entered into] a service contract with our Company. The principal particulars of these service contracts are (a) for a term of three years commencing from the [REDACTED] until the day on which the next general meeting of the shareholders for re-election of Directors is held, and (b) are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles and the applicable laws, rules and regulations, including the Listing Rules.

Save as disclosed above, none of our Director has entered into, or has proposed to enter into, a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

- (a) Remuneration and benefits in kind of approximately RMB3.0 million, RMB3.3 million and RMB2.3 million in aggregate were paid and granted by our Group to our Directors in respect of three years ended 31 December 2023, 2024 and 2025.
- (b) Under the arrangement currently in force, we estimate the total fixed remuneration (before tax) payable to Directors for the year ending 31 December 2026 will be approximately RMB3.3 million.
- (c) No remuneration was paid to our Directors or the five highest-paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest-paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.
- (d) Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

3. Disclosure of interests

(a) Disclosure of Interests of Directors and Chief Executive of the Company

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), so far as our Directors are aware, the interests and/or short positions (as applicable) of our Directors and the chief executive of our Company in our Shares, underlying Shares and debentures of our Company and any interests and/or short positions (as applicable) in shares, underlying shares

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or debentures of any of our Company’s associated corporations (within the meaning of Part XV of the SFO) which (1) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, will be as follows:

Interest in our Company

Name of Director	Nature of interest	Shares held or interested as at the Latest Practicable Date		Shares held or interested immediately after the [REDACTED] (assuming the [REDACTED] is not exercised)		Shares held or interested immediately after the [REDACTED] (assuming the [REDACTED] is exercised in full)	
		Number	Percentage	Number	Percentage	Number	Percentage
Mr. Fung So Kwan ⁽¹⁾	Founder of a discretionary trust	182,400,000	76%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Fung Yeung ⁽²⁾	Founder of a discretionary trust	57,600,000	24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Cheung Sen Kwong ⁽³⁾ .	Interest of spouse	57,600,000	24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Interest in our Company’s associated corporations

Name of director	Capacity/Nature of interest	Name of associated corporation	Number of shares held in the associated corporation	Percentage of holding in the associated corporation
Mr. Fung So Kwan ⁽¹⁾	Founder of a discretionary trust	Eternal Radiance Company Limited	100	100%
		Hope Atlas	100	100%

Notes:

- (1) Mr. Fung and his wife (Ms. Yeung) are the settlors of Eternal Radiance Family Trust (春暉家庭信託), which through its trustee Tricor Equity Trustee Limited holds the entire issued share capital of Eternal Radiance Company Limited, which in turn holds the entire issued share capital of Hope Atlas, which in turn holds 182,400,000 Shares in our Company. By virtue of the SFO, as one of the settlors of Eternal Radiance Family Trust (春暉家庭信託), Mr. Fung is deemed to be interested in all the issued share capital in each of Eternal Radiance Company Limited and Hope Atlas, and in turn, all the 182,400,000 Shares directly held by Hope Atlas.
- (2) Ms. Fung is the settlor of Yuk Shing Family Trust (玉承家庭信託), which through its trustee Tricor Equity Trustee Limited holds the entire issued share capital of Yuk Shing Company Limited, which in turn holds the entire issued share capital of Hope Horizon, which in turn holds 57,600,000 Shares in our Company. By virtue of the SFO, as the settlor of Yuk Shing Family Trust (玉承家庭信託), Ms. Fung is deemed to be interested in all the 57,600,000 Shares directly held by Hope Horizon.

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- (3) Mr. Cheung Sen Kwong is the spouse of Ms. Fung. By virtue of the SFO, he is deemed to be interested in all the interests held by Ms. Fung.

Save as disclosed above, none of our Directors or the chief executive of our Company will, immediately following the completion of the [REDACTED], have an interest and/or short position (as applicable) in our Shares, underlying Shares or debentures of our Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of our Company’s associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange.

