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OVERVIEW

Who we are

We are a recognized integrated supply chain logistics solutions provider in China with deep expertise and a leading position in selected industry verticals. According to CIC, the integrated supply chain logistics solutions market in China is projected to grow at a CAGR of 8.3% from 2026 to 2030. The market remains highly fragmented, with the top five players collectively holding only 5.2% of the market share in 2025, and our overall market share being 0.6%. We believe this fragmented landscape presents a substantial growth opportunity for providers with proven, scalable solutions like ours to capture greater market share.

We have strategically achieved market leadership in two industry segments that connect intelligent manufacturing with modern home living: production logistics and home appliance logistics.

- **Production Logistics:** We ranked first in revenue from production logistics solutions in 2025 among comprehensive integrated supply chain logistics solutions providers in China. This segment is projected by CIC to grow at a CAGR of 14.9% from 2026 to 2030, significantly outpacing the broader market. Our leadership in this high-growth sector positions us as a critical partner for industrial upgrading, enabling the precise integration required by intelligent manufacturing.
- **Home Appliance:** We were the largest integrated supply chain logistics solutions provider for China’s home appliance industry by revenue in 2025, with a market share of 26.9%. While this specialized segment accounted for approximately 1% of China’s overall integrated supply chain logistics solutions market in 2025, our dominant position allows us to provide reliable, integrated delivery and installation services that power modern home living for consumers nationwide.

Unlike traditional logistics providers, we are deeply embedded in the industry value chains, built through years of supporting Midea Group’s operational transformation. We have developed a distinctive “1+3” supply chain logistics model — combining end-to-end logistics capability with three core solution pillars: production logistics, omni-channel shared inventory and distribution, and integrated last-mile delivery & installation.

Incubated by Midea Group, we have developed an understanding of the evolving landscape and challenges faced by China’s manufacturing sector. Leveraging these insights, we provide lean production logistics solutions that closely align inventory planning with manufacturers’ production schedules, enabling just-in-time (“**JIT**”) delivery of components to manufacturing facilities through precise scheduling to support lean manufacturing.

Our omni-channel shared inventory and distribution solutions simplify the complex, multi-step in-and-out warehouse handling process, often involving layered manufacturer and distributor warehouses, into a single step. This simplified model shortens the distribution chain from product origin to end customers, which we refer to as “short-chain” distribution. Furthermore, it enables customers to efficiently fulfill fragmented orders across multiple sales channels using an optimized level of shared inventory.

Supported by our nationwide logistics network, we empower our customers by combining delivery, installation and other after-sales services into a single visit.

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Our value propositions

Through our solutions, we deliver three core value propositions to our customers, fulfilling our mission:

- **Operational efficiency and cost reduction:** We improve efficiency and reduce operational costs across our customers’ supply chains through lean production logistics, “short-chain” distribution, and integrated last-mile delivery & installation. These solutions streamline logistics processes, eliminate redundancies, and enhance productivity across the value chain.
- **Support for business model evolution:** Our lean production logistics and “short-chain” distribution solutions minimize excess inventory and reduce handling times from suppliers to manufacturers and distributors. This supports lean manufacturing, and improves inventory turnover, which in turn enhances capital efficiency, and frees up working capital for higher-return investments. Additionally, our integrated last-mile delivery & installation solutions provide valuable consumer insights, helping customers deepen consumer engagement and refine their go-to-market strategies.
- **Ecosystem enablement:** Our solutions empower supply chain stakeholders by connecting them across the value chain to foster collaborative ecosystems within and across industries. This integrated approach allows our customers and partners to co-create and share value, unlocking new growth opportunities and driving industry-wide transformation.

Below is an overview of our accomplishments and achievements:

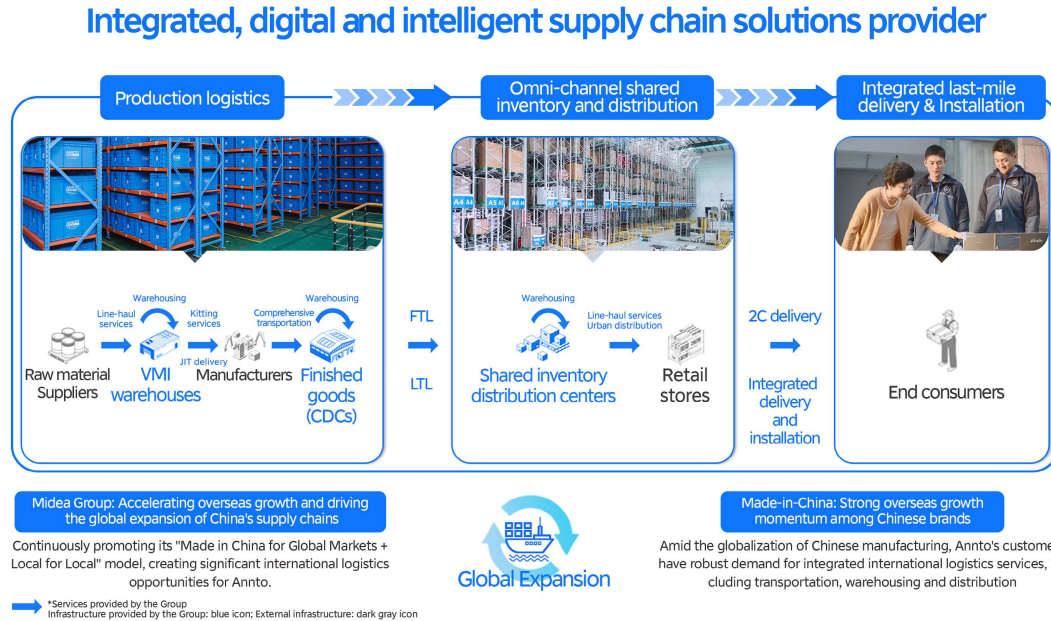
<p>No. 1 Integrated supply chain logistics solutions for China’s home appliance industry⁽¹⁾ & No. 3 for China’s FMCG sector⁽¹⁾</p> <p>No. 1 provider of production logistics solutions in China⁽²⁾</p>	<p>37 China’s influential leading enterprises⁽⁴⁾</p> <p>71 key customers⁽⁶⁾, annual revenue > RMB30.0 million</p>	<p>21.5 bn 2025 revenue (RMB) 15.0% CAGR since 2023</p>
<p>“1+3” Unique supply chain logistics model</p>	<p>9 Lighthouse factories⁽⁵⁾ served with production logistics solutions</p>	<p>~ 60% 2025 revenue from external customers</p>
<p>5A Logistics Enterprise⁽³⁾</p> <p>Top 50 Logistics Companies in China⁽³⁾</p>	<p>100% Fulfillment coverage of townships across China⁽⁵⁾ with integrated last-mile delivery & installation</p>	<p>449.4 mn 2025 net profit (RMB) 24.9% CAGR since 2023, with ROE of 16.4% in 2025⁽⁸⁾</p>

Notes:

- (1) In terms of revenue in 2025
- (2) In terms of revenue in 2025, ranked first among comprehensive integrated supply chain logistics solutions providers in China
- (3) Awarded by China Federation of Logistics & Purchasing for the year of 2024
- (4) As of December 31, 2025, 37 of our customers were ranked in Xinhua News’s “China’s Industry-Leading Enterprises 2024”
- (5) As of the Latest Practicable Date
- (6) Key customers are customers who used our integrated supply chain logistics solutions and contributed more than RMB30.0 million in annual revenue
- (7) In 2025, revenue from external customers amounted to RMB12,954.8 million
- (8) Return on equity is calculated as net profit for the year divided by the average total equity and multiplied by 100%. Average total equity is the sum of the balance of total equity at the beginning and at the end of the year, divided by two

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Our business model



We create value by delivering integrated, intelligent solutions through our distinctive “1+3” model. The “1” represents our end-to-end logistics capability, allowing us to support our customers across their entire supply chain, from production, distribution to last-mile delivery. The “3” signifies our three solution pillars, tailored to optimize efficiency at each stage and empower businesses to transform their supply chain:

- Production logistics solutions — providing efficient services covering the supply flow from inbound logistics to finished goods storage in regional hubs;
- Omni-channel shared inventory and distribution solutions — managing “short-chain” distribution of finished goods from factories/regional hubs to shared inventory distribution centers, and right up to last-mile delivery; and
- Integrated last-mile delivery & installation solutions — providing nationwide integrated last-mile delivery and professional installation services to end consumers in a single visit.

To address growing demand for integrated supply chain management, driven by the manufacturing sector’s push for greater efficiency and agility across their supply chains to stay competitive, we break away from the traditional segmented and siloed approach to improve individual logistics segments by adopting an integrated approach to planning across production, distribution and last-mile delivery. From inbound logistics optimization, distribution network planning, intelligent warehouse operations, and to integrated last-mile delivery & installation, our supply chain design aims to optimize the supply chain as a single, cohesive system. Our digitalized services span line-haul transportation, warehousing and inventory management, integrated last-mile delivery & installation, ensuring efficient supply chain fulfillment.

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Our technology

We continuously collect real-time supply chain data, building a data foundation that enables actionable operational insights into supply chain dynamics. This in turn empowers our customers to make more accurate decisions. Our digital platform, powered by proprietary algorithm-driven analytics, generates intelligent, data-based recommendations to enable agile, responsive, and efficient decision-making in real-world operations. As of December 31, 2025, we have accumulated vast supply chain data entries, spanning 21 industry sub-sectors.

Our self-developed Annto Link Traffic (ALT) (安得安鏈通), a modular and scalable intelligent supply chain platform, drives the digital and intelligent transformation of the entire logistics value chain. Powered by advanced algorithmic techniques, including experience-driven modelling, heuristics, and mathematical optimization, ALT delivers highly tailored solutions for our customers’ diverse and evolving needs in functional modules, including intelligent planning, intelligent scheduling, and intelligent fulfillment.

- Intelligent planning module: Focusing on strategic network design and inventory layout, this module helps optimize warehouse locations and determines the optimal inventory stocking strategies across the network (i.e., where to stock). It builds spatio-temporal network maps and uses intelligent network relationship optimization to strengthen the end-to-end supply chain structure. By categorizing products based on their attributes and analyzing demand patterns, it recommends optimized inventory stocking strategies across the warehouse network to meet fulfillment needs while boosting inventory turnover. We employ supply chain simulation technologies, enabling customers to test and evaluate solution performance in a digital environment.
- Intelligent scheduling module: Focusing on dynamic demand forecasting and replenishment timing (i.e., when and how much to restock), this module offers a suite of forecasting algorithm models to meet the varying sales prediction needs of products with different demand characteristics. By combining forecasted sales volumes, available inventory and in-transit inventory, it performs rolling optimization of replenishment plans to ensure agile and responsive restocking.
- Intelligent fulfillment module: Focusing on operational execution (i.e., how to deliver), through intelligent order consolidation and dispatch, warehouse picking optimization, scheduling algorithms for vehicle dispatch, route planning and geographic information analysis.

Our evolution

Empowering Midea Group’s supply chain transformation

Over the past decade, we have played a key role in Midea Group’s operational transformation, supporting its supply chain logistics initiatives, while steadily building our capabilities in supply chain operations, digital and intelligent technologies, and industry-specific insights. This journey has led to the development of scalable and replicable supply chain logistics capabilities.

During the production stage, we enable end-to-end supply chain visibility and provide integrated inbound logistics solutions centered on a vendor-managed inventory (VMI) warehouse model. By considering supplier distribution, logistics characteristics, production models and freight volumes, we tailor solutions to enhance component supply efficiency and alignment with production demand, and provide manufacturing support services that improve warehousing, transportation efficiency, and

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sustainability. In the finished goods distribution stage, we supported Midea Group in modernizing its traditional multi-tier distributor approach by implementing an omni-channel shared inventory model, which streamlined distribution, enabled inventory sharing across channels, and aligned stocking with real-time consumer demand, thereby reducing inventory levels and accelerating turnover.

As a result of our solutions, Midea Group’s residential air-conditioning division recorded sustained and notable improvements in key operating metrics domestically. From 2015 to 2021, the division’s warehouse floor area reduced by 45%, and annual inventory turnover increased by 15%. From 2021 to 2025, the proportion of direct shipments from production lines of the division for residential air conditioners increased by 40%, which reduced transit time and logistics costs and improved order fulfillment efficiency for customers.

Scaling across industries

Since 2019, in response to growing demand for more sophisticated supply chain management, we began evolving from an internal logistics unit into a full-service supply chain logistics solutions provider. We extended our capabilities to serve external customers, rapidly scaling our solutions across multiple industries and accumulating industry-specific expertise.

Our solutions have been successfully applied across multiple verticals, including home appliances and home furnishings, FMCG, such as personal care, beverages and alcohol, and new energy, establishing strong collaborations with major industry leaders such as Hsu Fu Chi, Tsingtao Brewery, Dongfeng Motor Corporation and SANY Group. Notably, the number of key customers, those who used our integrated supply chain logistics solutions and contributed more than RMB30.0 million in annual revenue, grew from 64 in 2023 to 80 in 2024, and declined to 71 in 2025, reflecting the Company’s strategic optimization of its customer mix. While Midea Group remains our largest customer, our solutions now serve a broad and growing base of external industry leaders. See “— Sales and Marketing — Our customers — Major customers.”

From China to the world

As Midea Group continues to expand its global production footprint, we plan to replicate our “1+3” model overseas in the future as part of our business strategy, addressing disconnect between local logistics and production planning, information silos, and limited visibility in fulfillment processes. By leveraging Midea Group’s global presence and our advanced production logistics solutions, we aim to empower overseas factories, enhancing efficiency, improving quality, and accelerating inventory turnover. Looking ahead, we are committed to building a globally integrated, end-to-end supply chain service network that connects domestic operations, cross-border trunk lines, and local overseas logistics businesses, delivering coordinated, high-efficiency support across the entire value chain. As of December 31, 2025, we have deployed local teams and established companies in Indonesia, Vietnam and Egypt, with our expansion into Thailand underway.

