*You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants' Report in Appendix I to this Document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRS**").*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Document, including the sections headed "Risk Factors" and "Business," and elsewhere in this Document. For further details, see "Forward-Looking Statements."

OVERVIEW

We are an international trade comprehensive service provider centered on the operation of Yiwu China Commodities City, the world's largest small commodities wholesale marketplace in terms of number of merchants in 2025, according to CIC. Leveraging the extensive physical trading infrastructure and global merchant network formed through decades of development in Yiwu, we have established an integrated business ecosystem that facilitates the display, trading and fulfillment of small commodity transactions serving merchants and buyers worldwide.

We have experienced robust growth during the Track Record Period. Our revenue increased by 37.2% from RMB11,280.8 million in 2023 to RMB15,474.9 million in 2024, and further increased by 27.4% to RMB19,707.4 million in 2025. Our gross profit increased by 62.4% from RMB2,975.0 million in 2023 to RMB4,830.3 million in 2024, and further increased by 28.1% to RMB6,189.2 million in 2025. Our net profit increased by 14.8% from RMB2,681.4 million in 2023 to RMB3,078.2 million in 2024, and further increased by 37.0% to RMB4,215.7 million in 2025.

BASIS OF PRESENTATION

The Historical Financial Information of our Group has been prepared in accordance with all applicable IFRS issued by the International Accounting Standards Board ("**IASB**"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at FVPL and financial assets measured at fair value through other comprehensive income ("**FVOCI**").

The preparation of the Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 of the Accountants' Report in Appendix I to this Document.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by our Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 48 of the Accountants' Report in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following factors:

General Factors

Our results of operations and financial condition are affected by general factors impacting the industry where we operate, including:

- the growth and competitive landscape of the industry where we operate;
- relevant laws, regulations, and government policies affecting the industry;
- Global economic growth and per capita disposable income levels;
- force majeure events, pandemics, acts of war, social and economic instability, and natural disasters.

Unfavorable changes in any of these general industry conditions could materially and adversely affect demand for our products and services and/or the manner in which we provide our products and services, and therefore materially and adversely affect our results of operations.

Our Ability To Continuously Optimize our Product Portfolio and Service Offerings

Our results of operations are affected by our ability to continuously enhance and refine our product and service offerings across our business lines, including market operations, trade services, commodity sales, ancillary services, ancillary facility development and sales and others, to serve evolving sourcing and consumption needs and to promote transaction activity across the Yiwu China Commodities City ecosystem.

Market operations represent our foundational business and the physical infrastructure of our ecosystem. We generated RMB3,035.1 million, RMB4,529.5 million and RMB5,255.1 million from market operations in 2023, 2024 and 2025, respectively, representing 26.9%, 29.3% and 26.7% of our total revenue in the same years. Our market operations revenue is generated primarily from (i) booth usage fees and (ii) entry fees and is therefore directly affected by booth occupancy and merchant participation. During the Track Record Period, our mature marketplaces maintained high occupancy. For example, International Trade Mart Districts 1–5 recorded booth occupancy rates of 98.1%, 98.7% and 99.1% in 2023, 2024 and 2025, respectively, while Huangyuan Market recorded 96.9%, 97.0% and 96.9% in the same years.

At the same time, the pace at which newly introduced market formats achieve desired utilization affects our results. The Global Digital Trade Center came into operation in October 2025 and recorded a booth occupancy rate of 72.8% as of December 31, 2025. The Global Digital Trade Center focuses on higher-growth and emerging consumer sectors compared with earlier districts and integrates physical marketplace functions with digital trade infrastructure. Our ability to recruit merchants into targeted sectors, build product category clusters and generate buyer traffic affects the pace at which The Global Digital Trade Center achieves desired utilization and contributes to our results of operation.

Commodity sales was our largest revenue contributor during the Track Record Period. We generated RMB6,791.6 million, RMB9,257.2 million and RMB9,984.0 million from commodity sales in 2023, 2024 and 2025, respectively, representing 60.2%, 59.8% and 50.7% of our total revenue in the same years. Our commodity sales business builds upon the extensive merchant ecosystem and product supply available within Yiwu China Commodities City and is primarily conducted through our import and export trading activities. In these activities, we procure products from overseas suppliers for import trading and from domestic manufacturers and marketplace merchants for export trading. Our performance in commodity sales depends on our ability to maintain stable sourcing channels, manage cost of commodities and inventory efficiently, and execute cross-border trade transactions across a diversified product range. Changes in trade volumes, product mix, market pricing and customer demand, as well as our ability to manage inventory turnover and avoid obsolescence, may affect our revenue and gross margin in this business line.

In addition, the relative contribution of our other business lines, including trade services, ancillary services, ancillary facility development and sales and others, affects the overall composition and trajectory of our revenue. While trade services and ancillary services and others generally provide recurring business lines underpinned by our marketplace ecosystem, revenue from ancillary facility development and sales is project-specific and subject to the timing of project completion and delivery. For example, we generated RMB1,950.3 million from ancillary facility development and sales in 2025, primarily arising from the sale of office buildings and commercial units within the Global Digital Trade Center, following the project's commencement of operations in October 2025. Accordingly, revenue from ancillary facility development and sales may fluctuate from period to period, and changes in the mix and scale of our various business lines may affect our overall revenue trajectory and profitability.

Our Ability To Meet Customer Demand Through Integrated Trade Services and Digitalization

Our results of operations are affected by our ability to meet customer demand by providing integrated services that support key stages of the trading process, including online display and matching, fulfillment, logistics coordination and transaction settlement, and by continuing to provide products and services that address merchants' and buyers' evolving needs across our ecosystem.

We provide digital trade services through our *Chinagoods*, logistics and warehousing services and financial services such as cross-border payment and supply chain finance. The extent to which merchants and buyers adopt these services affects our service revenue and supports transaction activity across our ecosystem. As of December 31, 2025, *Chinagoods* had approximately 5.6 million registered buyers and approximately 17.0 million SKUs listed. These operating metrics reflect the breadth of our service capabilities and their relevance to merchants and buyers engaging in cross-border trading, and directly affect the scale and profitability of our trade services segment. By integrating digital trade matching, fulfillment infrastructure and settlement capabilities, we are able to support merchants and buyers beyond on-site transactions, improve transaction visibility and execution efficiency, and enhance the overall connectivity of our ecosystem.

Our Ability To Efficiently Manage our Supply Chain and Enhance Operational Efficiency

We believe our results of operations depend in part on our ability to continue to efficiently manage our supply chain. A substantial portion of our cost structure relates to cost of commodities for our commodity sales business. In 2023, 2024 and 2025, our cost of commodities amounted to RMB6,757.6 million, RMB9,189.2 million and RMB9,912.3 million, respectively, representing 59.9%, 59.4% and 50.3% of our total revenue in the same years. Our ability to maintain stable sourcing channels, procure goods at competitive prices and manage inventory turnover is essential to our cost control, profitability and cash flow.

We are committed to digitalizing our business operations to improve our operational efficiency. Our general and administrative expenses accounted for 6.3%, 5.2% and 4.8% of our total revenue in 2023, 2024 and 2025, respectively. Our digital systems and tools enable us to monitor supply-and-demand dynamics from procurement through sales and fulfillment, which allows us to analyze customer demand patterns and coordinate with suppliers and other counterparties to adjust sourcing and inventory planning on a timely basis. We also rely on system-driven workflows to standardize key operational steps and strengthen real-time process visibility, which helps reduce execution deviations caused by human error and improves operational accuracy and throughput. In addition, our digital logistics and warehouse management capabilities allow us to closely manage and control warehousing, storage, sorting, consolidation and outbound delivery processes.

Our Ability To Manage Gross Profit and gross profit margin

Our results of operations are affected by our ability to manage our gross profit and gross profit margin, which are primarily driven by (i) the mix of our business lines with different margin profiles, (ii) the operating efficiency and scalability of our service-based businesses, especially market operations and trade services, and (iii) our ability to control the cost of commodities and manage inventory turnover in our commodity sales business.