(b) Disclosure of Interests of Substantial Shareholders

Save as disclosed in the section headed “*Substantial Shareholders*”, our Directors are not aware of any other person who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

4. Disclaimers

- (a) save as disclosed above and in “*Relationship with our controlling shareholders*” and “*Connected Transactions*”, none of our Directors or any experts named in the paragraph headed “*E. Other Information — 4. Consents of Experts*” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors or any experts named in the paragraph headed “*E. Other Information — 4. Consents of Experts*” below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (c) save as disclosed above, none of our Directors or any of experts named in the paragraph headed “*E. Other Information — 4. Consents of Experts*” below has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

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- (d) save as disclosed above and in “*Substantial Shareholders*”, taking no account of any Shares which may be taken up under the [REDACTED], so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the [REDACTED], have interests or short positions in the our Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the par value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (e) save as disclosed above and in “*Substantial Shareholders*”, none of our Directors or chief executive of our Company has any interests or short positions in our Shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange once our Shares are listed thereon; and
- (f) save as disclosed in “*Business — Our suppliers*”, so far as is known to our Directors, none of our Directors, their respective close associates or our Shareholders who are interested in more than 5% of the share capital of our Group has any interests in the five largest customers or the five largest suppliers of our Group.

D. [REDACTED] SCHEME

The following is a summary of the principal terms of the [REDACTED] Scheme conditionally adopted by our Board by way of a written resolution passed on [●] and which shall take effect from the [REDACTED].

(a) Purpose of the [REDACTED] Scheme

The [REDACTED] Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The purpose of the [REDACTED] Scheme is to provide our Company with a flexible means of remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to eligible participants; to align the interests of eligible participants with those of our Company and Shareholders by providing such eligible participants with the opportunity to acquire shareholding interests in our Company; and to encourage eligible participants to contribute to the long-term growth and profitability of our Company and to enhance the value of our Company and our Shares for the benefit of our Company and Shareholders as a whole.

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(b) Eligible participants

Eligible participants include (A) any person who is an employee (whether full-time or part-time), director or officer of any member of the Group (“**Employee Participant**”), (B) any person who is an employee (whether full-time or part-time), director or officer of (i) a holding company of our Company, (ii) subsidiaries of the holding company other than members of our Group, or (iii) any company which is an associate of our Company, including those directly or indirectly controlling or controlled by our Company or directly or indirectly under common control with our Company (“**Related Entity Participant**”), and (C) persons providing services to our Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of our Group as determined by the scheme administrator pursuant to the criteria set out in the scheme (“**Service Provider Participant**”).

Service Provider Participants shall include the following categories: (a) supplier of services, including suppliers, advisers, consultants, agents or other professional firms with experience or expertise in (i) research and development, production or marketing of technologies, technical services, IT systems, software, hardware and other related services, including in connection with cross-border fund arrangement, logistics, warehousing or supply chain industry, (ii) business expansion and development strategy, advisory or execution, including in connection with cross-border fund arrangement, logistics, warehousing or supply chain industry, and (iii) corporate governance strategy, consultancy, advisory or execution; and (b) business partners that collaborate with our Group in connection with, among others, research and development, marketing or sales of the supply chain solutions, provision of supply chain solutions or related services provided, or facilitated, by our Group, whose work or expertise has contributed or will contribute meaningfully to the growth of our Group’s financial or business performance. However, placing agents or financial advisers providing financial advisory services for fundraising, mergers or acquisitions, or professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity may not be Service Provider Participants for the purposes of the scheme.

Our Board, including the independent non-executive Directors, is of the view that the above types of eligible participants are in line with our Company’s business needs and have the potential to contribute to the long-term growth and profitability of our Company and hence are in line with the purpose of the scheme.

(c) Administration

Our Board shall be responsible and have full authority for administering the scheme in accordance with the rules of the scheme. The authority to administer the scheme may be delegated by our Board to a committee of our Board or to any other persons deemed appropriate at the sole discretion of our Board, including its powers to offer or grant Awards and to determine the terms and conditions of such Awards. Our Company may establish trust(s) and appoint trustee(s) to hold Shares and other trust property under the trust(s) for the purposes

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of implementing and administering the scheme. Unless otherwise agreed between our Company and any trustee(s), the scheme administrator shall act on behalf of our Company to give instructions to and direct the trustee(s).