Our achievements

We have achieved multiple breakthroughs in supply chain optimization. For example, for Tsingtao Brewery, we provided omni-channel inventory and distribution services and operated shared inventory distribution centers. By extending upstream services to offer integrated line-haul transportation, warehousing and distribution services, we achieved end-to-end F2B (factory-to-business) supply chain integration. Downstream, we supported Tsingtao Brewery’s model of “separating business transactions from the logistics fulfillment”, thereby empowering its distributors. In one region, for instance, we consolidated the in-warehouse operations of 93 distributors for Tsingtao Brewery and established two

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shared inventory distribution centers, which led to a 98% reduction in the number of logistics warehouses in that area, a 15% decrease in end-to-end logistics costs, a 50% decrease in delivery time and a 30% improvement in product shelf life.

Additionally, we have established a deep partnership with China Feihe, a major infant formula brand, providing customized omni-channel supply chain services covering both online and offline channels. Leveraging our self-owned transportation network and intelligent scheduling system, the delivery time of Feihe’s products has decreased by 5%. In addition, through enhanced labor management and flexible allocation of end-to-end resources across the supply chain, we are able to offer Feihe scalable services with operational capacity up to three times Feihe’s normal daily product volume.

Furthermore, through our solutions, we have also built a robust platform that connects over 3,000 brands with millions of retail touchpoints as of December 31, 2025, empowering customers to achieve dual growth through precise market penetration and high-quality channel matchmaking.

We have served 37 China’s Industry-Leading Enterprise 2024 (中國產業領軍企業) as of December 31, 2025. Furthermore, as of December 31, 2025, we have engaged with over 17,000 enterprise customers, and accumulated insights from vast supply chain data, and our solutions and services cover 21 vertical industries across the home appliance, FMCG, and automotive and auto parts sectors.

We have established a nationwide service network capable of supporting omni-channel, multi-industry distribution, both online and offline. As of December 31, 2025, we operated over 3,700 active delivery and installation service outlets nationwide. As of the same date, our deployable fleet capacity exceeded 500,000 vehicles, and we managed over 730,000 established transportation routes. Our last-mile delivery network covered 100% of townships across China, providing a robust foundation for supply chain fulfillment at national scale.

Awards and recognitions

Demonstrating our standing in China’s logistics industry, we have been recognized for four consecutive years since 2022 by the China Federation of Logistics & Purchasing (CFLP) as a “Top 50 Chinese Logistics Enterprise,” and have received multiple certifications as a “5A Logistics Enterprise.” Our solutions and technologies have garnered numerous accolades. We have been awarded the “First Prize of the Science and Technology Progress Award” by CFLP for three consecutive years since 2023. In 2024, our innovative omni-channel shared inventory model was recognized by the CFLP as one of the “First Batch of Typical Cases in Reducing Overall Social Logistics Costs.” Our “Digital Solutions for Lighthouse Factories” was recognized as an “2024 Outstanding Case in Digital Transformation/Application for Logistics and Supply Chain Enterprises” by the CFLP. Additionally, in 2025, our “Integrated Intelligent Supply Chain Solution Platform Construction and Application” was selected as a “Logistics Technology Innovation Case for 2025” by CFLP.

Market opportunities

Driven by demand for greater efficiency across production, distribution, and last-mile delivery, the penetration of integrated supply chain logistics solutions in China continues to deepen, creating significant growth opportunities for the sector. According to CIC, the market size for integrated supply chain logistics solutions in China is expected to grow from RMB3,636.6 billion in 2026 to RMB4,997.2 billion by 2030, representing a CAGR of 8.3%. Demand for integrated supply chain solutions, capable

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of providing efficient support across production logistics, distribution and integrated last-mile delivery & installation services, in the home appliance sector remains robust, with the market expected to expand from RMB45.3 billion in 2025 to RMB60.6 billion by 2030.

The FMCG sector has experienced growing demand for integrated supply chain logistics solutions that streamline supply chain structures and reduce redundant distribution layers. The market size for integrated supply chain logistics solutions in this sector is expected to reach approximately RMB873.7 billion by 2030 from RMB621.4 billion in 2026, representing a CAGR of 8.9%. The fast-moving nature of the sector renders it particularly sensitive to inventory turnover, where integrated supply chain logistics solutions can provide significant value.

Additionally, the market for integrated supply chain logistics solutions in the home furnishings sector grew from RMB41.2 billion in 2020 to RMB69.7 billion in 2025, with a CAGR of 11.1%, and is further projected to grow from RMB74.8 billion in 2026 to RMB96.6 billion in 2030, with a CAGR of 6.6%. In China, consumers are increasingly seeking integrated home design solutions that combine both home appliances and home furnishings services. This trend drives demand growth for supply chain logistics solutions providers that are capable of managing the delivery and installation of both product categories. As the largest integrated supply chain logistics solutions provider for the home appliance industry in China, we believe we are well positioned to capture this cross-sector growth opportunity.

The automotive and auto parts sector is currently the largest market segment for integrated supply chain logistics solutions, driven by the increasing demand for delivery and installation services for new energy vehicle charging stations. According to CIC, the market size for integrated supply chain logistics solutions in this sector reached approximately RMB672.3 billion in 2025. As the supply chain and consumer demand in this sector continue to evolve, there is increasing demand for flexible production, distribution and after-sales services. The market size of integrated supply chain solutions in this sector is projected to grow further at a CAGR of 9.1% from 2026 to 2030 reaching RMB1,047.1 billion by 2030. Notably, new energy vehicle manufacturers typically prefer to partner with supply chain solution providers to optimize channel management and enhance end customer satisfaction. We have formed long-term collaborative relationships with major automakers such as Dongfeng Motor Corporation. Looking ahead, we will continue to expand our presence in the automotive and auto parts supply chain market.

Amid the growing trend of Chinese enterprises expanding overseas, a large number of manufacturing companies are exploring opportunities to export both products and production capacity. Compared to domestic logistics, cross-border logistics involves significantly more complexity, requiring the integration of multi-regional and multi-modal logistics resources. With our deep integration with customers, as well as inherent advantages in information sharing, collaborative planning, and system interoperability, we plan to replicate advanced domestic supply chain technologies and practices abroad in the future as part of our business strategy — delivering high-quality, tailored supply chain logistics solutions to our customers overseas.

Our financial performance

We have achieved significant growth and demonstrated robust profitability during the Track Record Period. In 2023, 2024 and 2025, we recorded revenue of RMB16.2 billion, RMB18.7 billion and RMB21.5 billion, respectively, representing a CAGR of 15.0%. Our net profit was RMB288.0 million, RMB380.3 million and RMB449.4 million in 2023, 2024 and 2025, respectively, with a CAGR of 24.9%, primarily driven by the continued expansion of our integrated supply chain logistics solutions. Our adjusted EBITDA (non-IFRS measure) for 2023, 2024 and 2025 was RMB1,113.8 million, RMB1,266.6 million and RMB1,519.4 million, respectively, with a CAGR of 16.8%.

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OUR STRENGTHS

Deep expertise in serving industry leaders and strong integrated supply chain logistics capabilities

With over a decade of experience supporting Midea Group’s operational transformation, we have built a scalable and replicable model of integrated supply chain logistics solutions. Midea Group’s strong influence across its industry allows us to engage with extensive logistics demands across upstream and downstream players in manufacturing and distribution and has equipped us with deep industry-specific expertise and operational know-how.

In 2019, we began offering intelligent, end-to-end supply chain logistics model to external customers. Drawing on our vast experience, we now provide tailored solutions to enterprise customers across a range of sectors, including home appliance and home furnishings, FMCG (such as personal care, beverages, and alcohol), automotive and auto parts, as well as new energy (photovoltaic products), helping to drive supply chain transformation across industries. Our customer base for integrated supply chain logistics grew from over 3,000 as of December 31, 2023, to over 13,000 customers as of December 31, 2025.

Through our integrated solutions, we have continued to deepen strategic partnerships with industry leaders, especially in the home appliances and home furnishings and FMCG sectors. By addressing key challenges across the supply chain, from production and distribution to last-mile delivery, we have positioned ourselves as a long-term strategic partner, enabling our customers’ sustainable growth.

Recognized integrated supply chain logistics solutions provider in China

We offer intelligent, end-to-end integrated supply chain logistics solutions. According to CIC:

- we are a recognized integrated supply chain logistics solutions provider in China in terms of revenue in 2025;
- we are the largest integrated supply chain logistics solutions provider for the home appliance industry in China, in terms of revenue in 2025;
- we ranked first in revenue from production logistics solutions in 2025 among comprehensive integrated supply chain logistics solutions providers in China; and
- we are the third largest integrated supply chain logistics solutions providers for the FMCG industry in China in terms of revenue in 2025. The number of our FMCG customers that utilized our integrated supply chain logistics solutions and contributed annual revenue of over RMB10.0 million each increased from 70 in 2023 to 114 in 2025.

Unique “1+3” supply chain logistics model, creating value across customers’ end-to-end supply chains

Drawing on our extensive experience serving Midea Group, we have developed a unique “1+3” model to deliver integrated, end-to-end supply chain logistics solutions.

Production logistics solutions

Our production logistics solutions offer end-to-end services encompassing every stage from inbound logistics to the preparation of finished goods. Incubated by Midea Group, we have developed an understanding of the evolving landscape and challenges faced by China’s manufacturing sector. Leveraging our insights into the unique requirements of production logistics in the manufacturing

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sector, we offer lean production logistics solutions that closely align inventory planning with manufacturers’ production schedules to support lean manufacturing. Building on this foundation, we have developed a replicable and deployable digital supply chain solution for lighthouse factories. Our solutions are built on a high-efficiency operational foundation and a smart decision-making system powered by our ALT platform, enabling efficient coordination across supply, production and distribution.

As of December 31, 2025, we have supported over 1,500 enterprises in achieving agile supply chain transformation. For example, we commenced providing production logistics solutions in 2021 at two of Midea Group’s lighthouse factories, namely a washing machine plant in Hefei and a heating, ventilation and air conditioning (HVAC) plant in Chongqing. At the washing machine plant in Hefei, the component kitting completion rate increased by 10%, the inspection pass rate increased by 15%, inventory turnover days decreased by 19%, the warehouse utilization rate increased by 74%, production capacity increased by 21% and labor costs decreased by 10.3%; At the HVAC plant in Chongqing, obsolete inventory decreased by 27% and supplier-caused downtime decreased by 37%.

We have developed standardised lean production logistics solutions tailored to the unique characteristics of production logistics, covering nine core application scenarios, such as VMI services and in-production logistics. For example, we commenced VMI services for SANY Group in May 2023 at a newly leased warehouse. The kit completion rate increased by 10%, on-time delivery rate has improved by 20%, in-plant storage area has been optimized by 30%, and labor costs have decreased by 10%. Additionally, we began pre-assembly services as part of in-production logistics for Hisense in February 2025, which has resulted in a 3% reduction in labor costs and a 60% decrease in downtime within four months.

Omni-channel shared inventory and distribution solutions

Our solutions help businesses address the challenges faced by traditional sales models that rely on multi-tiered distributor inventory, such as capital inefficiency, limited inventory visibility, slow turnover and delayed responsiveness to consumer demand, especially in the face of increasingly fragmented orders and diversified sales channels. We simplify the complex, multi-step in-and-out warehouse handling process, often involving layered manufacturer and distributor warehouses, into a single step. This simplified model shortens the distribution chain from product origin to end customers, which we refer to as “short-chain” distribution. Our omni-channel shared inventory model manages inventory across all channels under a shared, centralized model. Furthermore, our solutions facilitate our customers’ strategic transition in distribution from a production-driven to a demand-driven approach and lay the foundation for advanced, data-driven inventory management across their distribution networks.

By way of illustration, in our engagements with Midea Group, we designed warehouse network layouts for the residential air-conditioning division and the washing machines division based on the locations of their respective plants in China and the distribution patterns of their respective orders to manage pooled inventory. We optimized the respective networks for delivery speed and cost efficiency. As a result, from 2015 to 2021, warehouse floor area in China decreased by 45% for the residential air-conditioning division and by 50% for the washing machines division.

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Integrated last-mile delivery & installation

We operate a nationwide delivery and installation network comprising over 3,700 active delivery and installation service outlets and a team of over 73,000 experienced drivers and technicians as of December 31, 2025. Empowered by our algorithm-assisted dispatching system and user-friendly mobile devices, we deliver an integrated last-mile service & installation experience, ensuring comprehensive coverage across the country.

In our last-mile operations, the closest point of interaction with end consumers, we uphold our “All Good in One Try” commitment to ensure efficient, accurate, and reliable service on the first attempt. By digitally modeling real-world delivery and installation scenarios, we proactively anticipate complexity, minimizing failed deliveries and repeat visits.

Full-stack technology infrastructure, empowering end-to-end supply chain digital intelligence transformation

Our “1+3” model serves over 13,000 customers across diverse industries, including home appliances and home furnishings, FMCG and new energy. By digitizing key production elements along the supply chain, such as personnel, vehicles, goods, facilities and routes, we connect critical nodes along the supply chain, eliminate information silos and transform fragmented data streams into a multi-scenario, cross-industry data infrastructure that spans the entire supply chain, from manufacturing to last-mile delivery.

Through the integration of artificial intelligence and IoT (AIoT) smart hardware, including vehicle sensors, smart warehouse devices, and RFID systems, we have established an intelligent sensing network capable of collecting data and providing precise data support to each link of the supply chain. This data is processed through our core digital systems (OMS, TMS, WMS and big data platform) on our intelligent supply chain platform. Enriched with industry-specific tags developed in-house, offering a level of usability and relevance that sets our data capabilities apart, these structured datasets form a multi-dimensional data backbone, enabling data-driven insights across a wide range of industry scenarios.