During the Track Record Period, our overall gross profit increased from RMB2,975.0 million in 2023 to RMB4,830.3 million in 2024 and RMB6,189.2 million in 2025, and our overall gross profit margin increased from 26.4% in 2023 to 31.2% in 2024 and 31.4% in 2025. Given the different gross profit margin profiles across our business lines, changes in business line contribution may have a material impact on our consolidated gross profit and gross profit margin. For example, market operations and trade services generally have higher gross profit margins than commodity sales. Market operations recorded gross profit margins of 75.5%, 84.9% and 82.9% in 2023, 2024 and 2025, respectively, and trade services recorded gross profit margins of 67.1%, 90.6% and 85.6% over the same years. By contrast, commodity sales recorded gross profit margins of 0.5%, 0.7% and 0.7% in 2023, 2024 and 2025, respectively. We seek to manage our overall margin profile by expanding higher-margin service offerings within our ecosystem and improving service adoption among merchants and buyers, while maintaining the competitiveness of our commodity sales business to promote cross-border trade.

In our market operations business, maintaining high booth occupancy and stable leasing income supports margin stability, while standardized marketplace management and disciplined operating and maintenance costs support operating leverage. In our trade services business, increased adoption of *Chinagoods*, warehousing and logistics services and Yiwu Pay support margin expansion.

Given the relatively low-margin nature of commodity sales, gross profit in this business line is sensitive to market pricing, procurement pricing, product mix, channel mix and inventory turnover. We manage these factors through centralized procurement and product selection, order-driven adjustments to product mix, and inventory planning across our online and offline channels to manage working capital exposure and mitigate execution risks. We also strengthen end-to-end execution in our import and export trading activities, including supplier coordination and fulfillment arrangements, to reduce avoidable cost leakage and improve transaction efficiency.

In addition, gross profit and gross profit margin may be affected by the timing and margin profile of ancillary facility development and sales, which is project-specific and may fluctuate from period to period depending on project completion and delivery schedules. Accordingly, our ability to manage our business line mix and cost structure is important to the stability and growth of our results of operations.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Certain accounting policies are particularly important to the preparation of our financial statements. Some of these policies require subjective assumptions, estimates, and complex judgements regarding accounting items, which may result in actual outcomes differing from those estimates. These estimates and assumptions are regularly reviewed based on the latest available information, our historical experience, and other relevant factors. Our management has discussed the development, selection, and disclosure of these estimates with our Board of Directors. As our financial reporting process relies on estimates and assumptions, actual results may vary under different circumstances. When reviewing our financial statements, consideration should be given to our selection of key accounting policies, the judgments and uncertainties involved in their application, and the sensitivity of reported results to changes in conditions and assumptions. The material accounting policy information and estimates, including those relating to revenue and other income, business combinations and goodwill, property, plant and equipment, leased assets, investment properties and income tax, as set out in Note 4 of the Accountants' Report in Appendix I to this Document, are considered critical and involve the most significant estimates and judgments in the preparation of our financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	11,280,779	15,474,884	19,707,436
Cost of Revenue	(8,305,742)	(10,644,613)	(13,518,244)
Gross profit	**2,975,037**	**4,830,271**	**6,189,192**
General and administrative expenses	(710,026)	(797,394)	(951,422)
Selling and marketing expenses	(240,304)	(321,433)	(470,767)
Research and development expenses	(21,749)	(23,221)	(40,714)
Net impairment reversals/(losses) on financial assets	2,138	(12,891)	(10,710)
Other income	71,526	170,944	118,057
Other gains, net	221,270	122,466	387,054
Operating profit	**2,297,892**	**3,968,742**	**5,220,690**
Finance income	67,434	42,136	66,769
Finance costs	(193,111)	(141,845)	(79,493)
Finance costs, net	(125,677)	(99,709)	(12,724)
Share of profit of investments in associates and joint ventures	1,035,858	159,710	199,606
Profit before income tax	**3,208,073**	**4,028,743**	**5,407,572**
Income tax expense	(526,670)	(950,495)	(1,191,856)
Profit for the year	**2,681,403**	**3,078,248**	**4,215,716**
Attributable to:			
— Owners of the Company	2,676,182	3,073,677	4,203,547
— Non-controlling interests	5,221	4,571	12,169
	2,681,403	**3,078,248**	**4,215,716**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we derived revenue from (i) market operations, (ii) trade services, (iii) commodity sales, (iv) ancillary services, (v) ancillary facility development and sales, and (vi) others.

Revenue by Business Line

The following table sets forth a breakdown of our revenue by business line, in amounts and as a percentage of our total revenue for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)					
Market operations	3,035,052	26.9	4,529,522	29.3	5,255,112	26.7
Trade services	469,501	4.2	547,302	3.5	1,305,019	6.6
Commodity sales	6,791,567	60.2	9,257,235	59.8	9,984,021	50.7
Ancillary services	466,621	4.1	448,389	2.9	543,029	2.8
Ancillary facility development and sales	39,296	0.3	2,752	0.0	1,950,258	9.9
Others[(1)]	478,742	4.3	689,684	4.5	669,997	3.3
Total	**11,280,779**	**100.0**	**15,474,884**	**100.0**	**19,707,436**	**100.0**

Note:

(1) Others primarily include rental income from investment properties.

Revenue by Geographical Region

The following table sets forth a breakdown of our revenue by geographical region, in amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Chinese mainland	10,959,186	97.1	14,938,928	96.5	18,960,780	96.2
Overseas markets[(1)]	321,593	2.9	535,956	3.5	746,656	3.8
Total	**11,280,779**	**100.0**	**15,474,884**	**100.0**	**19,707,436**	**100.0**

Note:

(1) Overseas markets primarily include Europe and Hong Kong.

Cost of Revenue

During the Track Record Period, our cost of revenue primarily consisted of (i) cost of commodities, (ii) depreciation and amortization, and (iii) property management fees.

The following table sets forth a breakdown of our cost of revenue by nature, in absolute amounts and as a percentage of our total cost of revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Cost of commodities	6,757,562	81.4	9,189,222	86.3	9,912,299	73.3
Depreciation and amortization	746,425	9.0	741,815	7.0	890,738	6.6
Property management fees	270,994	3.3	269,889	2.5	332,388	2.5
Cost of ancillary facilities sold	36,705	0.4	3,692	0.0	1,746,193	12.9
Employee benefits expenses	167,086	2.0	148,498	1.4	137,169	1.0
Others[1]	326,970	3.9	291,497	2.8	499,457	3.7
Total	**8,305,742**	**100.0**	**10,644,613**	**100.0**	**13,518,244**	**100.0**

Note:

(1) Others primarily include property maintenance costs, catering costs, utility expenses, hotel operating costs, security service costs, advertising costs, exhibition operation costs and other costs.

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB2,975.0 million, RMB4,830.3 million and RMB6,189.2 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 26.4%, 31.2% and 31.4% in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentages)					
Market operations	2,292,873	75.5	3,845,703	84.9	4,358,274	82.9
Trade services	315,016	67.1	495,655	90.6	1,117,396	85.6
Commodity sales	33,736	0.5	63,959	0.7	69,393	0.7
Ancillary services	77,511	16.6	57,604	12.8	93,700	17.3
Ancillary facility development and sales	2,591	6.6	(940)	(34.2)	204,065	10.5
Others[1]	253,310	52.9	368,290	53.4	346,364	51.7
Total/Overall	**2,975,037**	**26.4**	**4,830,271**	**31.2**	**6,189,192**	**31.4**

Note:

(1) Others primarily include rental from investment properties income and other income.

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee benefits expenses, (ii) taxes and surcharges and (iii) depreciation and amortization. Our general and administrative expenses amounted to RMB710.0 million, RMB797.4 million and RMB951.4 million in 2023, 2024 and 2025, respectively, representing 6.3%, 5.2% and 4.8% of our total revenue in the same years.

The following table sets forth a breakdown of our general and administrative expenses in absolute amounts and as a percentage of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefits expenses	347,687	49.0	384,517	48.2	466,353	49.0
Taxes and surcharges	146,197	20.6	213,544	26.8	336,738	35.4
Depreciation and amortization	139,771	19.7	146,476	18.4	109,239	11.5
Professional services and other consulting fees	19,597	2.8	12,283	1.5	19,110	2.0
Travel and transportation expenses	7,492	1.1	6,509	0.8	8,583	0.9
Others[1]	49,282	6.8	34,065	4.3	11,399	1.2
Total	**710,026**	**100.0**	**797,394**	**100.0**	**951,422**	**100.0**

Note:

(1) Others primarily include office expenses and other expenses.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) marketing and promotional expenses, (ii) market operation service fees and (iii) advertising expenses. Our selling and marketing expenses amounted to RMB240.3 million, RMB321.4 million and RMB470.8 million in 2023, 2024 and 2025, respectively, representing 2.1%, 2.1% and 2.4% of our total revenue in the same years.