(d) Grant of Awards

Our Board or the scheme administrator may, from time to time, in their absolute discretion select any eligible participant to be a grantee and, subject to the rules of the scheme, grant an award under the scheme (“**Award**”) to such grantee during the scheme period. The nature, amount, terms and conditions of any such Award so granted shall be determined by our Board or the scheme administrator in their sole and absolute discretion.

An Award may be take the form of: (i) an award which vests in the form of the right to subscribe for and/or be issued such number of Shares as the scheme administrator may determine at the purchase price (which for the avoidance of doubt, can be set at nil) in accordance with the terms of the scheme (“**Share Award**”); or (ii) an award which vests in the form of the right to subscribe for such number of Shares as the scheme administrator may determine during the exercise period at the exercise price in accordance with the terms of the scheme (“**Share Option**”).

No Award shall be granted to any eligible participant in certain specified circumstances, including but not limited to:

- (i) in circumstances prohibited by the Listing Rules or at a time when the relevant eligible participant would be prohibited from dealing in our Shares by the Listing Rules or by any applicable rules, regulations or law;
- (ii) where our Company is in possession of any unpublished inside information in relation to our Company, until (and including) the trading day after such inside information has been announced;
- (iii) during the periods commencing one month immediately before the earlier of the date of the board meeting for approving our Company’s results for any year, half-year, quarterly or any other interim period and the deadline for our Company to announce such results, and ending on the date of the results announcement, provided that such period will also cover any period of delay in the publication of any results announcement;
- (iv) in circumstances which would result in a breach of the Scheme Limit, provided that to the extent permissible in accordance with applicable laws, rules and regulations an Award may be made conditional upon the Scheme Limit being refreshed or approval of Shareholders being otherwise obtained;

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- (v) where such Award requires the specific approval of Shareholders, until such approval of Shareholders is obtained, provided that to the extent permissible in accordance with applicable laws, rules and regulations an Award may be made conditional upon such specific shareholder approval being obtained,

and any such grant so made shall be null and void to the extent that it falls within the circumstances described above.

(e) **Maximum number of Shares**

The total number of Award Shares (that will be satisfied by New Shares) underlying all Awards that may be granted under the [REDACTED] Scheme together with the number of new Shares that may be issued (including transfer of treasury Shares) underlying any awards that may be granted under any other share schemes of our Company is [REDACTED] Shares, being approximately 10% of the Shares (excluding any treasury shares) in issue on the [REDACTED] (the “**Scheme Mandate Limit**”). For the avoidance of doubt, Award Shares that will be satisfied by existing Shares under the [REDACTED] Scheme or any other share schemes of our Company will not be subject to the Scheme Mandate Limit.

The total number of Award Shares (that will be satisfied by New Shares) underlying all Awards that may be granted to Service Provider Participants under the [REDACTED] Scheme is [REDACTED] Shares, being approximately 1% of our Shares (excluding any treasury shares) in issue on the [REDACTED] (the “**Service Provider Sublimit**”). For the avoidance of doubt, Award Shares that will be satisfied by existing Shares under the [REDACTED] Scheme will not be subject to the Service Provider Sublimit.

Our Company may refresh either of the Scheme Mandate Limit and/or the Service Provider Sublimit: (i) from the later of three years after the adoption date of the scheme or three years after the date of the previous approval of the Shareholders for refreshment of the Scheme Mandate Limit or Service Provider Sublimit (as the case may be) pursuant to the rules of the scheme, with the prior approval of Shareholders in general meeting by way of ordinary resolution; or (ii) at any time, with the prior approval of the Shareholders in general meeting and subject to compliance with any additional requirements set out in the Listing Rules. The total number of Award Shares (that will be satisfied by New Shares) underlying all Awards to be granted under the [REDACTED] Scheme and all other schemes of our Company under the Scheme Mandate Limit as refreshed shall not exceed 10% of our Shares in issue (excluding any treasury shares) as at the date of the approval to refresh the Scheme Mandate Limit by our Shareholders in general meeting. Awards already granted under the [REDACTED] Scheme and any other share schemes of our Company (including those exercised, outstanding, cancelled or lapsed in accordance with its terms) shall not be counted for the purpose of calculating the number of Award Shares that may be issued under the Scheme Mandate Limit as refreshed.