Building on this robust data foundation, we embed advanced algorithmic techniques throughout the entire supply chain. These capabilities are encapsulated in our proprietary ALT platform, which offers three core functional modules: intelligent planning, intelligent scheduling and intelligent fulfillment. Together, they enable modular algorithm customization tailored to specific customer needs and supply chain stages. Key application scenarios include warehouse siting and network design, inventory distribution and optimization, demand forecasting and replenishment strategies, as well as intelligent route planning, driving significant operational efficiency across the value chain.

In urban delivery, where we distribute goods to retail touchpoints, we apply big data algorithms to optimize delivery operations under a variety of constraints, such as loading volume, number of delivery points, transportation distance, as well as real-time traffic information enhancing transportation efficiency and on-time performance. When facing fragmented, high-frequency order patterns, our dispatching system leverages real-time data from OMS, TMS and other systems on our intelligent supply chain platform to predict demand across geographic regions and end customers.

In warehousing, we combine intelligent sensing hardware with our WMS to track and monitor data across the entire storage lifecycle, from inbound receiving, storage to outbound dispatch. We optimize key warehousing functions such as shelving strategy and path planning and intelligent inventory forecasting and management. Additionally, we integrate AGVs, robots, automated loading/unloading systems, and smart sorting equipment to build autonomous, intelligent warehouse

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operations. These technologies significantly enhance efficiency across all warehousing and fulfillment stages, including inbound logistics, warehousing, line-haul transportation, distribution and last-mile delivery and installation.

Nationwide infrastructure, supporting an interconnected, green logistics network

We are committed to building a deeply interconnected logistics infrastructure that extends into China’s township and rural markets. By integrating warehousing resources with an extensive transportation network, we have established a comprehensive logistics network that enables efficient distribution and last-mile delivery & installation across the country.

- Warehousing: As of December 31, 2025, we have established a nationwide network of VMI warehouses, regional hubs, and shared inventory distribution centers, with a total warehousing footprint exceeding 11.0 million square meters across 140 cities in China.
- Transportation: As of December 31, 2025, our transportation capabilities are supported by a fleet of over 500,000 deployable vehicle capacity and more than 730,000 established transportation routes. This enables our supply chain logistics solutions to reach 31 provinces, autonomous regions and municipalities, including over 2,800 districts and counties and over 39,000 towns, forming a nationwide transportation network.
- Integrated last-mile delivery & installation: As of December 31, 2025, leveraging over 3,700 active localized delivery and installation service outlets and a team of more than 73,000 experienced drivers and technicians, our integrated last-mile delivery & installation solutions have achieved coverage across 100% of China’s townships. Our capabilities extend to village-level delivery and installation, offering integrated fulfillment services to a broad consumer base.

Veteran leadership team with proven execution capabilities, supported by a deep talent pool

Our company is led by a seasoned management team with proven execution capabilities. On average, our core leadership members bring over 20 years of industry experience, with backgrounds spanning supply chain planning, enterprise management, logistics operations, and information technology.

At the helm is our Chairman, Mr. Liang Pengfei, who brings more than two decades of leadership experience from Midea Group, where he played a pivotal role in advancing transformative supply chain strategies across multiple business units. With a well-rounded foundation in marketing, lean manufacturing, supply chain management, human resources, and corporate operations, Mr. Liang embodies the entrepreneurial drive and operational excellence that reflect the Midea Group heritage. Our broader executive team includes leaders with senior-level experience at top logistics and supply chain enterprises, combining deep operational knowledge with a forward-looking mindset focused on the application of advanced digital technologies and global best practices.

We believe that talent is our most valuable asset. To support this belief, we have built a comprehensive talent development framework, including structured career progression paths, performance-driven incentive systems, and a company-wide culture that nurtures growth and encourages continuous improvement. The diverse, cross-disciplinary expertise of our workforce is a core driver of technological development and business model evolution, enabling us to stay strategically agile and operationally resilient in today’s dynamic market environment.

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OUR STRATEGIES

Expand vertically by addressing supply chain demands around industry leaders while penetrating horizontally into more industry verticals

We are committed to addressing the end-to-end logistics needs of industry leaders while extending our services to their upstream and downstream partners. Our focus remains on delivering comprehensive, high-value supply chain solutions that help optimize inventory, improve logistics efficiency, and enhance service quality.

As we build long-term partnerships with industry leaders, we also tap into their influence across the value chain: upstream, we will support component manufacturers with flexible, responsive supply chain solutions; and downstream, we will serve distributors and retailers with end-to-end solutions, from product display recommendations to warehousing and fulfillment. By fully leveraging the central role of industry leaders in their ecosystems, we will drive customer base expansion, deepen collaboration, and increase customer stickiness.

Building on our success in these sectors, we are replicating our model across other verticals such as automotive and auto parts, as well as new energy (photovoltaic products) sectors. In addition, we intend to deepen our solutions’ presence in sub-sectors within verticals where we have already achieved proven success, such as the food and beverage and personal care segments within the FMCG sector.

Capture opportunities for overseas supply chain expansion, supporting Midea Group’s growing global footprint and strengthening overseas supply chains

As China’s domestic market matures, emerging overseas markets are unlocking new growth opportunities for China’s manufacturing sector. In response, China’s industry leaders are placing greater emphasis on comprehensive, end-to-end global supply chain solutions to support their global expansion. To meet this growing demand and expand our global logistics capabilities, we are pursuing a phased international strategy that carefully balances an asset-light approach with strategic investments in critical infrastructure.

For phase one, we will deploy an overseas local team and implement Knocked Down Export around our two hubs — the distribution hub in China and the overseas local assembly and distribution center, which allows us to advance the complex processes of parts planning, kitting, and quality control to domestic. Specifically, we will establish VMI warehouses overseas and deploy local teams to support initial cross-border operations.

For phase two, we will invest in the automation of warehouses to match the level of production automation. We will also invest in strategic, high-barrier resources such as self-owned warehouses abroad, tailored to the needs of the industrial value chain, thereby expanding our global logistics capacity. Ultimately, we will provide integrated, end-to-end outbound supply chain logistics solutions, covering pickup, customs declaration, line-haul transportation, clearance, deconsolidation, and final delivery, enabling international fulfillment for our clients.

We will also continue to leverage our strategic partnership with Midea Group to support its growing global footprint. As Midea Group continues to expand its overseas manufacturing bases and R&D centers, we will progressively develop an integrated global supply chain network that connects domestic and international nodes. This foundation will allow us to build localized service capabilities tailored to regional markets.

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Advance end-to-end digitalization through digital and intelligent technologies

We will continue to invest in digital and intelligent technologies, driving end-to-end digitalization and intelligence upgrades across the supply chain to comprehensively enhance business efficiency and competitiveness. Our strategy centers on building three core technological capabilities.

- Further enhancing the capability to empower industrial chain with AI tools: Drawing on deep insights into distribution channels and end-consumer behavior, we will build dynamic customer profiles and apply algorithmic models to improve demand forecasting accuracy. On the supply side, we will employ a combination of traditional mathematical modeling and machine learning algorithms to conduct in-depth analysis of supply chain data, supporting intelligent load scheduling, warehouse network optimization, and route planning. At the operational level, we will utilize AI and algorithms to consolidate shipment flows, identify latent logistics demand, and empower the broader logistics ecosystem through our intelligent digital platform.
- Optimizing end-to-end global perspective capability: Through AI-driven multi-dimensional dynamic balancing algorithms, we will help brand owners break information silos across multi-layered distribution networks and optimize fulfillment efficiency in logistics. Meanwhile, we will build an efficient collaborative ecosystem among channels and suppliers, enabling brand owners to enhance consumer engagement through visualized and highly efficient end-to-end logistics. Centering on industrial chain demand, we will leverage big data insights to achieve human-goods matching, data-driven warehouse network layout and inventory management, providing brand owners with optimal fulfillment solutions, cost structure optimization and upgraded service experiences.
- AI-driven intelligent decision-making and execution: In the future, relying on our rich and diverse scenario information and large-scale, high quality, and wide-ranging data accumulation, we aim to transform our operational model from “human-driven AI tool usage” to “AI-driven intelligent decision-making and execution”, further strengthening our intelligent management of supply chain links including inventory and warehousing, transportation and integrated delivery and installation, as well as continuously improving operational efficiency.

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OUR SERVICE OFFERINGS

Overview

We mainly provide supply chain logistics solutions. The following table sets forth our revenue breakdown by our main service category for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(in thousands, except for percentages)</i>					
Integrated supply chain logistics solutions						
Production logistics	1,563,151	9.6	1,997,496	10.7	2,779,989	13.0
Omni-channel shared inventory and distribution	10,653,931	65.7	12,052,774	64.6	12,992,249	60.5
Integrated last-mile delivery & installation.	1,880,999	11.6	2,292,403	12.3	2,757,887	12.9
Subtotal	14,098,081	86.9	16,342,673	87.6	18,530,125	86.4
Basic logistics services	2,125,951	13.1	2,320,667	12.4	2,921,779	13.6
Total.	16,224,032	100.0	18,663,340	100.0	21,451,904	100.0

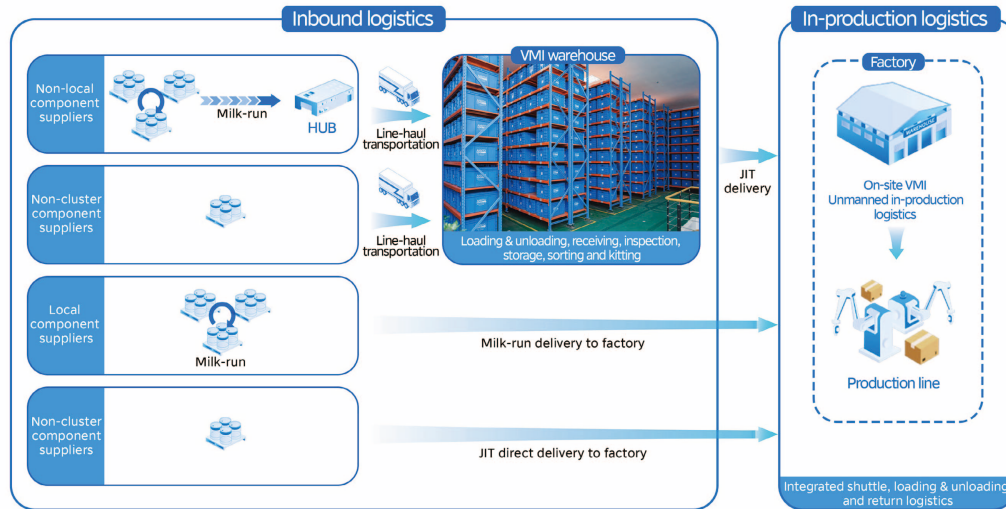
Integrated supply chain logistics solutions

We provide digitalized, integrated, end-to-end logistics solutions across our customers’ entire supply chain, from inbound logistics and finished goods storage in regional hubs, finished goods distribution, to integrated last-mile delivery & installation services, with deep vertical expertise in home appliances and home furnishings, FMCG, new energy, as well as automotive and parts industries.

Production logistics solutions

Leveraging our deep expertise in the manufacturing sector, our proven capabilities in serving lighthouse factories, we have developed standardized production logistics solutions tailored to the unique characteristics of production logistics, supporting upstream manufacturing activities and covering nine core application scenarios, including: (i) VMI warehouses, (ii) in-production logistics, (iii) packaging solutions and automation, (iv) milk-run logistics, (v) HUB warehouses, (vi) CDCs for intermediate products, (vii) lean manufacturing, (viii) digitalization, and (ix) industrial parks. The following chart illustrates our services.

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As consumer demand increasingly shifts toward personalization and enhanced experiences, markets have evolved to become experience- and value-driven, requiring cost-effective products, faster product iterations, and accelerated time-to-market.

This requires not only higher production efficiency, but also more responsive and efficient supply chain operations. Unlike distribution logistics, production logistics involves more precise planning and execution, stronger digital coordination across multi-tier supplier networks, more complex inbound logistics from geographically dispersed suppliers, and just-in-time delivery to production lines and workstations to support lean manufacturing.

Traditional production supply chain management is often not equipped to meet these demands and may result in inefficiencies such as excess inventory, misalignment between production planning and logistics responsiveness, and limited supply chain visibility. To address the foregoing challenges and inefficiencies, we design a customized, digitalized supply chain for each customer, factoring in the geographic locations of the customer’s factories and warehouses, component suppliers and their distribution hubs, as well as the customer’s production schedules. Our planning process encompasses multiple dimensions, including logistics digital systems, routes, warehouse space and infrastructure, transportation equipment, handling equipment, and product packaging solutions, all of which are continuously optimized as part of our design process to enhance performance.

Our designs help minimize inventory levels of components and finished goods across the entire production cycle. For example, in inbound logistics, we tailor our approach to the geographic distribution of component suppliers. For clustered suppliers in other regions, we typically consolidate parts through milk runs at a regional hub, or a HUB warehouse, route them to a VMI warehouse and then deliver them to the production plant using a JIT model. For dispersed suppliers, we either deliver components directly to the customer’s factory using JIT or route them through a VMI warehouse, followed by final JIT delivery. For local suppliers, components collected through milk runs are either delivered directly to the factory or temporarily stored in the VMI warehouse based on production schedules and inventory levels.

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VMI warehouses

We provide inbound logistics services centered on a VMI warehouse model, which combines milk run logistics and JIT/JIS fulfillment models with VMI warehouse management, optimizing inventory levels to better match production demand. Under this model, instead of manufacturers holding large stockpiles of components, our intelligent platforms enable suppliers to manage and replenish inventory stored at our warehouses located at or near the manufacturers’ production sites based on real-time consumption data, since our VMI warehouse model allows for more proactive and coordinated supply chain planning and more closely and responsively aligns inventory level with actual demand.