The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as a percentage of our total selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Marketing and promotional expenses	142,522	59.3	171,911	53.5	288,698	61.3
Market operation service fees	47,339	19.7	47,455	14.8	42,386	9.0
Advertising expenses	26,939	11.2	57,245	17.8	80,417	17.1
Utility expenses	7,169	3.0	8,346	2.6	7,534	1.6
Employee benefits expenses	5,336	2.2	18,318	5.7	40,294	8.6
Others[1]	10,999	4.6	18,158	5.6	11,438	2.4
Total	**240,304**	**100.0**	**321,433**	**100.0**	**470,767**	**100.0**

Note:

(1) Others primarily include depreciation and amortization, transportation costs and other expenses.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefits expenses and (ii) technology development expenses. Our research and development expenses amounted to RMB21.7 million, RMB23.2 million and RMB40.7 million in 2023, 2024 and 2025, respectively, representing 0.2%, 0.2% and 0.2% of our total revenue in the same years.

The following table sets forth a breakdown of our research and development expenses in absolute amounts and as a percentage of our total research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefits expenses	16,183	74.4	18,703	80.5	36,988	90.8
Technology development expenses	5,154	23.7	4,298	18.5	2,372	5.8
Others[1]	412	1.9	220	1.0	1,354	3.4
Total	**21,749**	**100.0**	**23,221**	**100.0**	**40,714**	**100.0**

Note:

(1) Others primarily include depreciation and amortization and other expenses.

Net Impairment Reversals/(Losses) on Financial Assets

Our net impairment losses on financial assets are primarily related to our trade receivables and other receivables. We recorded net impairment reversals on financial assets, which amounted to RMB2.1 million in 2023. Our net impairment losses on financial assets amounted to RMB12.9 million and RMB10.7 million in 2024 and 2025, respectively.

Other Income

Our other income primarily included (i) government grants, (ii) interest income, and (iii) dividend income. The following table sets forth a breakdown of our other income in absolute amount and as a percentage of our total other income for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Government grants[1]	32,169	45.0	44,849	26.2	57,277	48.5
Interest income[2]	21,434	30.0	28,362	16.6	54,358	46.0
Dividend income[3]	17,871	25.0	97,163	56.8	5,811	4.9
Others	52	0.0	570	0.4	611	0.6
Total	**71,526**	**100.0**	**170,944**	**100.0**	**118,057**	**100.0**

Notes:

(1) The amount mainly comprises subsidies received from the PRC local government authorities as incentives for our Group's construction activities. Unconditional government grants are recognized in profit and loss when received, while conditional government grants are recognized in profit or loss when our Group fulfilled the conditions.

(2) The amount mainly comprises interest income from our Group's term deposits, amount due from joint venture, and entrusted loans. Interest income from cash and cash equivalents is included in "Finance costs, net."

(3) Dividends are received from equity investment. Dividends are recognized when the right to receive payment is established in profit or loss, unless they clearly represent a recovery of part of the cost of an investment. Our Group presents dividends recognized in profit or loss as other income.

Other Gains, Net

Our other gains, net primarily included (i) net gains/(losses) on disposal of property, plant and equipment and other long-term assets, (ii) provisions reversed, and (iii) fair value changes in financial instruments. The following table sets forth a breakdown of our other gains, net in absolute amount and as a percentage of our total other gains, net for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Net gains on disposal of financial instruments	2,946	1.3	4,650	3.8	5,837	1.5
Fair value changes in financial instruments	(52,431)	(23.7)	12,871	10.5	247,657	64.0
Net foreign exchange gains/(losses)	4,963	2.2	701	0.6	(85)	(0.0)
Net gains/(losses) on disposal of property, plant and equipment and other long-term assets[1]	139,114	62.9	(87)	(0.1)	2,199	0.6
Losses from disposal of other financial assets at fair value through profit or loss	(421)	(0.2)	(979)	(0.8)	—	—
Gains from disposal of subsidiary	9,663	4.4	—	—	—	—
Gains from disposal of associates	—	—	—	—	84	0.0
Net gains on disposal of investment properties	—	—	83,290	68.0	76,815	19.8
Provisions reversed[1]	110,621	50.0	—	—	—	—
Forfeited trade payables	—	—	12,107	9.9	—	—
Compensation received	5,852	2.6	7,884	6.4	54,685	14.1
Others	963	0.5	2,029	1.7	(138)	0.0
Total	**221,270**	**100.0**	**122,466**	**100.0**	**387,054**	**100.0**

Notes:

(1) In 2023, the government demolished the Binwang Market and revoked the land use rights, in consideration of which it provided demolition compensation to our Company.

(2) In 2017, our Company's former subsidiary, Zhejiang Yiwu China Commodities City Trading Co., Ltd. (the "**Trading Company**", which became an associate of our Company in 2018), experienced a letter of credit default due to its employee's involvement in letter of credit fraud. Our Company initially recognized a provision for contingent liabilities of RMB136,939,000 in 2017. In 2018, after our Company and the Trading Company were sued, the provision was adjusted to RMB110,620,000 based on the claim amount asserted in the lawsuit.

In August 2023, our Company received a civil judgment from the court, ruling that the Trading Company is liable for repaying the plaintiff the letter of credit advance of RMB95,218,000, along with the corresponding interest and compound interest. In November 2023, our Company obtained a final court decision ruling in our favour and confirming that we are not liable for the relevant letters of credit. Accordingly, the provision for contingent liabilities previously recognized by our Company was reversed in 2023.

Operating Profit

Our operating profit amounted to RMB2,297.9 million, RMB3,968.7 million and RMB5,220.7 million in 2023, 2024 and 2025, respectively.

Finance Costs, Net

Our finance income includes interest income from financial assets held for cash management purposes.

Our finance costs primarily include (i) interest expenses on lease liabilities, (ii) interest expenses on borrowings, and (iii) interest expenses on bonds and short-term commercial papers. The following table sets forth a breakdown of our finance costs, net in absolute amounts and as a percentage of our total finance costs, net for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Finance income:						
Interest income from financial assets held for cash management purposes	67,434	(53.7)	42,136	(42.3)	66,769	(524.7)
Finance costs:						
Interest expenses on lease liabilities	(5,165)	4.1	(11,755)	11.8	(9,848)	77.4
Interest expenses on borrowings	(75,382)	60.0	(72,858)	73.1	(18,660)	146.7
Interest expenses on bonds and short-term commercial papers	(191,388)	152.3	(186,594)	187.1	(124,546)	978.8
Less: capitalized finance costs	78,824	(62.7)	129,362	(129.7)	73,561	(578.2)
	(193,111)	153.7	(141,845)	142.3	(79,493)	624.7
Finance costs, net	**(125,677)**	**100.0**	**(99,709)**	**100.0**	**(12,724)**	**100.0**

Shares of Profit of Investments in Associates and Joint Ventures

We had share of profit of investments in associates and joint ventures of RMB1,035.9 million, RMB159.7 million and RMB199.6 million in 2023, 2024 and 2025, respectively. The fluctuations were primarily driven by profit or loss of our associates and joint ventures.

Income Tax Expense

Our income tax expense amounted to RMB526.7 million, RMB950.5 million and RMB1,191.9 million in 2023, 2024 and 2025, respectively. We are subject to income tax on an entity basis on profits arising in or derived from the different jurisdictions in which members of our Group are domiciled and operate. See Note 11 of the Accountants' Report in Appendix I to this Document.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material tax investigation, enquiries, penalties or surcharges.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 27.4% from RMB15,474.9 million in 2024 to RMB19,707.4 million in 2025, primarily due to the increases in revenue from ancillary facility development and sales, trade services, commodity sales and market operations.

- *Market operations*. Our revenue from market operations increased by 16.0% from RMB4,529.5 million in 2024 to RMB5,255.1 million in 2025, primarily due to (i) an increase in booth usage fees, and entry fees contributed by the Global Digital Trade Center, which commenced operations in 2025, and (ii) an adjustment in rental rates upon renewal in response to market demand and improved booth occupancy rate in our existing marketplaces, resulting from our enhanced centralized marketplace management.

- *Trade services*. Our revenue from trade services increased by 138.4% from RMB547.3 million in 2024 to RMB1,305.0 million in 2025, primarily due to an increase in revenue from the *Chinagoods*, attributable to (i) an increase in digital platform infrastructure fee from newly onboarded merchants and (ii) higher user adoption among existing users as well as the addition of new users, resulting in an expanded customer base for Chinagoods, supported by our digitalization initiatives.