Our Company may seek separate approval of our Shareholders in general meeting to grant Awards beyond the Scheme Mandate Limit to eligible participants specifically identified by our Company, subject to compliance with the requirements set out in the Listing Rules.

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(f) Maximum entitlement of a grantee

Unless approved by our Shareholders in the manner set out in the scheme, the total number of Award Shares (that will be satisfied by New Shares) underlying the Awards that may be granted under the [REDACTED] Scheme together with the number of new Shares that may be issued (including transfer of treasury Shares) underlying any awards that may be granted under any other share schemes of our Company to each eligible participant (including both exercised and outstanding Share Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (excluding any treasury Shares). Any further grant of Awards to an eligible participant which would exceed this limit shall be subject to separate approval of our Shareholders in general meeting with the relevant eligible participant and their associates abstaining from voting.

Any grant of Awards to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates, shall be subject to the prior approval of the remuneration committee of our Board (excluding any proposed recipient of the grant) and our independent non-executive Directors (excluding any proposed recipient of the grant). Where any grant of Share Awards (but not any grant of Share Options) to any Director (other than an independent non-executive Director) or chief executive of our Company or any of their associates would result in our Shares issued and to be issued in respect of all Awards granted under the [REDACTED] Scheme together with awards granted under any other share schemes of our Company (excluding any awards lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of our Shares in issue (excluding any treasury Shares) at the date of such grant, or where any grant of Awards to an independent non-executive director or substantial shareholder of our Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all Awards already granted under the [REDACTED] Scheme together with awards granted under any other share schemes of our Company (excluding any awards lapsed in accordance with the terms of the relevant scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of our Shares in issue (excluding any treasury Shares) at the date of such grant, such further grant of Awards must be approved by our Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules.

(g) Award Letter and terms of an Award

Our Company shall, in respect of each Award, issue a letter to each grantee setting out the terms and conditions of such Award (an “Award Letter”), which may include the number of Shares in respect of which the Award relates, the purchase price or exercise price (as applicable), the vesting criteria and conditions, the vesting date, any minimum performance targets that must be achieved and any such other details as the scheme administrator may consider necessary, and requiring the grantee to undertake to hold the Award on the terms of the Award Letter and be bound by the provisions of the rules of the scheme. To the extent that Awards shall be satisfied by way of issue and allotment of new Shares, the grant of such

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Awards shall be conditional upon the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, such Shares and the satisfaction of any other conditions as may be considered necessary or appropriate by the scheme administrator.

Amount payable on application or acceptance of an Award: The scheme administrator may determine the amount (if any) payable on application or acceptance of an Award and the period within which any such payments must be made, which amounts (if any) and periods shall be set out in the Award Letter.

Exercise price and exercise period of Share Options: The exercise price for Share Options (that will be funded by New Shares) shall be no less than the higher of: (i) the closing price of the Shares on the Stock Exchange on the grant date; and (ii) the average closing price of the Shares on the Stock Exchange for the five business days immediately preceding the grant date. The exercise period for Share Options shall be not longer than 10 years from the grant date. A Share Option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the expiry of the tenth anniversary from the grant date. The foregoing provisions relating to exercise price are in line with the requirements of the Stock Exchange and the purpose of the scheme.

Purchase price of Share Awards: The purchase price for Share Awards shall be such price determined by the scheme administrator and notified to the grantee in the Award Letter. For the avoidance of doubt, the scheme administrator may determine the purchase price to be nil. The foregoing provisions relating to purchase price are in line with the requirements of the Stock Exchange and the purpose of the scheme.