Under this model, we operate dedicated VMI warehouses positioned closer to the point of use that hold optimally balanced level of components inventory. Our proprietary VMI WMS provides a streamlined, digitized process for suppliers to plan, dispatch and replenish component inventory to our VMI warehouses based on consumption data and pre-defined restocking rules, enhancing their planning accuracy in synchrony with factory demands. Supplier portal on this WMS shares real-time production schedules with component suppliers, giving them earlier visibility into factory production plans and longer lead times to respond to demand fluctuations, which enables suppliers to align their production schedules and shipment plans more effectively with factory demand dynamics. Replenishment decisions are driven by usage patterns, consumption trends, and predefined restocking strategies.

Within the VMI warehouses, Our core service offerings include in-production logistics spanning in-factory warehousing, line-side delivery and container management, as well as milk-run logistics, HUB warehouse consolidation, CDC services for intermediate products and reusable standardised packaging solutions. We also provide lean manufacturing enablement services structured around five transformation phases from foundational improvements through to process optimization, alongside one-stop digital solutions supporting rapid deployment and integration into customer operations. In addition, we support manufacturers in developing integrated industrial park logistics solutions that combine these capabilities to drive overall supply chain efficiency and cost reduction. These enable the direct delivery of complete, assembly-ready component sets to factories, streamlining in-factory operations, freeing up line-side floor space, reducing line-side inventory and in-plant material movements, supporting quicker changeovers and higher line utilization, and reducing lead times.

Omni-channel shared inventory and distribution solutions

We empower customers to manage their distribution supply chains with greater efficiency, from the delivery of finished goods from factories/regional hubs to shared inventory distribution centers, right up to last-mile delivery, through omni-channel shared inventory across online and offline channels, which involves the midstream inventory distribution logistics functions.

Our solutions address the challenges of the traditional distribution model where finished goods physically move through each layer of manufacturer and distributor warehouses with an omni-channel shared inventory approach, enabling “short-chain” distribution. By integrating warehousing, coordinated distribution and real-time visibility, stocking is better aligned with consumer demand, leading to optimized inventory levels, increased inventory turnover, shorter delivery distance and time and reduced loss and waste. More importantly, an omni-channel shared inventory model establishes the foundation for advanced distribution capabilities, such as predictive analytics for demand forecasting and automated replenishment systems, ultimately enhancing supply chain agility and market responsiveness.

Our solutions are delivered in three parts: supply chain design, digitalization and operational services, and line-haul services, all customized to our customers’ specific needs to ensure a more agile, responsive and cost-effective distribution supply chain.

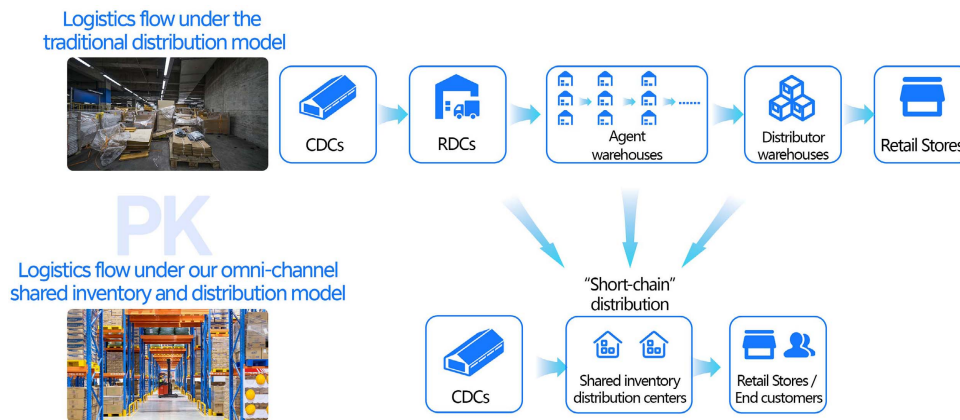
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Supply chain design

Traditional distribution networks typically consist of multiple layers and finished goods must be warehoused and transported more than twice before arriving at retail stores or e-commerce fulfillment centers, leading to increased handling costs and longer lead times.

Our approach aims to streamline this process by establishing an omni-channel shared inventory system between factories/their regional hubs and retail stores/e-commerce fulfillment centers, reducing intermediate warehousing and transportation to a single handling step. This approach shortens the distribution chain from product origin to end customers, which we refer to as “short-chain” distribution. We implement the omni-channel shared inventory model through three progressive phases: physical inventory pooling, online and offline inventory synchronization, and ultimately, the creation of an omni-channel shared inventory system.

The following chart illustrates our shared inventory model.



Warehouse network optimization

We achieve physical inventory pooling, the first stage of shared inventory management, through warehouse network optimization. By analyzing consumer order patterns and transportation requirements, we help customers plan the type, function, size, location, and service radius of warehouses, such as their CDCs, RDCs and FDCs. Generally, CDCs serve as national or major regional inventory hubs primarily responsible for centralized storage, management, and bulk replenishment to lower-tier distribution centers; RDCs cover a specific geographic area, receiving bulk goods from CDCs, managing large-scale inventory storage, and performing efficient sorting and redistribution to multiple FDCs or their key account customers within that region; and FDCs are warehousing nodes closest to end consumers and retail stores, holding high-turnover or time-sensitive inventory to provide rapid response to local order demands and enable efficient last-mile delivery.

We then optimize our customers’ existing network configuration and integrate inventory across downstream distributors, consolidating storage space, minimizing handling frequency, and reducing logistics costs. After designing an optimised warehouse network for each customer, we provide warehouse resources and management services under two models: (i) the facility matching model, under which we allocate suitable facilities within our warehouse network, and (ii) the facility management model, under which we manage customers’ existing warehouse facilities and integrate them into our operational network. Under both models, brand-owned and distributor-operated warehouses are managed in an integrated manner, with inventory pooled across such facilities.

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Omni-channel shared inventory

To address the challenges faced by traditional sales models that rely on multi-tiered distributor inventory, such as capital inefficiency, limited inventory visibility, slow turnover and delayed responsiveness to consumer demand, we help customers achieve online/offline inventory synchronization and omni-channel shared inventory.

Drawing on data insights into SKU-level sales data, demand frequency and replenishment cycles, we help our customers consolidate previously fragmented inventories across all distribution tiers, enabling centralized inventory management, inventory sharing, unified allocation and real-time visibility. Customers are able to meet market demand with lower safety stock requirements, faster inventory turnover, and improved inventory efficiency, synchronizing online/offline inventory.

Building on this foundation, we further assist customers in establishing a shared inventory system across all sales channels, including inventory stored in e-commerce platform fulfillment centers. We support the management of this shared inventory and enable the direct delivery of products to consumer touchpoints, such as retail stores, and to end consumers directly, leveraging our robust nationwide logistics network.

This omni-channel shared inventory model enables a strategic shift from a production-driven approach to a demand-driven model and establishes the foundation for advanced, data-driven distribution capabilities.

Digitalization

Our digital services focus on providing customers with real-time visibility across their fulfillment operations, while enabling data-driven decision-making to optimize performance. Our system integrates directly with our customers' to capture comprehensive product and order data, including specifications, quantities, weights, packaging details, transport distances, and distribution flows, delivering end-to-end traceability and operational transparency throughout the fulfillment process.

In addition, our proprietary ALT platform harnesses advanced algorithms and analytics, including sales forecasting, inventory placement, replenishment planning, intelligent transfer, and smart dispatching, to provide intelligent decision support. These capabilities significantly improve fulfillment efficiency and market responsiveness and strengthen alignment between supply chain operations and demand patterns.

Operational services

We provide integrated operational services that include warehouse management and line-haul services.

Warehouse management

We provide warehouse operations management and intelligent warehousing upgrade services, tailored to our customers' business models and operational requirements, and offer customers flexibility to either use our warehouse facilities or manage our customers' own facilities. Based on customized planning and design, we help our customers manage and optimize a three-tier warehouse network, comprising CDCs, RDCs and FDCs to support comprehensive inbound, outbound, and inventory management operations. Our operational optimization services includes:

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- Warehouse layout optimization: Adopting a three-tiered (ABC) inventory classification based on sales movement (such as “fast moving”, “average-moving” and “slow-moving” goods), functional zoning, and streamlined operational flow designs to improve warehouse space utilization and reduce handling frequency.
- Inventory management optimization: Implementing dynamic safety stock management, inventory pooling, and monitoring and problem-solving systems, ensuring enhanced accuracy, turnover efficiency, and visibility across all inventory.
- Human resources and equipment management: Improving productivity and stability of warehouse personnel and equipment through skills training, visualized operational guidelines, standardized equipment and tool databases, and incentivized performance management.
- Lean operations and continuous improvement: Deploying systematic performance monitoring, daily operational reviews, and lean management tools (such as energy consumption optimization) to continually reduce waste, enhance efficiency, and lower operating costs.

To further enhance supply chain efficiency, we deliver a wide range of in-warehouse value-added services, including barcode scanning, inkjet/roller coding, shelf-life management, returns and defective goods processing, and customized packaging. These are complemented by equipment provisioning and support. In addition, we help modernize our customers’ warehouse infrastructure through the deployment of automation technologies and digital services, enabling smarter, more scalable and efficient warehouse operations.

Line-haul services

We offer both full truckload (FTL) and less-than-truckload (LTL) services for line-haul transportation. Powered by our digital services, such as TMS module, our transportation services deliver high operational efficiency and real-time in-transit visibility. For LTL services in particular, we streamline routes and intermediate handling, through optimized transportation network between logistics hubs and deploy traceable and digitally managed processes to accommodate increasingly fragmented order profiles.

Integrated last-mile delivery & installation

With growing demand for one-stop fulfillment solutions, we provide customers with integrated last-mile delivery & installation services that address the downstream end of the supply, enhancing efficiency by combining delivery, installation and other after-sales services into a single visit.

Our dispatch algorithms are purpose-built and trained for urban distribution. By integrating real-world variables, such as product type, volume, delivery distance, and customer-specific requirements like order splitting and consolidation, our system intelligently matches these inputs with available transportation resources, including vehicle types, load capacities, and real-time navigation data. This enables automated, optimized route planning and vehicle assignment, delivering a more efficient, agile, and cost-effective urban distribution service.

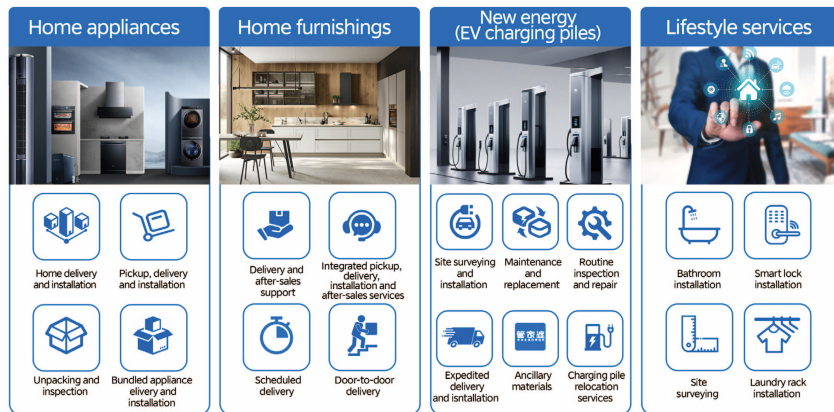
By connecting multiple systems and devices through data interfaces, we provide end-to-end visibility across the entire delivery and installation process from order processing and appointment scheduling to technician dispatch, consumer signoffs, and final installation. Our technicians are trained

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to deliver a range of services beyond installation, including repairs and site survey. This multi-skilled capability allows technicians to complete multiple services in a single visit, improving operational efficiency and enhancing the end-consumer experience.

Our algorithm-assisted technician management system intelligently matches the right delivery & installation technicians to each task, while an easy-to-use CSP mobile app enables technicians to manage their assignments on their smart phones at every stage. This efficient coordination, combined with our operational expertise, ensures accuracy, timeliness, and both customer and end-consumer satisfaction throughout the process. We successfully fulfilled 19.0 million, 25.6 million and 27.2 million delivery and installation orders in 2023, 2024 and 2025, respectively. Furthermore, according to the end-consumer feedback surveys we collected between January 1, 2025, and December 31, 2025, 97.7% of responding end consumers awarded our services a five-star rating. As of December 31, 2025, we collaborate with over 73,000 experienced drivers and technicians, of whom over 57,000 are capable of providing multiple service types for a wide array of home appliances and home furnishings.

Our integrated services are currently focused on home appliances and home furnishings, where consumer expectations for convenience and speed are higher than ever. As consumer demands evolve, we are continuously expanding into new categories, now also supporting the delivery and installation of complex products such as NEV charging stations and photovoltaic systems. The following charts illustrate our integrated last-mile delivery & installation services.



Global Logistics Solution

We are expanding our integrated supply chain solutions to serve the international market. Through our Global Logistics Solution (GLS), we provide comprehensive, end-to-end solutions that span the entire supply chain from initial customer demand to final billing and settlement. Our integrated workflow covers every critical touchpoint, including order placement, warehousing, trunk transportation, customs clearance, and overseas warehouse management.

Leveraging a robust digital infrastructure, GLS addresses traditional cross-border bottlenecks and offers enhanced visibility through integrated management, real-time data accessibility, and open APIs. Powered by our AI capabilities, we efficiently manage multimodal transport scheduling and incorporate advanced functionalities such as route optimization, capacity matching, and arrival time prediction. By connecting various ecosystem participants, including shippers, freight forwarders, and customs brokers, we promote efficient resource coordination and optimal allocation, providing robust supply chain support for our customers engaged in international trade.