- *Commodity sales.* Our revenue from commodity sales increased by 7.9% from RMB9,257.2 million in 2024 to RMB9,984.0 million in 2025, primarily due to stronger market demand, which drove an increase in our customer base and the expansion of our product categories, resulting in a higher trading volume.

- *Ancillary services.* Our revenue from ancillary services increased by 21.1% from RMB448.4 million in 2024 to RMB543.0 million in 2025, primarily due to an increase in exhibition and convention activities, attributable to our efforts to expand our service offerings.

- *Ancillary facility development and sales.* Our revenue from ancillary facility development and sales increased from RMB2.8 million in 2024 to RMB1,950.3 million in 2025, primarily due to (i) revenue recognized from the delivery of certain supporting office properties in connection with the Global Digital Trade Center, and (ii) revenue recognized from the disposal of certain warehouse properties under our Yiwu Cross-border E-commerce Logistics Park (S3) through public listing-for-transfer arrangements.

- *Others.* Our revenue from others remained relative stable at RMB689.7 million and RMB670.0 million in 2024 and 2025, respectively.

Cost of Revenue

Our cost of revenue increased by 27.0% from RMB10,644.6 million in 2024 to RMB13,518.2 million in 2025, primarily due to (i) an increase in cost of ancillary facilities sold, mainly attributable to the delivery of the Global Digital Trade Center, (ii) an increase in cost of commodities, in line with the growth of our commodity sales business, and (iii) an increase in property management fees and depreciation and amortization, mainly attributable to the delivery of the Global Digital Trade Center.

Gross Profit and Gross Profit Margin

Our gross profit increased by 28.1% from RMB4,830.3 million in 2024 to RMB6,189.2 million in 2025. Our gross profit margin remained relatively stable at 31.2% and 31.4% in 2024 and 2025, respectively.

- *Market operations*. Our gross profit margin for market operations remained relatively stable at 84.9% and 82.9% in 2024 and 2025, respectively.

- *Trade services*. Our gross profit margin for trade services decreased from 90.6% in 2024 to 85.6% in 2025, primarily due to higher upfront operating and digital infrastructure-related costs incurred during the initial ramp-up period following the commencement of the Global Digital Trade Center.

- *Commodity sales.* Our gross profit margin for commodity sales remained relatively stable at 0.7% and 0.7% in 2024 and 2025, respectively.

- *Ancillary services.* Our gross profit margin for ancillary services increased from 12.8% in 2024 to 17.3% in 2025, primarily due to a change in service mix to higher-margin services, particularly exhibition services.

- *Ancillary facility development and sales.* We recorded a gross loss margin for ancillary facility development and sales of 34.2% in 2024, primarily due to losses incurred from the tail-end sales of Haicheng CCC, which turned positive to a gross profit margin of 10.5% in 2025, primarily attributable to (i) the delivery of certain supporting office properties in connection with the Global Digital Trade Center and (ii) the disposal of certain warehouse properties under our cross-border e-commerce logistics park projects through public listing-for-transfer arrangements in 2025.

- *Others.* Our gross profit margin for others remained relatively stable at 53.4% and 51.7% in 2024 and 2025, respectively.

General and Administrative Expenses

Our general and administrative expenses increased by 19.3% from RMB797.4 million in 2024 to RMB951.4 million in 2025, primarily due to (i) an increase in taxes and surcharges, in line with our taxable transactions and revenue growth, and (ii) an increase in employee benefits expenses, as the number of administrative personnel increased, so as to support our business expansion and digitalization efforts.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 46.5% from RMB321.4 million in 2024 to RMB470.8 million in 2025, primarily due to an increase in marketing and promotional expenses in connection with the Global Digital Trade Center, *Chinagoods* and Yiwu Pay.

Research and Development Expenses

Our research and development expenses increased by 75.3% from RMB23.2 million in 2024 to RMB40.7 million in 2025, primarily due to an increase in employee benefits expenses, as the number of R&D personnel increased, so as to support the continued development and upgrade of our digital platforms and related systems.

Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets decreased by 16.9% from RMB12.9 million in 2024 to RMB10.7 million in 2025, primarily due to the enhanced efforts in following up with our customers in relation to payments.

Other Income

Our other income decreased by 30.9% from RMB170.9 million in 2024 to RMB118.1 million in 2025, primarily due to a decrease in dividend income, partially offset by (i) an increase in government grants received from local government authorities, and (ii) an increase in interest income.

Other Gains, Net

Other gains, net increased by 216.1% from RMB122.5 million in 2024 to RMB387.1 million in 2025, primarily due to (i) an increase in fair value gains on financial instruments in 2025, and (ii) an increase in compensation received, mainly comprising compensation for breaches during the leasing and tenant solicitation process for the Global Digital Trade Center.

Operating Profit

Our operating profit increased by 31.5% from RMB3,968.7 million in 2024 to RMB5,220.7 million in 2025, in line with our gross profit growth.

Finance Costs, Net

Our finance costs, net decreased by 87.2% from RMB99.7 million in 2024 to RMB12.7 million in 2025, primarily due to (i) an increase in finance income from financial assets held for cash management purposes, (ii) a decrease in interest expenses on borrowings, and (iii) a decrease in interest expenses on bonds and short-term commercial papers, partially offset by a decrease in capitalized finance costs.

Share of Profit of Investments in Associates and Joint Ventures

Our share of profit of investments in associates and joint ventures increased by 25.0% from RMB159.7 million in 2024 to RMB199.6 million in 2025, primarily due to improved financial performance of certain associates and joint ventures.

Income Tax Expense

Our income tax expense increased by 25.4% from RMB950.5 million in 2024 to RMB1,191.9 million in 2025, in line with our business growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 37.0% from RMB3,078.2 million in 2024 to RMB4,215.7 million in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 37.2% from RMB11,280.8 million in 2023 to RMB15,474.9 million in 2024, primarily due to the increases in revenue from commodity sales and market operations, and trade services.

- *Market operations.* Our revenue from market operations increased by 49.2% from RMB3,035.1 million in 2023 to RMB4,529.5 million in 2024, primarily due to (i) an increase in booth usage fees, and entry fees contributed by operations of the International Trade Mart District 2 East Market, and (ii) an adjustment in rental rates upon renewal in response to market demand and improved booth occupancy rate in our existing marketplaces, resulting from our enhanced centralized marketplace management.

- *Trade services.* Our revenue from trade services increased by 16.6% from RMB469.5 million in 2023 to RMB547.3 million in 2024, primarily due to (i) an increase in revenue from the *Chinagoods*, attributable to higher user adoption and increased service usage supported by our digitalization initiatives, and (ii) an increase in revenue from Yiwu Pay, attributable to an expanded customer base, which resulted in an increase in the number of cross-border payment transactions.

- *Commodity sales.* Our revenue from commodity sales increased by 36.3% from RMB6,791.6 million in 2023 to RMB9,257.2 million in 2024, primarily due to stronger market demand, which drove an increase in our customer base and the expansion of our imported product categories, resulting in a higher import trading volume.

- *Ancillary services.* Our revenue from ancillary services decreased by 3.9% from RMB466.6 million in 2023 to RMB448.4 million in 2024, primarily due to a decrease in revenue generated from exhibitions and convention services, as customer demand declined following the expiry of certain local incentives available to customers at the end of 2023.

- *Ancillary facility development and sales.* Our revenue from ancillary facility development and sales decreased by 93.0% from RMB39.3 million in 2023 to RMB2.8 million in 2024, primarily due to a decrease in revenue generated from the delivery of properties, attributable to the disposal of Haicheng CCC in 2024. For the details of the disposal of Haicheng CCC, see "History, Development and Corporate Structure — Material Acquisitions and Disposals - Disposal of Xingchen Enterprise Management."

- *Others.* Our revenue from others increased by 44.1% from RMB478.7 million in 2023 to RMB689.7 million in 2024, primarily due to an increase in rental income attributable to the commencement of operations of Yiwu Comprehensive Bonded Zone.

Cost of Revenue

Our cost of revenue increased by 28.2% from RMB8,305.7 million in 2023 to RMB10,644.6 million in 2024, primarily due to (i) an increase in the cost of commodities, in line with the growth of our commodity sales business, and (ii) an increase in property maintenance costs attributable to the upgrade and renovation of our physical marketplaces.

Gross Profit and Gross Profit Margin

Our gross profit increased by 62.4% from RMB2,975.0 million in 2023 to RMB4,830.3 million in 2024. Our gross profit margin increased from 26.4% in 2023 to 31.2% in 2024, primarily due to (i) an increased revenue contribution from our market operations business, which generally has higher gross profit margin, and (ii) an improvement in gross profit margin of market operations and trade services.