Vesting period: The vesting date in respect of any Award (that will be funded by New Shares) shall be not less than 12 months from the grant date, provided that for Employee Participants the vesting date may be less than 12 months from the grant date (including on the grant date) in the following circumstances: (a) grants of “make whole” awards to new Employee Participants to replace share awards they forfeited when leaving their previous employers; (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event; (c) grants of Awards which are subject to the fulfilment of performance targets; (d) grants of Awards that are made in batches during a year for administrative and/or compliance requirements, in which case the vesting date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements; (e) grants of Awards with a mixed or accelerated vesting schedule such that the Awards vest evenly over a period of 12 months; or (f) grants of Awards with a total vesting and holding period of more than 12 months.

Performance target: The scheme administrator may in respect of each Award and subject to all applicable laws, rules and regulations determine such performance targets or other criteria or conditions for vesting of Awards in its sole and absolute discretion. Where performance targets, criteria or conditions are to be specified in the relevant Award Letter, the scheme administrator may determine such targets, criteria or conditions based on, among other considerations: (i) for directors and members of senior management, business or financial

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milestones, milestones based on our Company’s market capitalization, transaction milestones, or the grantee’s anticipated future contribution to our Group (including with respect to their experience, expertise, insight, participation in specific projects, or achievement of specific work targets etc.), (ii) for Employee Participants (other than directors and members of senior management), business or financial milestones, transaction milestones, performance appraisal within a specified period reaching a desirable level, or the grantee’s anticipated future contribution to our Group (including with respect to their experience, expertise, insight, participation in specific projects, or achievement of specific work targets etc.), (iii) for Related Entity Participants, the grantee’s anticipated future contribution to the long-term development of our Group (including with respect to their experience, expertise, insight, participation in specific projects, or achievement of specific work targets or business collaboration targets etc.), and (iv) for Service Provider Participants, the grantee’s anticipated future contribution to the long-term development of our Group (including with respect to their experience, expertise, insight, participation in specific projects, or achievement of specific work targets or business collaboration targets etc.). The scheme administrator shall specify in the Award Letter the person(s) of our Company that who will assess and determine how and whether such targets, criteria or conditions are satisfied.

Our Board and the remuneration committee of our Board believe that it is in the best interests of our Company to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward for each eligible participant’s contribution or potential contribution. It is considered that by having the flexibility of having a shorter vesting period than 12 months in appropriate circumstances, our Group will be in a better position to attract and retain suitable eligible participants to continue serving our Group whilst at the same time providing them with incentive in achieving the goals of our Group, and ultimately to achieve the purpose of the [REDACTED] Scheme. Further, by allowing our Company to require the eligible participant to achieve such performance targets as may be stipulated in the Award Letter on a case by case basis, our Company may be in a better position to incentivize suitable eligible participants to deliver high quality work or to complete specified projects or goals important to our Group, which is in line with the purpose of the [REDACTED] Scheme. Where Awards are granted to directors or senior management of our Company with a vesting period shorter than 12 months, the views of the remuneration committee on why a shorter vesting period is appropriate, and where such Awards are without performance targets, the views of the remuneration committee on why performance targets are not necessary and how the grants align with the purpose of the scheme, will be included in the announcement to be issued after any grant of Awards as required by the Listing Rules.

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(h) Exercise or Vesting of Awards

Exercise/vesting of an Award

After the applicable vesting date for any Award:

- (i) Share Option may be exercised in whole or in part by the grantee giving notice in writing to our Company together with a remittance for the required exercise price. Within 10 business days after receipt of the notice and related remittance in full, our Company shall satisfy the relevant Award Shares; and
- (ii) for a Share Award, within 10 business days following the vesting date, subject to receipt in full of the aggregate purchase price payable (if any), our Company shall satisfy the relevant number of Award Shares.