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Customer: Homa Appliances

We developed and delivered a tailored cross-border logistics solution for Homa Electrical Appliances for its freezer manufacturing facility in Thailand. Our solution combined local cargo consolidation, coordinated land and sea transportation and advance customs clearance to help the client navigate the complexities of overseas investment, keep logistics costs in check and maintain reliable control over delivery timelines. Under our end-to-end management, the inaugural equipment shipment from Homa’s South China facility to the Thailand facility was completed within a total door-to-door cycle of ten days. This highlights our ability to manage complicated cross-border equipment logistics at scale and reflects our ability as a trusted supply chain partner for manufacturers with international growth ambitions.

Customer: EcoFlow

Since 2025, we have provided EcoFlow with door-to-door international logistics services and have worked closely with them on production and sales coordination as well as broader supply chain optimization. We actively participated in the planning and build-out of EcoFlow’s European warehouse network, exploring a centralized warehousing model designed to serve the Pan-European market from a single hub and to establish an efficient and resilient regional distribution network. In parallel, we are evaluating a range of trunk transportation routes connecting Shenzhen to Europe, including sea-rail, rail-air and road-rail combinations, with a goal of developing multiple options that would meaningfully reduce EcoFlow’s overall international logistics costs.

Industry-specific solutions

We create the greatest value by delivering integrated supply chain logistics solutions that combine different solutions into an industry-specific offering, customized to meet diverse customer needs in different industry verticals. Major industry verticals we specialize in include home appliances and home furnishings, FMCG and new energy.

The following table sets forth a breakdown of our revenue by industry verticals of our customers for the periods indicated:

	For the Year Ended December 31,		
	2023	2024	2025
		<i>(RMB in millions)</i>	
Home appliances	10,201.8	11,554.2	12,559.7
Home furnishings	469.9	588.7	672.9
FMCG	4,376.2	5,197.2	6,783.7
Automotive & new energy	698.0	957.6	1038.8
Others	478.1	365.6	396.8
Total	16,224.0	18,663.3	21,451.9

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The following table sets forth a breakdown of our gross profit and gross profit margin by industry verticals of our customers for the periods indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>Gross Profit</i>	<i>Gross Profit Margin %</i>	<i>Gross Profit</i>	<i>Gross Profit Margin %</i>	<i>Gross Profit</i>	<i>Gross Profit Margin %</i>
	<i>(RMB in millions, except for percentages)</i>					
Home appliances	940.8	9.2	972.0	8.4	1,091.3	8.7
Home furnishings	25.9	5.5	29.5	5.0	25.4	3.8
FMCG	199.2	4.6	282.6	5.4	346.8	5.1
Automotive & new energy	25.1	3.6	30.2	3.2	32.4	3.1
Others	(5.8)	(1.2)	41.2	11.3	25.2	6.3
Total	1,185.2	7.3	1,355.5	7.3	1,521.1	7.1

Home appliances and home furnishings

Companies in the home appliance and home furnishing industries face significant supply chain challenges across the entire value chain, from pre-production and manufacturing to last-mile delivery and installation. These challenges stem from the complexity of component sourcing, rapidly evolving consumer demand for personalized and cost-effective products, high warehousing and transportation costs, the need for specialized installation services, and the inefficiencies of traditional layered distribution networks. To address these issues, companies can benefit from our end-to-end integrated supply chain logistics solutions, including production logistics, omni-channel shared inventory and distribution, and integrated last-mile delivery & installation services.

We have served multiple brands in the home appliance industry and supported e-commerce clients with fulfillment for home appliances and home furnishings. In June 2025, we secured pre-[REDACTED] financing from Hisense, a leading enterprise in the home appliance industry. This not only signifies Hisense’s recognition of our solutions for this industry but also creates opportunities for us to expand our customer base in the home appliances and home furnishings markets and increase our market share.

Customer: Midea Group

Solutions provided: integrated, end-to-end supply chain logistics solutions

- Production logistics solutions: We built VMI warehouse-centered inbound logistics model for Midea Group, establishing 48 VMI warehouses.
 - Logistics model transformation: With these 48 VMI warehouses as central nodes, we have established a flexible fulfillment system between suppliers and factories that deploys line-haul transportation, milk-run, and JIT delivery on demand.
 - End-to-end digitalization: Our digital systems integrate critical information platforms including GSC, TMS, PLS, and OMS, ensuring transparency and real-time status sharing through digital systems at every step, allow Midea Group to achieve T+3 precision production-sales planning coordination from suppliers to production lines.
 - Integrated “transport + packaging” inbound logistics: We have connected transportation with in-factory material handling and packaging processes, further enhancing the precision of JIT delivery to production lines.

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- Omni-channel shared inventory and distribution solutions:
 - We consolidated customer inventories that had previously been dispersed across multi-tier distribution channels into a limited number of strategically located central warehouses, enabling shared inventory management for business-unit customers across all online and offline channels. As a result, we shifted the distribution pathway from the traditional “Midea Group Business Divisions — Agents — Distributors — Sub-distributors/Retailers — Consumers” model to a “Midea Group Business Divisions — Online and Offline Sales Outlets — Consumers” model.
- Integrated last-mile delivery & installation: We provide integrated last-mile delivery & installation solutions for Midea Group’s full range of home appliances.

Operational Efficiency Achievements (2014–2025)

Using the residential air-conditioning division’s domestic performance as an illustrative case:

- During 2014–2025, overall warehousing and warehouse operating costs decreased materially; the total number of warehouses decreased by 94%; and, specifically for 2015–2021, warehouse floor area decreased by 45%; during the same period, annual inventory turnover increased by 15%.
- Through continuous optimization from 2017 to 2025, the division’s distribution inventory network was streamlined from 2,244 distinct storage sites to an efficient network of 78 shared inventory distribution centers.
- Fulfillment model enhancements: From 2021–2025, the division’s direct-from-line shipment ratio increased by 40%.
- Production logistics efficiency improvements: At a Guangzhou lighthouse plant of the division, we launched our production logistics solutions in 2021. As of December 31, 2025, the plant achieved improvements including a 14% increase in the component kitting completion rate, a 20% increase in the inspection pass rate, a 24% decrease in inventory turnover days, an 81% increase in warehouse utilization, a 27% increase in production capacity, and a 16.1% decrease in labor costs.
- Delivery timeliness remained consistently high: As of December 31, 2025, within a 200 km warehouse radius, 95% of orders are delivered within 24–48 hours.

Customers: TCL & AUX Group

Solutions provided: in-production logistics

- For TCL, we assumed warehousing and distribution services as part of in-production logistics in 2024, and we have helped reduce downtime by 20% over an eleven-month period.
- For AUX Group, after taking on distribution services as part of our in-production logistics in November 2024, we have helped them achieve a 33% reduction in labor costs and a 79% decrease in packaging costs through returnable packaging, while downtime from January to May 2025 declined by 80% year-on-year compared to the same period in 2024.

FMCG

The FMCG industry in China spans a wide range of categories, such as food, beverages, alcoholic drinks, and beauty and personal care products. It is characterized by high sales volumes, low unit prices, rapid product turnover, and a long, multi-layered distribution network that often involves numerous intermediaries across diverse geographic regions.

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Companies operating in the FMCG industry face significant distribution challenges. These include inefficient and fragmented distribution networks, limited visibility into inventory levels across channels, slow inventory turnover, and difficulties in ensuring product freshness and availability, particularly in lower-tier cities and rural areas. The growing need to serve both traditional retail outlets and fast-expanding e-commerce platforms adds further complexity to inventory and distribution management. Thus, efficiently scaling operations while controlling logistics expenditure is paramount for success in the FMCG industry. Our solutions help streamline distribution networks, enhance inventory visibility, accelerate turnover, and enable efficient fulfillment across both online and offline channels.

Customer: Hsu Fu Chi

Solutions provided: integrated supply chain solutions

We support Hsu Fu Chi, a leading FMCG brand company, in the implementation and rollout of a multi-year, nationwide integrated supply-chain optimization solution focusing on warehousing and distribution.

Our key contributions include:

- Strategic distribution network reconstruction: We contributed to the comprehensive restructuring and strategic consolidation of Hsu Fu Chi's nationwide RDC network. This decisive overhaul effectively balanced costs and service quality, significantly optimized the number of RDCs, enhanced integrated warehouse and distribution operations, improved agility in responding to channel and market changes, and strengthened order fulfillment capabilities. It ultimately enabled robust distribution growth even in challenging market conditions.
- Enhancement of RDC operational excellence: Over recent years, we have progressively undertaken the operation of approximately one-third of Hsu Fu Chi's RDCs. Our focus has been on ensuring safe operations, cost reduction, and efficiency improvement.

New energy vehicles

Companies in the new energy vehicle sector face significant supply chain challenges across the entire value chain and can greatly benefit from our end-to-end integrated supply chain logistics solutions. In addition, due to the unique characteristics of their products, such as charging stations and energy storage systems, companies in the new energy industry require site survey and specialized installation services capabilities, both of which we are well positioned to deliver.

Customers: New energy vehicle (NEV) charging network operators, and NEV home charger users across China

Solutions provided: production supply chain logistics and integrated last-mile delivery & installation solutions

- We provide three types of services for NEV charging stations:
 - (1) Production supply chain logistics solutions, namely warehousing and logistics solutions from suppliers to factories.
 - (2) Integrated last-mile delivery and installation solutions, including integrated delivery and installation solutions where engineers bring charging stations from service points to customers' locations, as well as installation-only services where end consumers receive charging stations via express delivery and engineers provide on-site installation only.

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- (3) Operational management services for charging station spare parts warehouses.
- Site survey and installation: Our solutions include:
 - Site survey and assessment: Our installation service solution includes on-site engineer surveys within 48 hours of order receipt to evaluate installation conditions and ensure feasibility and safety compliance.
 - Professional installation services: We provide professional installation services for both home charging and fast charging stations with certified electrical technicians.
 - Post-installation support: Our services include providing post-installation user guidance and equipment handover supported by our after-sales network.
- Comprehensive after-sales network:
 - We have established an extensive service network, achieving over 95% coverage of cities nationwide. The service network includes over 500 contracted and authorized professional charging outlets and over 3,400 certified professional charging engineers.
 - Maintenance and repair: Our scope includes charging station maintenance and repair, station construction, and station inspection services.
 - Service response: We commit to responding to service requests within 2 hours and providing survey reports within 24 hours post-survey.

Operational efficiency achieved:

- Enhanced service quality: We have maintained an enhanced level of service quality and high customer and end-consumer satisfaction rates through standardized processes.
- Broadened service reach: We have leveraged our extensive service network to support various customers in expanding their NEV charging businesses across China.

Basic logistics services

Leveraging our end-to-end logistics expertise, we also provide individual logistics services on a standalone basis to cater to the diverse needs of our customers. We mainly offer:

- General freight service: We deliver general freight services through a network of long-term, reliable transportation partners to meet customer needs across FTL, LTL, and last-mile delivery services.
- Warehousing service: We use both owned and leased facilities to provide warehouse services, including inbound processing, inspection, storage management, and outbound operations.
- Equipment leasing: We lease standard logistics equipment, such as plastic crates, pallets, and collapsible containers, as well as customized items like lean racks and specialized packaging to manufacturing customers.
- Consulting services: Our standalone consulting services focus on providing diagnostic analyses for customers on various aspects of their supply chain and logistics management.

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Pricing

As our supply chain solutions are customized, we offer flexible pricing models based on the specific services selected, such as storage, processing, delivery, and a range of value-added services. Pricing is tailored to each customer’s needs, taking into account factors such as the type of service, level of customization, solution complexity, associated downstream resource costs (including warehouses, vehicles, and labor) and competition.

For basic logistics services, pricing is determined based on the service-specific cost structure and operational requirements. For integrated supply chain logistics solutions, pricing is determined at the project level based on the overall complexity, resource deployment and expected margin, generally following a process comprising demand analysis, cost estimation, target profitability determination and component pricing.

Seasonality

Our business is not subject to significant seasonal fluctuations, with no significant quarterly revenue fluctuations observed during each year of the Track Record Period. Historically, revenue contribution from the first quarter was slightly lower, reflecting reduced consumer activity during the Chinese New Year holiday. The fourth quarter usually saw a slightly higher contribution, primarily driven by promotional events such as the 11.11 Global Shopping Festival and increased purchasing by customers preparing for New Year and Chinese New Year holidays.

OUR INFRASTRUCTURE AND NETWORK

We have established an extensive infrastructure network in China, comprising warehouses, service outlets and a flexible transportation capacity enabled primarily by third-party transportation providers.

Warehouse network

Our warehouse network is strategically designed around the locations of key industry clusters in China, where manufacturing facilities are concentrated in a few major regions, with regional coverage optimized based on goods volume and sales data.

We operate through a diversified warehouse model comprising self-owned, leased and managed facilities. Self-owned facilities refer to warehouses for which we hold legal ownership of the properties. Leased facilities refer to warehouses leased by us, where we provide comprehensive warehouse management services for our customers, including goods storage, sorting, distribution, loading and unloading, and other logistics services. Managed facilities refer to warehouses where we solely provide operational management services on behalf of our customers without holding ownership or leasing the premises. Self-owned warehouses are positioned in critical hubs to ensure efficient and responsive distribution, while our layered network of leased and managed warehouses expands our coverage and enhances flexibility. As of December 31, 2025, our network included 47 self-owned facilities, 439 leased facilities, and 22 managed facilities, and our total warehousing footprint exceeded 11.0 million sq.m. These facilities are used for VMI warehouses, regional hubs, and shared inventory distribution centers with multi-function facilities capable of serving as CDCs, RDCs and FDCs. Upon agreeing on specific targets and requirements with our customers, we generally operate our warehouses independently based on our own strategies and decisions, leveraging our deep expertise to optimize operational efficiency.