- *Market operations.* Our gross profit margin for market operations increased from 75.5% in 2023 to 84.9% in 2024, primarily due to a change in revenue mix towards higher-margin item, such as entry fees, attributable to the ramp-up of the International Trade Mart District 2 East Market.

- *Trade services.* Our gross profit margin for trade services increased from 67.1% in 2023 to 90.6% in 2024, primarily due to an increase in revenue attributable to our enhanced marketing efforts and increased customer adoption, while the related costs remained relatively stable.

- *Commodity sales*. Our gross profit margin for commodity sales remained relatively stable at 0.5% and 0.7% in 2023 and 2024, respectively.

- *Ancillary services*. Our gross profit margin for ancillary services decreased from 16.6% in 2023 to 12.8% in 2024, primarily due to a decrease in revenue from exhibition and convention services as customer demand declined, while related costs remained relatively stable.

- *Ancillary facility development and sales*. We recorded a gross profit margin for ancillary facility development and sales of 6.6% in 2023, which turned to a gross loss margin of 34.2% in 2024, primarily attributable to the loss-making clearance tail-end sales of Haicheng CCC in 2024.

- *Others.* Our gross profit margin for others increased from 52.9% in 2023 to 53.4% in 2024, primarily due to a higher proportion of rental income attributable to the commencement of operations of certain investment properties, which carries a higher gross profit margin.

General and Administrative Expenses

Our general and administrative expenses increased by 12.3% from RMB710.0 million in 2023 to RMB797.4 million in 2024, primarily due to (i) an increase in taxes and surcharges, in line with our taxable transactions and revenue growth, and (ii) an increase in employee benefits expenses, as the number of administrative personnel increased, so as to support our business expansion and digitalization efforts.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 33.8% from RMB240.3 million in 2023 to RMB321.4 million in 2024, primarily due to an increase in marketing and promotional expenses, in connection with *Chinagoods*, Yiwu Pay and the Global Digital Trade Center.

Research and Development Expenses

Our research and development expenses increased by 6.8% from RMB21.7 million in 2023 to RMB23.2 million in 2024, primarily due to an increase in employee benefits expenses, as the number of R&D personnel increased, so as to support the continued development and upgrade of our digital platforms and related systems.

Net Impairment Reversals/(Losses) on Financial Assets

We recorded net impairment reversals on financial assets of RMB2.1 million in 2023, which turned into net impairment losses of RMB12.9 million in 2024, primarily due to impairment losses recognized on receivables from certain customers in our commodity trading business in 2024.

Other Income

Our other income increased by 139.0% from RMB71.5 million in 2023 to RMB170.9 million in 2024, primarily due to (i) an increase in government grants received from local government authorities mainly for our construction activities, (ii) an increase in interest income, and (iii) an increase in dividend income.

Other Gains, Net

Other gains, net decreased by 44.7% from RMB221.3 million in 2023 to RMB122.5 million in 2024, primarily due to (i) the absence of provisions reversed in 2024, and (ii) a decrease in net gains/(losses) on disposal of property, plant and equipment and other long-term assets.

Operating Profit

Our operating profit increased from RMB2,297.9 million in 2023 to RMB3,968.7 million in 2024, in line with gross profit growth.

Finance Costs, Net

Our finance costs, net decreased by 20.7% from RMB125.7 million in 2023 to RMB99.7 million in 2024, primarily due to (i) an increase in capitalized finance costs and (ii) a decrease in interest expenses on borrowings, partially offset by a decrease in finance income from financial assets held for cash management purposes.

Share of Profit of Investments in Associates and Joint Ventures

Our share of profit of investments in associates and joint ventures decreased by 84.6% from RMB1,035.9 million in 2023 to RMB159.7 million in 2024, primarily due to the underperformance of certain of our associates and joint ventures.

Income Tax Expense

Our income tax expense increased by 80.5% from RMB526.7 million in 2023 to RMB950.5 million in 2024, in line with our business growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 14.8% from RMB2,681.4 million in 2023 to RMB3,078.2 million in 2024.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our summary consolidated balance sheet as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this Document:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	29,626,431	29,434,484	29,546,362
Total current assets	6,592,516	9,733,977	14,859,074
Total assets	**36,218,947**	**39,168,461**	**44,405,436**
Total non-current liabilities	4,782,561	1,026,841	8,333,855
Total current liabilities	13,732,448	17,569,160	13,042,890
Total liabilities	**18,515,009**	**18,596,001**	**21,376,745**

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	7,368,323	7,414,658	8,307,132
Investment properties	6,002,402	6,911,797	6,355,808
Right-of-use assets	6,250,738	5,143,626	4,664,361
Deferred tax assets	115,357	62,120	65,685
Intangible assets	472,085	481,006	482,164
Investment in associates and joint ventures	7,022,780	6,947,117	6,436,773
Equity investments at fair value through other comprehensive income	556,897	671,036	661,002
Other financial assets at fair value through profit or loss	1,421,570	1,481,882	1,595,640
Restricted cash and term deposits	—	—	316,807
Prepayments and other receivables	278,027	293,208	263,820
Other non-current assets	138,252	28,034	397,170
Total non-current assets	**29,626,431**	**29,434,484**	**29,546,362**
Non-current liabilities			
Borrowings	4,361,251	657,589	3,255,269
Lease liabilities	176,832	149,984	129,609
Deferred tax liabilities	84,045	68,467	129,242
Deferred income	160,433	150,801	116,223
Contract liabilities	—	—	4,703,512
Total non-current liabilities	**4,782,561**	**1,026,841**	**8,333,855**

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) buildings, (ii) general equipment (iii) motor vehicles, (iv) construction in progress and (v) others. Our property, plant and equipment increased by 0.6% from RMB7,368.3 million as of December 31, 2023 to RMB7,414.7 million as of December 31, 2024, primarily due to an increase in construction in progress in relation to the Global Digital Trade Center in 2024, partially offset by a decrease in buildings and general equipment attributable to the disposal of Haicheng CCC. For the details of the disposal of Haicheng CCC, see "History, Development and Corporate Structure — Material Acquisitions and Disposals — Disposal of Xingchen Enterprise Management." Our property, plant and equipment increased by 12.0% from RMB7,414.7 million as of December 31, 2024 to RMB8,307.1 million as of December 31, 2025, primarily due to the completion of the Global Digital Trade Center in 2025.

Investment Properties

Our investment properties consisted of (i) completed investment properties, (ii) land use right and (iii) properties under construction. Our investment properties increased by 15.2% from RMB6,002.4 million as of December 31, 2023 to RMB6,911.8 million as of December 31, 2024, primarily due to the completion of the Yiwu Cross-border E-commerce Logistics Park (S2) and International Digital Logistics Market. Our investment properties decreased by 8.0% from RMB6,911.8 million as of December 31, 2024 to RMB6,355.8 million as of December 31, 2025, primarily due to the disposal of the Yiwu Cross-border E-commerce Logistics Park (S3).

The investment properties are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost to its residual value over its estimated useful life. See Note 20 of the Accountants' Report in Appendix I to this Document.

Right-of-Use Assets

Our right-of-use assets primarily consisted of (i) land use right and (ii) buildings. Our right-of-use assets decreased by 17.7% from RMB6,250.7 million as of December 31, 2023 to RMB5,143.6 million as of December 31, 2024, and further decreased by 9.3% to RMB4,664.4 million as of December 31, 2025, primarily due to the amortization of land use rights.

Investment in Associates and Joint Ventures

Our investment in associates and joint ventures remained relatively stable at RMB7,022.8 million and RMB6,947.1 million as of December 31, 2023 and 2024, respectively. Our investment in associates and joint ventures decreased by 7.3% from RMB6,947.1 million as of December 31, 2024 to RMB6,436.8 million as of December 31, 2025, primarily due to dividends received from our associates and joint ventures.