Award Shares

The scheme administrator may satisfy the number of our Shares underlying an Award (the “**Award Shares**”) by (i) our Company allotting and issuing new Shares and/or our transferring treasury Shares to the grantee (collectively, “**New Shares**”); and/or (ii) existing Shares (but for the avoidance of doubt, not including transfer of treasury Shares). The manner in which an Award will be satisfied shall be determined by the scheme administrator at its sole and absolute discretion at the time of grant of such Award.

The Award Shares under the scheme shall be identical to all existing issued Shares and, where applicable, shall be allotted and issued subject to all the provisions of the articles of association of our Company for the time being in force and will rank *pari passu* with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company.

At the discretion of the scheme administrator, any obligation to allot and issue Award Shares to a grantee may be satisfied by transferring the equivalent number of treasury shares to the grantee.

The scheme administrator shall determine the methods by which the exercise price or the purchase price may be paid. For the purposes of satisfying the issuance of Shares following the exercise/vesting of an Award, to the extent that, at the determination of the scheme administrator, it is not practicable for the grantee to receive Award Shares due to applicable legal or regulatory restrictions, the scheme administrator may sell on-market at prevailing market prices the number of Shares to be so issued and pay to the grantee the actual selling price of such Shares.

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(i) Cancellation and lapse of Awards

Any Awards granted but not exercised may be cancelled by the scheme administrator at any time with the prior consent of the grantee. Grant of new Awards to the same grantee whose Awards have been cancelled may only be made if there are unissued Awards available under the Scheme Mandate Limit (excluding the Awards of the relevant grantee so cancelled) and in compliance with the terms of the scheme.

Without prejudice to the authority of the scheme administrator to provide additional situations when an Award shall lapse in the Award Letter, an Award shall lapse automatically (to the extent not already vested and, where relevant, exercised) on the earliest: (a) the expiry of any applicable exercise period; (b) the date on which our Board makes a determination under the clawback clause of the scheme; and (c) the expiry of any of the periods for exercising a Share Option due to ceasing to be an eligible participant; (d) the date on which the grantee commits a breach of transferability. The scheme administrator shall have the power to decide whether an Award shall lapse and its decision shall be binding and conclusive.

(j) Rights are personal to grantee

Awards shall be personal to the grantee to whom they are made and shall not be assignable or transferable, except in circumstances where the written consent of our Company has been obtained and, to the extent required, a waiver has been granted by the Stock Exchange for such transfer in compliance with the requirements of the Listing Rules and provided that any such transferee agrees to be bound by rules of the scheme as if the transferee were the grantee.

(k) Voting and dividend rights

Awards do not carry any right to vote at general meetings of our Company, nor any right to dividends, transfer or other rights. No grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award unless and until the Award Shares are issued or transferred to the grantee pursuant to the vesting/exercise of such Awards. Where Award Shares are held on trust for the grantee by the scheme’s trustee(s), a grantee may give instructions to the trustee(s) to exercise the voting rights in respect of those Award Shares pursuant to, and to the extent permitted by, the trust deed(s) and the Listing Rules.

(l) Effects of alterations in the capital structure of our Company

In the event of any alteration in the capital structure of our Company by way of capitalization of profits or reserves, rights issue, open offer, subdivision or consolidation of Shares or reduction of the share capital of the Company (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party) after the adoption date, the scheme administrator shall make such corresponding adjustments, if any, as it in its discretion may deem appropriate to reflect such change with respect to: (i) the number of Shares constituting the Scheme Mandate Limit or Service Provider Sublimit, (ii) the number of Award Shares underlying each Award to the

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extent any Award has not been exercised, (iii) the exercise price of any Share Option or purchase price (if any) of any Share Award, or any combination thereof, as the auditors or financial advisor have certified satisfy the relevant requirements of the Listing Rules and are, in their opinion, fair and reasonable either generally or as regards any particular grantee, provided always that (i) any such adjustments should give each grantee the same proportion of the equity capital of our Company, rounded to the nearest whole Share, as that to which that grantee was previously entitled prior to such adjustments, and (ii) no such adjustments shall be made which would result in a Share being issued at less than its par value.