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Leveraging our integrated warehousing and distribution network planning system, we combine operations optimization, advanced algorithms, and big data analytics to unify business data and build a strong foundation for intelligent warehouse planning. Our self-developed WMS enables end-to-end digitalization across the entire warehouse network, covering all key aspects of warehousing, including network planning, facility management, workforce, inventory, warehouses, equipment and inbound/outbound processes. Through smart warehousing technologies, we enhance data accuracy and operational efficiency in key areas such as inbound/outbound logistics, in-warehouse workflows, and handover operations. See “— Our Technology.”

During the Track Record Period, our total warehouse GFA increased from approximately 8.7 million sq.m. as of December 31, 2023 to exceeded 11.0 million sq.m. as of December 31, 2025, primarily driven by the expansion of our Shared Inventory Distribution Centers to support business growth. Our utilization rates for both self-owned and leased facilities remained at high levels throughout the Track Record Period, reflecting efficient capacity management.

The following table sets forth the key operating data of our warehouse network for the periods indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(in million sq.m.)</i>		
Warehouse GFA			
VMI Warehouses	0.2	0.3	0.3
Regional Hubs	1.1	1.7	1.8
Shared Inventory Distribution Centers	7.4	8.3	9.0
Total	8.7	10.2	11.1
Number of Warehouses			
VMI Warehouses	47	56	59
Regional Hubs	83	119	115
Shared Inventory Distribution Centers	312	374	410
Total	442	549	584
Total (excluding multiple-role count)	379	466	508
	<i>(percentages)</i>		
Utilization Rate			
Self-owned facilities	96.3	98.1	90.8
Leased facilities	98.4	98.2	97.2

Notes:

1. Certain warehouses serve multiple functions (e.g., acting as both a regional hub and shared inventory distribution center). In the breakdown by count, such warehouses are counted under each applicable category. “Total (excluding multiple-role count)” represents the actual number of warehouses in the Company’s network as of the dates indicated.
2. For multi-role warehouses, the GFA is allocated based on the actual area dedicated to each specific function.
3. Utilization rates are calculated for self-owned and leased facilities only. Managed facilities are excluded.

Service outlets

We leverage a nationwide network of service outlets, which are local operational hubs operated by our contracted service partners. These service outlets are strategically located to support our integrated last-mile delivery & installation services, ensuring fast, reliable, and professional fulfillment.

BUSINESS

Furthermore, relying on this service outlet network and the proprietary city service platform (CSP) system for our integrated delivery & installation platform, we exercise direct management over delivery and installation technicians engaged by our service outlet partners. Our CSP system enables us to directly manage key aspects of the delivery and installation services, including direct dispatch of work orders to technicians via the respective service outlets, real-time monitoring of service status, and tracking of work order completion.

As of December 31, 2025, we had established an extensive nationwide network of over 3,700 delivery and installation service outlets and a team of over 73,000 experienced drivers and installation technicians, providing direct-to-consumer (2C) coverage to 100% of townships across China, primarily through a “one outlet per county/district” strategy. We dynamically adjust the allocation of service outlets based on business volume.

Transportation capacity

We primarily rely on ground transportation, supported by a network of trusted third-party transportation providers, to manage line-haul, short-haul and last-mile deliveries with flexibility and scale. We adopt a resource integration model, under which we procure transportation capacity, ranging from individual drivers and fleets to logistics companies, while retaining direct control over key operational processes, including order dispatch, route planning, and in-transit monitoring.

As of December 31, 2025, we operated an extensive urban distribution network of more than 730,000 established transportation routes, including over 420,000 inter-provincial trunk lines and over 300,000 intra-provincial city distribution routes that cover over 2,800 districts and counties and over 39,000 towns nationwide, enabling us to provide services in substantially all districts and counties nationwide.

Our self-developed TMS and mobile applications, such as Zhitongbao (直通寶), integrate third-party transportation resources, mandating strict adherence to our operational standards. This system provides end-to-end visibility across the transportation process, enabling us to exercise discretion over vehicle scheduling and route execution. It enables real-time tracking, cost transparency and streamlined fulfillment, ensuring an optimized delivery experience for our customers. See “— Our Technology.”

OUR TECHNOLOGY

Technological development is at the heart of our business. Our research and development efforts are centered on advancing digital and intelligent supply chain operations and deliver smarter, more efficient solutions for customers in various industries, leveraging algorithms, big data, and mobile technologies. We have established a dedicated research center to drive technological development and, as of December 31, 2025, our R&D team comprised 445 specialized professionals.

We have developed a suite of proprietary technologies that power our operations, including algorithm-powered intelligent supply chain system and automation. These technologies form the digital backbone of our core services, enabling coordinated operations of warehousing, distribution, transportation, and integrated last-mile delivery & installation.

We focus our research and development efforts on continuously enhancing our technological capabilities. Our technology architecture is built on two core pillars: Annto Link Traffic (ALT) (安得安鏈通) and our End-to-end Digital Operations Platform, supported by a foundational data platform.

BUSINESS

To further accelerate technological development, we actively collaborate with leading universities, combining academic research with real-world application to stay ahead in the evolving logistics landscape.

Annto Link Traffic (ALT) (安得安鏈通)

ALT is an integrated intelligent supply chain platform, developed by leveraging our industry experience from serving thousands of customers and incorporating supply chain management strategies from Midea Group. It is a modular and extensible intelligent supply chain platform that integrates a stable core infrastructure with plug-and-play functional modules that address seven core scenarios: warehouse site selection, warehouse network planning, product layout, inventory optimization, sales demand forecasting, intelligent replenishment and transfer, and vehicle routing planning, providing customers with various supply chain solutions.

ALT is powered by advanced algorithmic techniques, including machine learning models, agent-based simulation, experience-driven modelling, heuristics, mathematical optimization, and big data analytics. This supports businesses in diagnosing supply chain optimization opportunities and quantifying the potential benefits of a proposed solution, contributing to enhanced decision-making efficiency.

Intelligent planning module

This module is a highly productized systems of integrated algorithm tools designed to solve complex end-to-end supply chain planning problems. It strategically decouples core planning scenarios into three distinct optimization dimensions: warehouse site selection, network planning and product layout.

- Warehouse site selection: This functionality addresses the fundamental challenge of optimizing facility locations. Through address parsing, demand point clustering and advanced algorithms, it helps determine the optimal sites for warehouses. Our system is designed to solve large-scale and complex site selection problems and can deliver optimized solutions for scenarios involving up to 40,000 by 40,000 potential site pairings within approximately 15 minutes.
- Network planning: This functionality builds spatio-temporal network maps and uses intelligent network relationship optimization to define the optimal network hierarchy and pathways enabling businesses to reduce overall logistics costs and enhance operational efficiency.
- Product layout: This functionality determines the optimal inventory stocking strategies across the designed network. By categorizing products based on their attributes and analyzing demand patterns, it integrates the decision-making for “which warehouse to stock products in” and “how much inventory to stock.” This helps business improve inventory turnover while ensuring high levels of fulfillment service.

Leveraging digital twin concepts and agent-based modeling, the supply chain simulation technology enables customers to test and evaluate solution performance in a virtual digital environment and assess what-if scenarios, contributing to enhanced reliability of solution deployment.

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Intelligent scheduling module

This module offers a suite of forecasting algorithm models powered by our proprietary “prediction algorithm engine,” which integrates advanced algorithms, time-series analysis, and regression techniques, to meet the varying sales prediction needs of products with different demand characteristics. This engine analyzes historical sales data to identify product demand patterns and selects an appropriate forecasting algorithm accordingly. By combining forecasted sales volumes, available inventory and in-transit inventory, it performs rolling optimization of replenishment plans to ensure agile and responsive restocking. This is designed to help customers improve demand planning accuracy and facilitate end-to-end supply chain coordination between production and sales.

Intelligent fulfillment module

This module generates vehicle routing plans for dispatch tasks by aggregating order information, applying dispatch optimization algorithms, and leveraging geographic information analysis, thereby continuously optimizing fulfillment costs across warehousing and distribution operations. The module is supported by our self-developed intelligent dispatch algorithms, which consolidate various classic vehicle routing problems (e.g., CVRP, VRPTW) and leverage heuristic and advanced algorithmic techniques to address large-scale and complex urban distribution dispatch problems. As the cornerstone of our urban distribution solutions, this module is fundamental to fulfilling customer delivery requirements while maximizing vehicle utilization, thus reducing our operational costs and enhancing our core competitiveness.

End-to-end Digital Operations Platform

While ALT formulates strategy, our End-to-end Digital Operations Platform executes it with precision and efficiency. This platform is an integrated suite of proprietary systems that digitalizes and automates every stage of the supply chain, from warehousing and transportation to last-mile delivery. It ensures that the strategic plans developed in ALT are translated into coordinated, visible, and controllable real-world operations. This platform integrates the following key systems.

TMS

Our TMS empowers end-to-end digital management of transportation across FTL and LTL line-haul, as well as last-mile delivery, delivering real-time visibility, precise control, and complete traceability throughout the entire logistics journey.

OTP

Our order transport platform (“OTP”) dispatch system supports order interfacing and parsing, as well as task assignment and management, serving as the data backbone for fulfillment operations and enabling unified, integrated order management.

WMS

Our WMS achieves digital management of the entire warehouse operations through the development of an intelligent warehouse system. It covers all key aspects of warehousing, including network planning, facility management, workforce, inventory, warehouses, equipment and inbound/outbound processes, to ensure efficient coordination across the entire network.

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PLS

Our PLS integrates with ERP, MES and APS systems to enable efficient coordination across production logistics and the supply chain, while delivering granular management of VMI warehouse operations and integration with automated equipment.

CSP

Our CSP is a standardized and intelligent platform for managing large-scale delivery and installation services. It enables efficient service coverage across a broad consumer base by supporting digital and mobile-enabled service outlet operations across all delivery and installation scenarios.

Foundational Technologies

Our two core platforms are powered by robust, centralized technology foundations that provide data and analytical capabilities across our entire ecosystem.

Big data platform

Our big data platform is an essential component of our technology ecosystem, enabling the collection, storage, processing, and analysis of large-scale and multi-dimensional data from various supply chain links, including orders, inventory, transportation, and customer interactions. This platform provides data foundations and computational support for our algorithmic applications, algorithm model training, and business intelligence analytics, providing support for data-driven decision-making across the supply chain.

Business intelligence system

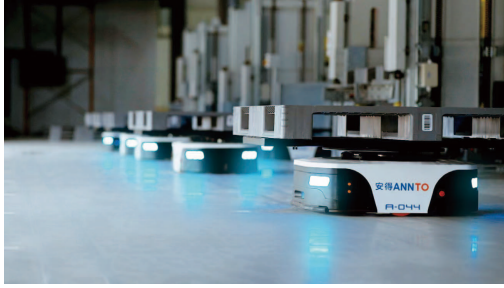
Our business intelligence (BI) system provides users with insights through data analysis and visualization. It incorporates BI tools and visual operation modules that enable users to process and analyze operational data, track KPIs such as costs, efficiency, and service levels, and compare the performance of different planning scenarios. This facilitates data-driven decision-making by helping users identify potential issues, discover optimization opportunities, and understand the potential impact of various strategies through dashboards and reports.

Automation

We utilize intelligent hardware and automation technologies to enhance operational efficiency and reduce manual labor in warehousing and logistics processes. Our automation capabilities include the deployment of AGVs, stacker cranes for automated storage and retrieval systems (AS/RS), rail guided vehicles (RGVs), robotic arms for tasks such as palletizing and film wrapping, automated conveyor systems, telescopic belt conveyors, RFID/PDA scanning systems for automated identification and data capture, and digital dashboards for real-time operational monitoring.

To illustrate our automation capabilities, we highlight the integrated automation solutions implemented at our Malong warehouse (馬龍倉), a facility designed for end-to-end automated processes primarily for medium- to large-sized goods.

BUSINESS



AGVs



AS&RS

Key Automation Areas in the Malong Warehouse

Automated inbound and yard management: The Malong facility utilizes intelligent systems for vehicle appointment and dispatching, smart park management, and automated gate access, streamlining vehicles’ entry and exit. For palletized goods, this includes automated code scanning for pallet binding, automated conveying and de-palletizing, and automated detection of cargo profile and weight to identify non-conforming items.

Automated storage and retrieval systems (AS/RS): The core of our automated storage solution at Malong warehouse is a high-bay racking system, approximately 22 meters in height, significantly optimizing vertical space utilization. A fleet of 25 stacker cranes operates within this system, performing automated put-away and retrieval of goods, which enhances storage density and operational speed.

Automated picking and internal conveyance: We employ “Goods-to-Person” picking systems in the Malong warehouse, facilitated by 21 AGVs that deliver goods directly to picking stations. Pallet conveyor lines further support the movement of goods to and from these stations. Ergonomic aids, such as vacuum assisted arms, are integrated at picking stations to reduce manual labor intensity. For internal goods transfer, we have a network of 41 RGVs, featuring automatic track switching and designated parking zones for enhanced flexibility and energy conservation. They manage the automated transfer of goods throughout the warehouse, connecting different operational areas such as storage, picking, and dispatch.

Automated outbound processes: For outbound handling, we utilize 23 intelligent AGVs, equipped with smart path planning capabilities, to autonomously move goods from storage or picking areas to the designated dispatch docks.

Malong warehouse also has an industry leading “parking-triggered automated outbound” system. Upon a vehicle’s arrival and parking confirmation (identified by HD cameras and electronic fence technology), the warehouse management system automatically initiates the retrieval and dispatch of the required goods. This system orchestrates the coordinated operation of stacker cranes, RGVs, and AGV to achieve a largely unmanned outbound flow from storage to the vehicle.

Malong warehouse utilizes a series of digital systems to enable smart parking and data-driven operations, including digital dock management, centralized data dashboard, and automated sensing and information feedback.