Net Current Assets

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current assets				
Inventories	1,247,244	1,357,787	2,385,330	1,578,056
Trade and notes receivables	592,858	497,320	437,843	432,632
Prepayments and other receivables	1,102,894	1,215,747	1,726,681	3,191,824
Wealth management products	—	400,317	1,785,358	240,065
Other financial assets at fair value through profit or loss	15,131	—	308,282	308,282
Entrusted loans	48,073	—	48,073	48,073
Restricted cash and term deposits	12,556	10,823	2,531,139	2,032,981
Cash and cash equivalents	2,910,179	5,528,369	4,284,850	2,982,676
Other current assets	663,581	723,614	1,351,518	1,035,616
Total current assets	**6,592,516**	**9,733,977**	**14,859,074**	**11,850,205**
Current liabilities				
Borrowings	4,800,913	6,812,863	96,475	60,662
Received in advance	229,057	212,008	235,488	215,372
Trade payables	1,390,255	1,469,718	1,995,927	1,753,666
Contract liabilities	4,439,887	5,932,996	7,465,755	7,930,089
Lease liabilities	23,637	21,432	24,513	23,934
Current income tax liabilities	179,051	430,072	381,645	286,319
Accruals and other payables	2,545,222	2,464,692	2,658,820	2,178,635
Other current liabilities	124,426	225,379	184,267	196,755
Total current liabilities	**13,732,448**	**17,569,160**	**13,042,890**	**12,645,432**
Net current (liabilities)/assets	**(7,139,932)**	**(7,835,183)**	**1,816,184**	**(795,227)**

Our net current liabilities increased by 9.7% from RMB7,139.9 million as of December 31, 2023 to RMB7,835.2 million as of December 31, 2024, primarily due to (i) an increase in borrowings of RMB2,012.0 million, and (ii) an increase in contract liabilities of RMB1,493.1 million, partially offset by an increase in cash and cash equivalents of RMB2,618.2 million.

Our net current liabilities of RMB7,835.2 million as of December 31, 2024 turned to net current assets of RMB1,816.2 million as of December 31, 2025, primarily due to (i) a decrease in borrowings of RMB6,716.4 million, (ii) an increase in restricted cash and term deposits of RMB2,520.3 million, (iii) an increase in wealth management products of RMB1,385.1 million and (iv) an increase in inventories of RMB1,027.5 million, partially offset by (i) an increase in contract liabilities of RMB1,532.8 million, (ii) a decrease in cash and cash equivalents of RMB1,243.5 million, and (iii) an increase in trade payables of RMB526.2 million.

Our net current assets of RMB1,816.2 million as of December 31, 2025 turned to net current liabilities of RMB795.2 million as of March 31, 2026, primarily due to (i) a decrease in wealth management products of RMB1,545.3 million, (ii) a decrease in cash and cash equivalents of RMB1,302.2 million, (iii) a decrease in inventories of RMB807.2 million and (iv) a decrease in restricted cash and term deposits of RMB1,302.2 million, partially offset by (i) an increase in prepayments and other receivables of RMB1,465.1 million and (ii) a decrease in accruals and other payables of RMB480.2 million.

Inventories

Our inventories consisted of (i) commodities in inventory, (ii) properties under development, (iii) completed properties held for sale, and (iv) others. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Commodities in inventory	162,423	542,330	1,060,565
Properties under development	67,478	814,545	803,960
Completed properties held for sale	1,041,444	—	520,741
Others	4,202	912	64
	1,275,547	1,357,787	2,385,330
Less: provision for impairment	(28,303)	—	—
Total	**1,247,244**	**1,357,787**	**2,385,330**

Our inventories increased by 8.9% from RMB1,247.2 million as of December 31, 2023 to RMB1,357.8 million as of December 31, 2024, primarily due to (i) an increase in commodities in inventory and (ii) an increase in properties under development, in line with our business growth, partially offset by a decrease in completed properties held for sale in relation to the disposal of Haicheng CCC in 2024. Our inventories increased by 75.7% from RMB1,357.8 million as of December 31, 2024 to RMB2,385.3 million as of December 31, 2025, primarily due to (i) an increase in commodities in inventory and (ii) an increase in completed properties held for sale in relation to the completion of the Global Digital Trade Center.

The following table sets forth an aging analysis of our commodities in inventory as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	162,423	542,330	1,060,565
Total	**162,423**	**542,330**	**1,060,565**

The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days[1]	57.9	45.1	50.5
— Commodities in inventory turnover days	10.1	14.0	29.5

Note:

(1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of revenue for the relevant year and multiplied by 365.

Our inventory turnover days decreased from 57.9 days in 2023 to 45.1 days in 2024, primarily due to a decrease in completed properties held for sale in relation to the disposal of Haicheng CCC in 2024, partially offset by an increase in properties under development, in line with our business growth. Our inventory turnover days increased from 45.1 days in 2024 to 50.5 days in 2025, primarily due to (i) an increase in commodities in inventory, in line with our commodity sales business growth, and (ii) an increase in completed properties held for sale primarily in relation to the Global Digital Trade Center. Our commodities in inventory turnover days increased from 10.1 days in 2023 to 14.0 days in 2024, and further to 29.5 days in 2025, primarily due to an increase in commodities in inventory, in line with our commodity sales business growth. In particular, the increase in our commodities in inventory turnover days in 2025 was mainly attributable to an increase in stock up of products in anticipation of market demand.

As of March 31, 2026, RMB1,182.3 million, or 49.6% of inventory and others as of December 31, 2025, had been used, consumed or sold. As of March 31, 2026, RMB847.8 million, or 79.9% of commodities in inventory as of December 31, 2025, had been used, consumed or sold.

Trade and Notes Receivables

Our trade and notes receivables primarily consisted of (i) trade receivables and (ii) notes receivables. The following table sets forth a breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	599,304	506,233	468,614
Notes receivables	—	11,170	—
Less: credit loss allowance	(6,446)	(20,083)	(30,771)
Total	**592,858**	**497,320**	**437,843**

Our trade and notes receivables decreased by 16.1% from RMB592.9 million as of December 31, 2023, to RMB497.3 million as of December 31, 2024 and further decreased by 12.0% to RMB437.8 million as of December 31, 2025, primarily due to a decrease in trade receivables, attributable to the enhanced efforts in following up with our customers in relation to payments.

For certain customers, we have engaged in credit sales them during the Track Record Period and we usually grant credit terms ranging from 30 to 365 days. We seek to maintain strict control over our outstanding receivables. Our credit control department is responsible for minimizing credit risks. Overdue balances are reviewed regularly by senior management. The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	587,700	410,915	424,032
1 to 2 years	10,408	85,737	16,754
2 to 3 years	1,196	8,465	20,087
Over 3 years	—	1,116	7,741
Total	**599,304**	**506,233**	**468,614**

The following table sets forth our trade and notes receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade and notes receivables turnover days(1)	13.2	13.2	9.1

Note:

(1) Trade and notes receivables turnover days are calculated using the average of opening balance and closing balance of trade and notes receivables for a year divided by revenue for the relevant year and multiplied by 365.

Our trade and notes receivables turnover days remained relatively stable at 13.2 days and 13.2 days in 2023 and 2024, respectively. Our trade and notes receivables turnover days decreased from 13.2 days in 2024 to 9.1 days in 2025, primarily due to the enhanced efforts in following up with our customers in relation to payments.

As of March 31, 2026, RMB155.4 million, or 35.5% of our trade and notes receivables as of December 31, 2025, had been settled.

Prepayments and Other Receivables

Our prepayments and other receivables primarily consisted of (i) prepayments, and (ii) other receivables. The following table sets forth a breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current			
Other receivables:			
Deposits	7,271	7,368	8,554
Due from joint ventures	270,756	285,840	255,266
	278,027	**293,208**	**263,820**
Current			
Prepayments:			
Prepayments for commodities in inventory	975,767	1,015,669	1,537,011
Prepayments for properties under development	—	66,634	—
Prepayments for operating expenses	10,295	15,792	—
	986,062	**1,098,095**	**1,537,011**
Other receivables:			
Withheld and paid expenses and deposits	107,985	106,113	160,805
Export tax refund	9,508	12,325	30,243
Others	3,581	2,674	2,104
	121,074	**121,112**	**193,152**
Less: provision for impairment	(4,242)	(3,460)	(3,482)
	116,832	**117,652**	**189,670**
Total	**1,102,894**	**1,215,747**	**1,726,681**

Our prepayments and other receivables increased by 10.2% from RMB1,102.9 million as of December 31, 2023 to RMB1,215.7 million as of December 31, 2024, and further increased by 42.0% from to RMB1,726.7 million as of December 31, 2025, primarily due to an increase in prepayments for commodities in inventory, in line with our commodity sales business growth.

As of March 31, 2026, RMB1298.9 million, or 65.3% of our prepayments and other receivables as of December 31, 2025, had been settled.