(m) Ceasing to be an eligible participant

Clawback: In the event that (a) a grantee ceases to be an eligible participant by reason of the termination of her/his employment or contractual engagement with our Group or related entity for cause or without notice or with payment in lieu of notice; (b) a grantee has been convicted of a criminal offence involving her/his integrity or honesty; or (c) in the reasonable opinion of our Board, a grantee has engaged in serious misconduct or breaches the terms of the scheme in any material respect, then our Board may make a determination at its absolute discretion that: (A) any Awards issued to that grantee but not yet exercised shall immediately lapse, regardless of whether such Awards have vested or not, (B) with respect to any Award Shares issued or transferred to that grantee, the grantee shall be required to transfer back to our Company or its nominee the equivalent number of Shares, or an amount in cash equal to the market value of such Shares, or a combination thereof, and/or (C) with respect to any Award Shares held by the trustee(s) of the scheme for the benefit of the grantee, those Award Shares shall no longer be held on trust for nor inure to the benefit of the grantee.

Retirement: If a grantee ceases to be an eligible participant by reason of her/his retirement: (i) any outstanding Awards not yet vested shall continue to vest in accordance with the vesting dates as set out in the Award Letter, or such other period as the scheme administrator may determine at its sole discretion, and (ii) any vested Share Option may be exercised within the exercise period, failing which the Share Option shall lapse.

Death or permanent incapacity: If a grantee ceases to be an eligible participant by reason of death of the grantee, or the termination of her/his employment or contractual engagement with any member of our Group or related entity by reason of her/his permanent physical or mental disablement: (a) in the case of Share Options: any vested Share Option may be exercised within the exercise period by the personal representatives of the grantee. In the case where a grantee no longer has any legal capacity to exercise the Share Option, the vested Share Option may be exercised within that period by the persons charged with the duty of representing the Grantee under applicable laws. If the vested Share Option is not exercised within the time mentioned above, the Share Option shall lapse; and (b) in the case of Share Awards: any outstanding Share Awards not yet vested shall immediately vest, and our Company shall satisfy such number of Award Shares or pay the actual selling price pursuant to the vested Share Award to the legal personal representatives of the grantee or the persons charged with

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the duty of representing the grantee under applicable laws as soon as practicable following the death or incapacity of the grantee or, if the said issuance or payment would otherwise become *bona vacantia*, it shall be forfeited and shall lapse.

Bankruptcy: If a grantee is declared bankrupt or becomes insolvent or makes any arrangements or composition with her/his creditors generally, they shall cease to be an eligible participant under the scheme and any Awards not yet vested and any outstanding Share Options not yet exercised shall immediately be forfeited and shall lapse, unless the scheme administrator determines otherwise at its absolute discretion.

Other reasons: If a grantee ceases to be an eligible participant for reasons other than those set out in the preceding provisions, (a) subject to the provisions of the clawback clause, a grantee may exercise any vested Share Options within 20 business days of such cessation or within the exercise period, whichever is the shorter, or such other period as the scheme administrator may decide in their sole discretion. If a Share Option is not exercised within the stipulated time, the Share Option shall be forfeited and shall lapse; and (b) any outstanding Awards not yet vested shall immediately be forfeited and shall lapse, unless the scheme administrator determines otherwise at its absolute discretion.

(n) Alteration of the rules of the scheme or any Award

Subject to the below, our Board may amend any of the provisions of the scheme or any Awards granted under the scheme at any time and in any respect, provided that the terms of the scheme or Awards so altered must comply with the relevant requirements of Chapter 17 of the Listing Rules.

The approval of our Shareholders in general meeting is required for any amendment or alteration to the terms of the scheme which are of a material nature or to those provisions which relate to the matters set out in Rule 17.03 of the Listing Rules to the extent that such alteration or amendment operates to the advantage of eligible participants. Any change to the authority of our Board or the scheme administrator to alter the terms of the scheme shall be subject to the approval of our Shareholders in general meeting.