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- Digital dock management: The warehouse’s digital dock management system provides real-time visibility of dock status, automated vehicle queuing and guidance to appropriate docks. It is directly integrated with the WMS to automatically trigger outbound flows upon vehicle docking.
- Centralized data dashboard: A central “data dashboard” control dashboard offers comprehensive, real-time visibility across the entire warehouse workflow. This includes order status, vehicle movements, park management, internal operational progress, and transit monitoring where applicable.
- Automated sensing and information feedback: Various sensors, including forklift sensors and photoelectric sensors at pallet positions, provide automated feedback on task completion and material flow.

These integrated automation solutions deployed at pioneering facilities like Malong warehouse are designed to improve operational accuracy, enhance throughput, optimize space utilization, and create a safer working environment. Collectively, these advancements contribute to building a more efficient, responsive, and resilient supply chain for our customers.

INTELLECTUAL PROPERTIES

Our research and development efforts have produced 84 registered trademarks, 45 patents, 38 copyrights and 5 domain names as of December 31, 2025. See “Appendix IV — Statutory and General Information — Further Information about Our Business — Intellectual Property.”

We rely on a combination of intellectual property protections laws in the jurisdictions in which we operate and contractual arrangements (including confidentiality provisions) to establish and protect our proprietary technologies, know-how and other intellectual property rights. Our legal department is primarily responsible for protecting our intellectual properties. We proactively manage and expand our intellectual property portfolio and use confidentiality and non-compete agreements to protect our intellectual properties and trade secrets.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material infringement of our intellectual property rights. Neither our Group nor any of our intellectual properties was the subject of, or to the best of the Directors’ knowledge, is expected to be subject to, any disputes or litigation in relation to the infringement of any intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

SALES AND MARKETING

Our sales and marketing activities are focused on maintaining and expanding the scope of our strategic relationships with our customers and proactively exploring new partnerships with potential customers, especially as we expand our offering of products and services.

Our customers

We serve leading companies in the industry chains of home appliances, home furnishings, FMCG, as well as automotive and parts, making us well-positioned to support not only individual customers, but also entire value chains within these sectors. As of December 31, 2023, 2024 and 2025, we had 3,961, 5,399 and 13,815 customers for our integrated supply chain logistics solutions.

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The following table presents the number of our key customers, those who used our integrated supply chain logistics solutions and contributed more than RMB30.0 million in annual revenue during the Track Record Period and up to the Latest Practicable Date, the aggregate revenue contributed by such key customers.

	For the year ended December 31		
	2023	2024	2025
Number of key customers	64	80	71
Aggregated revenue (in thousands of RMB) . .	9,238,235	11,049,408	12,119,078

Major customers

For each of the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers in each year amounted to RMB7,879.9 million, RMB9,731.7 million and RMB10,451.1 million, accounting for 48.6%, 52.1% and 48.7% of our total revenue in the respective periods. For these same periods, revenue from our largest customer in each year amounted to RMB5,937.7 million, RMB7,675.2 million and RMB8,500.9 million, accounting for 36.6%, 41.1% and 39.6% of our total revenue in the respective periods.

Our largest customer throughout the Track Record Period was Midea Group, which is also our Controlling Shareholder. We have established a strategic, mutually beneficial and complementary relationship. For Midea Group, our integrated supply chain solutions support its operational optimization, particularly its “short-chain” distribution transformation. Specifically, we facilitate Midea Group’s DTC initiative by managing logistics for fragmented orders directly to small-and-medium enterprise (“SME”) retailers and end consumers. This reduces distribution layers and improves fulfillment efficiency. Our agility also supports Midea Group’s response to market initiatives, such as the national subsidy policy for home appliances, by leveraging our scalable inventory and transportation network to efficiently handle demand surges. In return, Midea Group is a stable anchor customer, whose substantial volume base allows us to achieve economies of scale and refine our integrated solutions in complex scenarios, further empowering us to serve a diverse and expanding customer base.

While we serve as a critical logistics partner to Midea Group, our purchases from it were not significant, representing 0.6%, 0.6% and 0.6% of our total purchases for the same periods. With respect to our warehouse network, as of December 31, 2023, 2024 and 2025, the GFA of warehouses we leased from Midea Group accounted for approximately 1.2%, 1.9% and 1.6% of our total warehouse GFA, respectively. For the same dates, the GFA of warehouses designated for Midea Group’s use accounted for approximately 6%, 9% and 8% of our total warehouse GFA, respectively.

As we aim to serve end-to-end supply chains in various industries, we collaborate with other logistics companies to extend our service coverage and operational reach. For example, during the Track Record Period and up to the Latest Practicable Date, we collaborated with the logistics arms of certain e-commerce platforms to address the logistics and fulfillment needs arising from those channels.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed below in “Appendix IV — Statutory and General Information — Disclosure of Interests”, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers in any period during the Track Record Period and up to the Latest Practicable Date that are required to be disclosed under the Listing Rules.

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The following tables set forth certain information relating to our top five customers for the periods indicated.

For the year ended December 31, 2023

Customer	Transaction amount (RMB, in thousands)	Percentage of revenue	Years of Commencement of business relationship	Main service provided	Credit terms
Customer A (Midea Group Co., Ltd.) ⁽¹⁾	5,937,717	36.6%	2000	Supply chain logistics solutions and basic logistics services	20 days
Customer B ⁽²⁾	934,120	5.8%	2018	Supply chain logistics solutions and basic logistics services	45 days
Customer C ⁽³⁾	534,574	3.3%	2017	Supply chain logistics solutions and basic logistics services	30 days
Customer D ⁽⁴⁾	245,324	1.5%	2007	Supply chain logistics solutions and basic logistics services	30 days
Customer E ⁽⁵⁾	228,194	1.4%	2013	Supply chain logistics solutions and basic logistics services	60 days

Notes:

- (1) Midea Group Co., Ltd. is a global technology company across smart home and commercial and industrial solutions headquartered in Foshan, Guangdong.
- (2) Customer B is a logistics and supply chain company headquartered in Hangzhou, China focusing on smart e-commerce logistics solutions.
- (3) Customer C is a logistics and supply chain company headquartered in Beijing, China.
- (4) Customer D is a food and beverage company headquartered in Shanghai, China.
- (5) Customer E is a consumer goods company headquartered in Guangzhou, Guangdong specializing in household cleaning products.

For the year ended December 31, 2024

Customer	Transaction amount (RMB, in thousands)	Percentage of revenue	Years of Commencement of business relationship	Main service provided	Credit terms
Customer A (Midea Group Co., Ltd.)	7,675,154	41.1%	2000	Supply chain logistics solutions and basic logistics services	20 days
Customer B	976,437	5.2%	2018	Supply chain logistics solutions and basic logistics services	45 days
Customer C	539,793	2.9%	2017	Supply chain logistics solutions and basic logistics services	30 days
Customer E	283,998	1.5%	2013	Supply chain logistics solutions and basic logistics services	60 days
Customer D	256,367	1.4%	2007	Supply chain logistics solutions and basic logistics services	30 days

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For the year ended December 31, 2025

Customer	Transaction amount (RMB, in thousands)	Percentage of revenue	Years of Commencement of business relationship	Main service provided	Credit terms
Customer A (Midea Group Co., Ltd.)	8,500,941	39.6%	2000	Supply chain logistics solutions and basic logistics services	20 days
Customer B.	987,203	4.6%	2018	Supply chain logistics solutions and basic logistics services	45 days
Customer C.	437,310	2.0%	2017	Supply chain logistics solutions and basic logistics services	30 days
Customer D	270,448	1.3%	2007	Supply chain logistics solutions and basic logistics services	30 days
Customer E.	255,151	1.2%	2013	Supply chain logistics solutions and basic logistics services	60 days

We believe that the likelihood of any material adverse change in or termination of our business relationship with our top five customers is low, considering that (i) we have partnered with all of these customers for long periods of time and have established mutually beneficial relationships with them; and (ii) we have gained a unique and deep understanding of their demands and preferences for supply chain solutions, giving us competitive advantages as compared to our competitors.

Major terms of contract with our customers

We typically enter into service agreements with our customers, the specific terms of which vary depending on the nature and scope of the solutions selected. A summary of the typical terms of such agreements by service line is set out below. For details on the specific service scope, target customers, and charging basis for each solution, see “— Our Service Offerings.”

Term	Production Logistics Solutions	Omni-channel Shared Inventory & Distribution	Integrated Last-mile Delivery & Installation
Credit Period	Typically 30 to 90 days after invoice date.	Typically 30 to 60 days after invoice date.	Typically 30 to 60 days after invoice date.
Duration	Typically 1 to 3 years, often with automatic renewal clauses unless terminated.	Typically 1 to 2 years.	Typically 1 year, aligned with annual procurement cycles.
Pricing Adjustment.	Subject to price adjustment mechanisms for material fluctuations in fuel prices or statutory tax rates.	Subject to price adjustment mechanisms for material fluctuations in fuel prices.	Typically fixed per order, subject to annual review or periodic adjustments based on market conditions.

General Terms Applicable to All Service Lines

Liability and Insurance . . . **Transportation:** We generally bear liability for loss or damage to goods during transit. We maintain cargo transportation insurance to cover such risks.

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Term	Production Logistics Solutions	Omni-channel Shared Inventory & Distribution	Integrated Last-mile Delivery & Installation
	Warehousing: Customers typically maintain property insurance for their goods stored in our facilities. We are generally liable only for losses caused by our negligence or operational errors (e.g., mismanagement), subject to agreed liability caps or insurance deductibles.		
Performance Standards (KPIs)	Agreements typically stipulate Key Performance Indicators (KPIs) such as on-time delivery rates, inventory accuracy, and cargo safety rates. Failure to meet these targets may result in fee deductions or penalties.		
Termination	Agreements may be terminated upon mutual consent. Customers are generally entitled to terminate the agreement unilaterally in events of our material breach, insolvency, persistent failure to meet KPI targets, or severe violation of integrity/anti-bribery clauses.		

Customer retention

We have maintained a high level of customer loyalty. The following table sets forth the number of our repeat customers and the revenue contribution from such customers for the periods indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Number of repeat customers	3,409	4,469	5,839
Revenue from repeat customers (<i>RMB in millions</i>)	14,577.8	16,958.1	19,637.6
<i>As a percentage of total revenue</i>	89.9	90.9	91.5

The continuous increase in the number of repeat customers and their revenue contribution reflects our ability to deepen relationships with existing clients through our integrated “1+3” service model and high service quality.

Customer services

As a customer-oriented logistics provider, we are committed to delivering high-quality service that fosters customer loyalty and strengthens our brand reputation. To meet the diverse needs of our clients, we offer a range of differentiated service levels, ensuring tailored services that align with varying expectations for speed, complexity and value.

Third-Party Payment Arrangements

Background

During the Track Record Period, certain of our customers (the “**Relevant Customer(s)**”) engaged in Third-Party Payment Arrangement(s) with us, settling their payments through third-party payors for services we provided to such Relevant Customer(s). In 2023, 2024 and 2025, the aggregate amounts of third-party payments were approximately RMB47.0 million, RMB34.8 million and RMB8.0 million, respectively, representing 0.3%, 0.2%, and 0.0% of the Company’s revenue for the respective periods. During the same periods, the number of Relevant Customers accounted for approximately 9.4%, 6.2% and 1.8% of our total customers, respectively. No individual Relevant Customer made a material contribution to our revenue through third-party payments during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, other than accepting such payments, we have not proactively initiated any Third-Party Payment Arrangements, nor have we participated in any other forms of such arrangements. In addition, during the Track Record Period and

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up to the Latest Practicable Date, we have not provided any discounts, commissions, rebates, or other benefits to any of the Relevant Customers or the third-party payors to facilitate or encourage the Third-Party Payment Arrangements.

The Relevant Customers involved in such Third-Party Settlement Arrangements during the Track Record Period primarily consisted of our customers in the form of sole proprietorships (or individual businesses) and corporate entities. The pricing and payment terms of the agreements with the Relevant Customers were consistent with those of other customers who settled payments directly. During the Track Record Period, the third-party payors making payments under these Arrangements on behalf of such Relevant Customers primarily included: (i) for our sole proprietorship customers, employees or other third parties (such as relatives of the business operators) designated by the sole proprietors to make payments on their behalf; and (ii) for our corporate entity customers, third parties designated by such customers without signing a tripartite agreement.

During the Track Record Period, of the aggregate RMB89.8 million in Third-Party Settlement Arrangements, approximately RMB15.3 million was attributable to payments made by employees or other third parties designated by, and on behalf of, our sole proprietorship customers; and approximately RMB74.5 million was attributable to payments by third parties designated by our corporate entity customers without signing a tripartite agreement.

Our Directors have confirmed that, to the best of their knowledge, the Relevant Customers and third-party payors involved in the third-party payment arrangements were Independent Third Parties during the Track Record Period and did not have any past or current relationship (including, without limitation, family, business, financing, employment, or otherwise) with us, our subsidiaries, our shareholders, Directors, senior management, or any of their respective associates.

Reasons for Utilizing Third-Party Payment Arrangements

During the Track Record Period, these Third-Party Payment Arrangements were primarily utilized due to customer requests for operational convenience and payment flexibility. According to CIC, it is a common commercial practice in the integrated supply chain logistics industry in China for customers to utilize third-party payors for payment, as customers who are individual business operators or small-and-medium enterprises often rely on personal accounts or designated payers for fund settlement.

After discussing with our PRC Legal Adviser, under PRC law, the investor of a sole proprietorship and the operator of an individual business bear unlimited personal liability for the debts of such sole proprietorship or individual business. In addition, as against bona fide counterparties, where the spouse of such investor or operator participates in the operation of the business, such spouse may also bear joint liability for the relevant marital debts; in the case where the principal obligations are performed by third parties designated by a corporate entity customer without entering into a tripartite agreement, where no written contract has been entered into but one party has substantially performed its principal obligations and the other party has accepted such performance, the relevant contractual arrangement will generally be regarded as having been validly formed.