Other Financial Assets at Fair Value Through Profit or Loss

Our other financial assets at fair value through profit or loss during the Track Record Period mainly consisted of unlisted equity shares, private equity fund investments, wealth management products and listed equity shares at FVPL. See Note 15 to the Accountants' Report included in Appendix I to this Document. The financial product portfolio could be subject to the impact of macroeconomic environment conditions, and we monitor the portfolio mix closely. See "Risk Factors — Risks Relating to Our Business and Industry — We are exposed to fair value changes in our financial assets at fair value through profit or loss ("**FVPL**")."

The following table sets forth details of our financial assets at FVPL as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current:			
Assets			
Other financial assets at FVPL:			
— Unlisted equity shares	199,087	239,850	231,372
— Private equity fund investments	1,222,483	1,242,032	1,364,268
	1,421,570	**1,481,882**	**1,595,640**
Current:			
Assets			
Wealth management products	—	400,317	1,785,358
Listed equity shares at FVPL	15,131	—	308,282
	15,131	**400,317**	**2,093,640**

Our investment policies and strategies with respect to financial products mainly include: (i) our investments in financial products are carried out only after ensuring that they do not interfere with our day-to-day operations, capital deployment or overall financial stability; (ii) high-risk investment products are not permitted; and (iii) the financial products in which we invest are issued by financial institutions that are legally established and approved by relevant PRC authorities and that possess good qualifications, relatively large operational scale and sound credit standing. We primarily invest in low-risk wealth management products with relatively high liquidity issued by financial institutions. We make investment decisions in respect of financial products on a case-by-case basis in accordance with our internal policies and procedures, after analysing the risk and return characteristics of the proposed products and taking into account our internal funding position.

Upon the [REDACTED], we intend to continue our investments strictly in accordance with our internal control policy and Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, our Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

Trade Payables

Our trade payables consist of (i) payables for construction and equipment, (ii) payables for hospitality services, (iii) payables for commodity and (iv) others. The following table sets forth a breakdown of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payables for construction and equipment	1,338,245	1,325,633	1,765,594
Payables for hospitality services	29,601	22,985	40,193
Payables for commodity	12,023	107,378	75,247
Others	10,386	13,722	114,893
Total	**1,390,255**	**1,469,718**	**1,995,927**

The trade payables are typically settled within three months. The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	1,214,401	1,062,606	1,585,548
1 to 2 years	63,310	313,146	124,981
2 to 3 years	84,745	13,978	193,017
Over 3 years	27,799	79,988	92,381
Total	**1,390,255**	**1,469,718**	**1,995,927**

The following table sets forth our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days(1)	56.7	49.0	46.8

Note:

(1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by cost of revenue used for the relevant year and multiplied by 365.

Our trade payables turnover days decreased from 56.7 days in 2023 to 49.0 days in 2024 and further to 46.8 days in 2025, primarily due to our enhanced settlement with our suppliers.

As of March 31, 2026, RMB363.6 million, or 18.2% of our trade payables as of December 31, 2025, had been settled.

Contract Liabilities (Current)

Our contract liabilities (current) represent advance payments (excluding output VAT) made by customers while the underlying goods and/or services are yet to be provided. Our contract liabilities amounted to RMB4,439.9 million, RMB5,933.0 million and RMB7,465.8 million as of December 31, 2023, 2024 and 2025, respectively.

As of March 31, 2026, RMB3,005.2 million, or 40.3% of our contract liabilities (current) as of December 31, 2025, had been recognized as revenue.

Accruals and Other Payables (Current)

Our accruals and other payables primarily consisted of (i) salaries, wages and benefits, (ii) accruals and others, (iii) deposits payables, (iv) amount due to equity investment at FVPL, associates and joint ventures, (v) other tax payables and (vi) customer reserves. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current			
Salaries, wages and benefits	148,473	177,498	305,568
Accruals and others	355,567	259,059	290,509
Repurchase obligation of share incentive	74,367	33,828	—
Deposits payables	490,913	483,643	543,736
Amount due to equity investment at FVPL, associates and joint ventures	977,173	924,273	182,827
Other tax payables	169,134	196,478	378,879
Customer reserves	324,726	377,046	928,101
Dividends	4,737	4,737	5,767
Others	132	8,130	23,433
Total	**2,545,222**	**2,464,692**	**2,658,820**

Our accruals and other payables (current) decreased by 3.2% from RMB2,545.2 million as of December 31, 2023 to RMB2,464.7 million as of December 31, 2024, primarily due to a decrease in accruals and others attributable to the settlement of certain previously accrued operating expenses in 2024. Our other payables and accruals (current) increased by 7.9% from RMB2,464.7 million as of December 31, 2024 to RMB2,658.8 million as of December 31, 2025, primarily due to (i) an increase in salaries, wages and benefits, attributable to an increase in the number of employees, to support our business growth, and (ii) an increase in customer reserves attributable to higher customer reserve funds in Yiwu Pay, partially offset by (iii) a decrease in amount due to equity investment at FVPL, associates and joint ventures attributable to dividend distributions. received, which reduced the year-end payable balance

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, the net [REDACTED] from the [REDACTED] and bank loans. We do not anticipate any adverse changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows generated from operating activities	1,783,547	4,461,554	10,556,949
Net cash flows (used in)/generated from investing activities	(1,313,482)	1,252,591	(5,677,192)
Net cash flows generated from/(used in) financing activities	460,484	(3,095,033)	(6,105,628)
Cash and cash equivalents at beginning of year	1,981,201	2,910,179	5,528,369
Effects of exchange rate changes on cash and cash equivalents	(1,571)	(922)	(17,648)
Cash and cash equivalents at end of year	2,910,179	5,528,369	4,284,850

Net Cash Flows Generated From Operating Activities

In 2025, we had net cash generated from operating activities of RMB10,556.9 million, which comprises our (i) cash generated from operations of RMB11,634.0 million and (ii) interest received of RMB25.2 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising depreciation and amortization of non-current assets of RMB1,002.0 million, finance costs of RMB79.5 million, fair value losses on other financial assets of RMB247.7 million, share of profit of associates, net of RMB199.6 million and interest income of RMB93.3 million; (ii) changes in working capital, which primarily comprised increase in payables of RMB5,922.3 million and decrease in receivables of RMB229.9 million, partially offset by increase in inventories of RMB357.2 million.

In 2024, we had net cash generated from operating activities of RMB4,461.6 million, which comprises our (i) cash generated from operations of RMB5,183.1 million, and (ii) interest received of RMB42.1 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising depreciation and amortization of non-current assets of RMB890.3 million, finance costs of RMB141.8 million, share of profit of associates, net of RMB159.7 million and interest income of RMB42.1 million, and (ii) changes in working capital, which primarily comprised increase in payables of RMB2,303.0 million, partially offset by increase in inventories of RMB1,142.7 million and increase in receivables of RMB654.4 million.

In 2023, we had net cash generated from operating activities of RMB1,783.5 million, which comprises our (i) cash generated from operations of RMB1,964.4 million and (ii) interest received of RMB67.4 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising depreciation and amortization of non-current assets of RMB888.1 million, finance costs of RMB193.1 million, fair value gains on other financial assets at FVPL of RMB52.4 million, share of profit of associates, net of RMB1,035.9 million, net gains on disposal of property, plant and equipment and other non-current assets of RMB139.1 million and interest income of RMB67.4 million; (ii) changes in working capital, which primarily comprised decrease in inventories of RMB83.1 million, partially offset by increase in receivables of RMB767.9 million and decrease in payables of RMB408.0 million.

Net Cash Flows (Used in)/Generated From Investing Activities

In 2025, our net cash flows used in investing activities was RMB5,677.2 million, which was primarily attributable to placement of wealth management products of RMB3,630.0 million, partially offset by a withdrawal of wealth management products of RMB2,256.2 million.

In 2024, our net cash flows generated from investing activities was RMB1,252.6 million, which was primarily attributable to recovery of intercompany loans from a subsidiary subsequent to its disposal of RMB2,573.5 million, partially offset by payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB1,500.3 million.

In 2023, our net cash flows used in investing activities was RMB1,313.5 million, which was primarily attributable to payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB2,627.6 million, partially offset by proceeds from amount due from equity investment at FVPL and associate and joint venture of RMB587.3 million.

Net Cash Flows Generated From/(Used in) Financing Activities

In 2025, our net cash flows used in financing activities were RMB6,105.6 million, primarily attributable to (i) repayments of borrowings of RMB7,875.4 million and (ii) dividends paid to the Company's shareholders of RMB1,809.6 million, partially offset by proceeds from borrowings of RMB3,798.3 million.