Any amendment or alteration to the terms of any Award the grant of which was subject to the approval of a particular body shall be subject to approval by that same body, provided that this requirement does not apply where the relevant alteration takes effect automatically under existing terms of the scheme. Without limiting the generality of the foregoing, any change in the terms of Awards granted to any grantee who is a director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by our Shareholders in general meeting in the manner required in the Listing Rules if the initial grant of the Awards requires such approval (except where the changes take effect automatically under the rules of the scheme).

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(o) Termination

The [REDACTED] Scheme shall terminate on the earlier of: (a) the expiry of the scheme period, being the period of 10 years commencing on the adoption date (i.e. the [REDACTED]) and ending on the 10th anniversary of the adoption date of the scheme; and (b) such date of early termination as determined by our Board, following which no further Awards will be offered or granted under the scheme, provided that notwithstanding such termination, the scheme and the rules thereof shall continue to be valid and effective to the extent necessary to give effect to the vesting and exercise of any Awards granted prior to the termination and such termination shall not affect any subsisting rights already granted to any grantee.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in “*Business — Legal proceedings and compliance*” and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of approximately HK\$5.1 million for acting as the sponsor for the [REDACTED].

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
ABCI Capital Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

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Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)
	Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
DeHeng Law Offices (Shenzhen). . . .	Legal adviser as to PRC laws and as to PRC laws in respect of intellectual property
Harney Westwood & Riegels	Legal adviser as to Cayman Islands laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
White & Case	Legal adviser as to international sanctions laws
Shenzhen Qianhai PricewaterhouseCoopers Business Consulting Services Co., Limited . .	Transfer pricing consultant
Guangdong Lian Yue Law Firm	Legal adviser as to PRC law in respect of data compliance

As at the Latest Practicable Date, none of the experts named above had any legal or beneficial interest in our Shares or any shares of our subsidiaries or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

5. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

6. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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7. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

8. Miscellaneous

- (a) Save as disclosed in “*History, Reorganisation and Corporate Structure*”, within the two years immediately preceding the date of this document:
 - (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.
- (b) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries.
- (c) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document within the two years immediately preceding the date of this document.
- (d) No equity or debt securities of any company within our Group is presently [REDACTED] on any stock exchange or traded on any [REDACTED] system nor is any [REDACTED] or [REDACTED] being or proposed to be sought.
- (e) Our Company has no outstanding convertible debt securities or debentures.
- (f) There is no arrangement under which future dividends are waived or agreed to be waived.
- (g) There has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document.
- (h) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to under the paragraph headed “*Statutory and General Information — E. Other Information — 4. Consents of experts*” in Appendix IV to this document; and
- (b) a copy of the material contracts referred to in the paragraph headed “*Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts*” in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.hopesea.cc during a period of 14 days from the date of this document:

- (a) the Articles;
- (b) the Accountant’s Report of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this document;
- (c) the report on the unaudited [REDACTED] financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this document;
- (d) the audited consolidated financial statements of our Group for the three financial years ended 31 December 2025;
- (e) the legal opinion issued by DeHeng Law Offices (Shenzhen), our legal adviser as to PRC laws, in respect of certain general corporate matters and property interests of the Group in the PRC;
- (f) the letter of advice prepared by Harney Westwood & Riegels, our legal adviser as to Cayman Islands laws, summarizing certain aspects of the Cayman Companies Act referred to in Appendix III to this document;
- (g) the Cayman Companies Act;
- (h) the report issued by Frost & Sullivan, the summary of which is set forth in the section headed “*Industry Overview*” in this document;

APPENDIX V **DOCUMENTS DELIVERED TO THE REGISTRAR
OF COMPANIES IN HONG KONG**

- (i) the written consents referred to under the paragraph headed “*Statutory and General Information — E. Other Information — 4. Consents of Experts*” in Appendix IV to this document;
- (j) the material contracts referred to in “*Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts*” in Appendix IV to this document; and
- (k) the service contracts with our Directors referred to in “*Statutory and General Information — C. Further Information about our Directors — 1. Directors’ service contracts*” in Appendix IV to this document.