In 2024, our net cash flows used in financing activities were RMB3,095.0 million, primarily attributable to (i) repayments of borrowings of RMB8,038.9 million, (ii) dividends paid to the Company's shareholders of RMB1,096.6 million and (iii) interest paid of RMB317.4 million, partially offset by proceeds from borrowings of RMB6,393.4 million.

In 2023, our net cash flows generated from financing activities were RMB460.5 million, primarily attributable to proceeds from borrowings of RMB7,593.6 million, partially offset by (i) repayments of borrowings of RMB6,495.2 million, (ii) dividends paid to the Company's shareholders of RMB356.6 million and (iii) interest paid of RMB243.5 million.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
		(RMB in thousands)		**(Unaudited)**
Non-Current				
Borrowings	4,361,251	657,589	3,255,269	3,100,466
Lease liabilities	176,832	149,984	129,609	125,870
Current				
Borrowings	4,800,913	6,812,863	96,475	60,662
Lease liabilities	23,637	21,432	24,513	23,934
Total	**9,362,633**	**7,641,868**	**3,505,866**	**3,310,932**

Our Directors confirmed that there has not been any material adverse change in our indebtedness since March 31, 2026 to the date of this Document. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank borrowings, we did not have plans for other material external debt financing.

Except as disclosed in this section, as of March 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities.

Borrowings

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we had borrowings of RMB9,162.2 million, RMB7,470.5 million, RMB3,351.7 million and RMB3,161.1 million, respectively, mainly representing bonds, short-term commercial paper and unsecured bank borrowings, primarily to supplement our working capital. Our borrowings are all denominated in Renminbi. For the effective interest rate on our borrowings during the Track Record Period, see Note 31 to the Accountants' Report in Appendix I to this Document. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB2,719.4 million.

Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our total lease liabilities amounted to RMB200.5million, RMB171.4 million, RMB154.1 million and RMB149.8 million, respectively.

Our total lease liabilities decreased by 14.5% from RMB200.5 million as of December 31, 2023 to RMB171.4 million as of December 31, 2024, primary due to (i) shorter remaining lease terms, which led to a lower outstanding lease liability balance, and (ii) the settlement of certain lease liabilities. Our total lease liabilities decreased by 10.1% from RMB171.4 million as of December 31, 2024 to RMB154.1 million as of December 31, 2025, primarily due to (i) shorter remaining lease terms, which led to a lower outstanding lease liability balance, and (ii) the settlement of certain lease liabilities.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2023, 2024 and 2025.

Indebtedness Statement

Except as disclosed above, as of March 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there has been no material change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated or as of the dates indicated:

	As of/For the Year ended December 31,		
	2023	2024	2025
Gross profit margin (%)[1]	26.4	31.2	31.4
Net profit margin(%)[2]	23.8	19.9	21.4
Return on equity (%)[3]	16.2	16.1	19.3
Gearing ratio (%)[4]	52.9	37.1	15.2

Notes:

(1) Gross profit margin equals gross profit for the year divided by revenues for the respective year and multiplied by 100%.

(2) Net profit margin equals profit for the year divided by revenues for the respective year and multiplied by 100%.

(3) Return on equity equals profit attributable to owners of the company for the year divided by average balance of equity attributable to owners of the company at the beginning and the end of the respective year and multiplied by 100%.

(4) Gearing ratio equals total debt by end of the year divided by total equity by the end of the respective year and multiplied by 100%. Total debt includes borrowings and lease liabilities.

Return on Equity

Our return on equity remained relatively stable at 16.2% and 16.1% as of December 31, 2023 and 2024, respectively.

Our return on equity increased from 16.1% as of December 31, 2024 to 19.3% as of December 31, 2025, primarily due to an increase in our profit for the year.

Gearing Ratio

Our gearing ratio decreased from 52.9% as of December 31, 2023 to 37.1% as of December 31, 2024, primarily due to (i) a decrease in our total debt from RMB9,362.6 million as of December 31, 2023 to RMB7,641.9 million as of December 31, 2024, and (ii) an increase in our total equity from RMB17,703.9 million as of December 31, 2023 to RMB20,572.5 million as of December 31, 2024.

Our gearing ratio decreased from 37.1% as of December 31, 2024 to 15.2% as of December 31, 2025, primarily due to (i) a decrease in our total debt from RMB7,641.9 million as of December 31, 2024 to RMB3,505.9 million as of December 31, 2025, and (ii) an increase in our total equity from RMB20,572.5 million as of December 31, 2024 to RMB23,028.7 million as of December 31, 2025.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures consisted of (i) property, plant and equipment, (ii) investment properties, (iii) intangible assets and (iv) right-of-use assets. The following table sets forth our capital expenditure for the years indicated:

	Years ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Property, plant and equipment	1,516,319	1,083,704	1,448,798
Investment properties	1,299,879	378,446	572,311
Intangible assets	44,826	34,912	28,272
Right-of-use assets	316	103,098	297,639
Total	**2,861,340**	**1,600,160**	**2,347,020**

In 2023, 2024 and 2025, our capital expenditures were RMB2,861.3 million, RMB1,600.2 million and RMB2,347.0 million, respectively. We funded these expenditures mainly with cash generated from our operations and bank borrowings.

Following the [REDACTED], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the net [REDACTED] received from the [REDACTED]. See "Future Plans and Use of [REDACTED]." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments consisted of (i) commitments in respect of property, plant and equipment, (ii) equity investment commitments, our capital commitments were RMB4,666.8 million, RMB4,159.9 million and RMB5,072.3 million, respectively. See Note 45 to the Accountants' Report in Appendix I to this Document.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 46 to Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 46 to the Accountants' Report in Appendix I to this Document was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

Cushman & Wakefield Limited, an independent property valuer, has valued our selected property interests as of February 28, 2026. For details of the valuation, see Appendix III to this Document.

The following table sets forth a reconciliation of the fair value of the selected property interests as of February 28, 2026 set out in Appendix III to this Document and their respective net book value as of December 31, 2025 included in the Accountants' Report as set out in Appendix I to this Document:

	RMB in millions
Net book value of our selected property interests as of December 31, 2025	15,209
Movement during the period from December 31, 2025 to February 28, 2026 (unaudited)	3,072
Net book value of our selected property interests as of February 28, 2026 (unaudited)	18,281
Valuation surplus[1]	19,723
Market value of our selected property interests as of February 28, 2026 as set forth in the property valuation report	38,004

Note:

(1) The valuation surplus was not recorded in our financial statements as our properties were stated at cost less accumulated depreciation and any impairment losses.

FINANCIAL RISKS DISCLOSURE

The main risks arising from our Group's financial instruments are market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Our Group's overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on our Group's finance performance and maximizes the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of our Group's risk management is to identify and analyze the various risks faced by our Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range. See Note 3 to the Accountants' Report in Appendix I to this Document.

DIVIDENDS AND DIVIDEND POLICY

Any declaration and payment, as well as the amount of dividends, will be subject to our existing articles of association and will adhere to our Articles of Association which will take effect upon [REDACTED], as well as the relevant PRC laws. In 2023, 2024 and 2025, we paid dividends of RMB356.6 million, RMB1,096.6 million and RMB1,809.6 million, respectively.

Pursuant to our existing articles of association, we may distribute profits in cash, by way of shares, or a combination of cash and shares, and we will generally prioritize cash dividends where the relevant conditions are satisfied and the payment will not affect our ability to continue as a going concern. our Board will determine the amount and timing of any dividends after taking into account our operating results, financial condition, cash flows, funding needs and other relevant factors at the time. Specifically, the minimum cash dividend ratio shall generally be not less than (i) 80% if we are at a mature stage with no material capital expenditure arrangements, (ii) 40% if we are at a mature stage with material capital expenditure arrangements, or (iii) 20% if we are at a growth stage with material capital expenditure arrangements. In addition, in connection with any public offering of new shares, issuance of convertible company bonds or rights issue, we are required to have distributed, on a cumulative basis, no less than 30% of our average distributable profits for the most recent three financial years in cash. We currently do not have any formal dividend policy other than the above and do not have any fixed dividend pay-out ratio.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this Document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our distributable reserves amounted to RMB12,486.7 million.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately RMB[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]) and no exercise of the [REDACTED]), representing [REDACTED] of the gross [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. We did not incur any [REDACTED] in relation to the [REDACTED] during the Track Record Period. Our Directors do not expect such [REDACTED] to materially impact our results of operations in 2026. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately RMB[REDACTED], and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED], which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[REDACTED] and other fees and expenses of approximately RMB[REDACTED].

[REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — [REDACTED] Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this Document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in Appendix I to this Document, and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this Document as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.