Mitigation Measures

To safeguard us against risks associated with Third-Party Payment Arrangements and address the increasing scale of such payments, we have implemented a comprehensive rectification plan. Key measures include:

- Revised accounts receivable management policy: Since April 2025, we have revised and implemented our Accounts Receivable Management Policy. Any third-party payor must typically be a co-obligor confirmed via a Tripartite Supplementary Agreement.

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- Implementation of tripartite supplementary agreements: For certain third-party payments, particularly involving corporate customers, we now utilize Tripartite Supplementary Agreements. These agreements formalize the arrangement by clearly identifying all parties, confirming payment obligations, allocating risks, and including representations regarding the genuineness of transactions and legality of funds to mitigate risks, including those related to anti-money laundering. In addition, the customers and the designated payors would undertake to be jointly and severally liable to us for all of their respective obligations and responsibilities.
- Systemic and procedural enhancements: We have reinforced our Know Your Customer (“KYC”) procedures to ensure we have a comprehensive understanding of our Relevant Customers’ identities, business or employment, and sources of funds, as well as to prevent fraud or money laundering and terrorism financing offences. Before accepting any third-party payment, key controls in our system will require the payor’s full name to match the customer’s name for payment reconciliation. If a mismatch occurs, our system requires a Tripartite Supplementary Agreement to be provided and systematically verified before the payment is accepted and applied. Our Internal Control Consultant has reviewed these measures and identified no material deficiencies in our internal controls over third-party payment arrangements following the rectification.

As of the Latest Practicable Date, our revised accounts receivable management policy has been finalized and implemented.

Enhanced Internal Control Measures and Cessation of Non-Complying Third-Party Payment Arrangements

Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our quality management system. We have also established an audit committee comprising three independent non-executive Directors, dedicated to ensuring the adequacy and effectiveness of regulatory compliance procedures and internal control systems. See “Directors and Senior Management.”

To prevent the recurrence of, and potential risks from, the Third-Party Payment Arrangements, we have implemented enhanced internal control measures. Following the mitigation measures as stipulated under our revised policy, and with strict enforcement commencing from August 1, 2025, we have fully implemented the rectification measures and effectively ceased all Third-Party Payment Arrangements. We consider that the cessation of non-complying arrangements did not have, nor will have, any material adverse effect on the business, operations and financial results of our Group.

Our PRC Legal Advisor is of the view that, based on the information and explanations we have provided, (i) the payment form adopted under our Third-Party Payment Arrangements during the Track Record Period did not violate the mandatory provisions of PRC laws and administrative regulations, (ii) the likelihood that we would, as a result of such arrangements, be found to constitute unjust enrichment under the Civil Code of the PRC and be required to return amounts already paid is low, and (iii) the risk that our mere receipt of payments for goods under such arrangements would be deemed to constitute money laundering under the PRC Criminal Law is low. In addition, we were not subject to any material administrative penalties by the PRC tax authorities in respect of such arrangements during the Track Record Period.

Based on the implementation of the above measures, our Directors are of the view that the above measures are effective and adequate in preventing unauthorized Arrangements and their associated risks, and our Directors are committed to overseeing the continued effectiveness of these measures.

BUSINESS

PROCUREMENT

We primarily adopt a centralized procurement strategy that encompasses supplier screening, tendering, and bidding processes to efficiently source infrastructure assets and services essential to our operations, such as warehouse space, transportation, and service outlet facilities.

Our suppliers

Our suppliers primarily consist of (i) owners and operators of warehouse facilities, (ii) transportation service providers for line-haul and short-haul delivery, and (iii) contracted service partners who operate service outlets to provide integrated last-mile delivery & installation services.

Major suppliers

For each of the years ended December 31, 2023, 2024 and 2025, purchases from our five largest suppliers in each year amounted to RMB1,754.0 million, RMB2,286.4 million and RMB3,072.9 million, accounting for 11.7%, 13.2% and 15.4% of our total purchases in the respective periods. For these same periods, purchases from our largest supplier in each year amounted to RMB731.8 million, RMB849.1 million and RMB1,427.6 million, accounting for 4.9%, 4.9% and 7.2% of our total purchases in the respective periods. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers in any period during the Track Record Period and up to the Latest Practicable Date that are required to be disclosed under the Listing Rules.

Major terms of contract with our suppliers

Set forth below is a summary of the key terms of typical transportation service agreement between us and our transportation service provider:

Duration	:	The term of the agreement is typically 12 months and may vary on a case-by-case basis.
Payment and credit terms	:	Typically, monthly settlement and may vary on a case-by-case basis (e.g., rolling two-month settlement).
Pricing	:	Fees are generally determined based on service volume (e.g., weight, dimension, or quantity), transportation distance, vehicle type, or fixed rates for dedicated capacity, subject to adjustments for material changes in national policies or market conditions.
Operational Discretion and Management	:	We retain the right to direct and monitor the service execution. This includes the discretion to assign orders, designate delivery routes and schedules via our digital systems, and mandate compliance with our standardized operating procedures and safety requirements.
Performance Targets (KPIs)	:	Service providers are subject to performance assessments based on targets such as on-time delivery rates, cargo safety metrics, and compliance with our system usage standards. We may impose penalties or deduct service fees for failure to meet these targets.

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- Liability/indemnity** : Typically, for damages and losses caused by the transportation service provider, losses should be reimbursed at the fee rates agreed upon by the parties, unless otherwise covered by the Company’s insurance as agreed upon by the parties. The transportation service provider is also typically subject to liabilities and penalties for overdue delays and unauthorized assignment to third parties.
- Termination** : The agreement can be terminated upon mutual consent. Additionally, the Company is entitled to unilaterally terminate the agreement upon the occurrence of certain events, such as material breach of contract, severe safety or integrity violations, insolvency, or persistent failure to meet the agreed performance targets.

Overlapping customers and suppliers

All of our five largest customers in 2023, 2024 and 2025 were also our suppliers in the corresponding periods. Our revenue from them amounted to RMB7,879.9 million, RMB9,731.7 million and RMB10,451.1 million in 2023, 2024 and 2025, respectively, accounting for 48.6%, 52.1% and 48.7% of our total revenue in the same periods, respectively, and our procurement from them amounted to RMB542.7 million, RMB508.3 million and RMB447.0 million in the same periods, respectively, accounting for 3.6%, 2.9% and 2.2% of our total procurement amount in the same periods, respectively.

Four, three and four of our five largest suppliers in 2023, 2024 and 2025 were also our customers in the corresponding periods. Our procurement from them amounted to RMB1,754.0 million, RMB2,286.4 million and RMB3,073.0 million in 2023, 2024 and 2025, respectively, accounting for 11.7%, 13.2% and 15.4% of our total procurement amount in the same periods, respectively, and our revenue from them amounted to RMB832.4 million, RMB813.6 million and RMB619.2 million in the same periods, respectively, accounting for 5.1%, 4.4% and 2.9% of our total revenue in the same periods, respectively. For the same periods, the gross profit attributable to these five largest customers who were also our suppliers was approximately RMB701.1 million, RMB879.8 million and RMB1,053.2 million, respectively, representing 59.2%, 64.9% and 69.2% of our total gross profit.

The relevant transactions with the entities mentioned above are conducted on an arm’s length basis.

We own selected infrastructure assets while relying on third-party providers for the remainder of our operational needs. For example, for ground transportation, we primarily engage third-party providers. See “Our Infrastructure and Network” for further details.

As a result of this operating model, there was an overlap between our customers and suppliers during the Track Record Period and up to the Latest Practicable Date. According to CIC, such overlap is a common industry practice for large-scale logistics and manufacturing enterprises. Specifically, some of our major customers or their logistics subsidiaries had line-haul transportation capacity, which we engaged during the Track Record Period and up to the Latest Practicable Date at commercially negotiated rates. While we provided supply chain logistics solutions to these customers, we also leveraged their transportation resources to deliver our services. These arrangements enabled us to improve operational efficiency, and support our flexible and scalable infrastructure strategy.

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COMPETITION

We are a recognized integrated supply chain logistics solutions provider in China. The market in which we operate is highly competitive and continuously evolving. We primarily face competition from companies offering supply chain solutions, logistics technologies, and logistics infrastructure services. We believe our ability to provide tailored, technology-driven solutions through a unique “1+3” model enables us to differentiate ourselves from competitors and deliver greater value to our customers.

There can be no assurance that we will be able to compete effectively with current or future competitors, or that increased competition will not materially and adversely affect our business, financial condition, or results of operations. For a discussion of risks relating to competition, see “Risk Factors — Risks Relating to Our Business Operations — If we are unable to compete effectively, our business, financial condition and results of operations would be materially and adversely affected.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Environmental, Social and Governance

The Company consistently integrates the concept of green development and environmental protection throughout its entire production, operation, and management process. The Board of Directors of the Company participates in the supervision and decision-making of the Company’s ESG efforts through diversified approaches. Based on business impact analysis, combined with global sustainable development trends and fully considering the expectations of internal and external stakeholders, the Company systematically evaluates and identifies economic, environmental, social, and governance-related issues of strategic importance. The Board also reviews the results of material ESG issues identification and continuously enhances the Company’s ESG governance level by improving the ESG governance framework. From 2023–2025, the Company established a systematic ESG target and performance evaluation mechanism focused on high-priority ESG issues.

ESG Governance Structure

The Company has established a comprehensive ESG governance system, providing a solid foundation for the formulation, regular evaluation, and related risk management of its ESG programs. This system effectively manages non-financial risks, such as environmental, social, and corporate governance risks, while maintaining good communication with stakeholders, including regulatory authorities, investors, customers, employees, communities, and the public. The Board of Directors strictly adheres to the Hong Kong Stock Exchange’s “Environmental, Social and Governance Reporting Code”, continuously improving the ESG management system and strengthening the Board’s supervision and involvement in ESG issues.

The Company’s ESG governance structure consists of four levels: the decision-making level, the management level, the execution level, and internal and external resources.

At the decision-making level, the Board is responsible for overseeing the Company’s ESG strategy and setting ESG goals and performance indicators. At the management level, an ESG Management Committee, chaired by the chairman of the Board and president of the Company, reports to the Board quarterly and is responsible for reviewing climate-related policies and monitoring the climate response measures. At the execution level, the ESG Task Force, led by the Human Resources Business Partner Department, oversees the day-to-day implementation of ESG initiatives across all business units and departments. The Company has also appointed a Chief Sustainability Officer, who collaborates with the ESG Task Force and engages external experts and partners to support the Company’s sustainability objectives.

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ESG-related Metrics and Targets

During the Company’s operational processes, the primary resources consumed are energy-related, including electricity, diesel, gasoline, natural gas, and water. The Company’s environmental indicators for the period 2023 to 2025 are as follows:

Table 1: Use of resources in 2023, 2024 and 2025

Use of resources	KPIs	Energy Type	Unit	Year ended December 31		
				2023	2024	2025
Energy	Petrol	Direct	Litre	15,557.00	15,109.00	25.00
	Diesel oil	Direct	Litre	1,245.00	1,575.00	85,335.00
	Natural gas	Direct	m ³	0.00	100,000.00	0.00
	Electricity	Indirect	kWh	22,723,042.37	36,863,087.23	57,642,539.00
Water	Water consumption		tonnes	468,911.96	415,080.90	431,923.24

Table 2: Resource consumption intensity in 2023, 2024 and 2025

Use of resources	KPIs	Unit	Year ended December 31		
			2023	2024	2025
Energy	Petrol	Litre/RMB million	0.96	0.81	0.00
	Diesel oil	Litre/RMB million	0.08	0.08	5.22
	Natural gas	m ³ /RMB million	0.00	5.38	0.00
	Electricity	kWh/RMB million	1,407.80	1,981.79	3,527.56
Water	Water consumption intensity	Tones/RMB million	29.05	22.32	26.43

Table 3: Total air and greenhouse gas emissions in 2023, 2024 and 2025

Emission Category	KPIs	Unit	Year ended December 31		
			2023	2024	2025
Air Emission	Nitrogen oxides (NO _x)	Kg	29.53	37.36	1,616.45
	Sulphur oxides (SO _x)	Kg	0.02	0.03	1.37
	Particulate Matters (PM)	Kg	2.12	2.69	95.87
	Total air emission	Kg	31.67	40.07	1,713.70
	Air emission intensity	Kg/RMB million	0.002	0.002	0.105
GHG Emission	Direct GHG emission (Scope 1)	tCO ₂ e	325.89	584.00	642.95
	Indirect GHG emission (Scope 2)	tCO ₂ e	13,861.06	19,829.13	44,408.23
	Other indirect GHG emission (Scope 3)	tCO ₂ e	1,291,832.65	1,340,856.07	1,254,207.23
	Total GHG emission	tCO ₂ e	1,306,019.60	1,361,269.20	1,299,258.41
	GHG emission intensity	tCO ₂ e/ RMB million	80.91	73.18	79.51

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Table 4: Waste Emissions in 2023, 2024 and 2025

Waste type	Unit	Year ended December 31		
		2023	2024	2025
Hazardous waste	tonnes	5.26	8.13	7.52
Non-hazardous waste	tonnes	21,354.10	28,428.13	26,967.99
Total waste emissions	tonnes	21,359.36	28,436.26	26,975.50
Waste emission intensity	tonnes/RMB million	1.32	1.53	1.65

Compared with industry peers, the emission intensities of the Company, including greenhouse gas emissions, water consumption and energy consumption, are maintained at reasonable levels.

The Company has established clear ESG strategic goals and is committed to advancing a green and low-carbon transition. According to the plan, the company aims to reduce its carbon emission intensity by 45% by 2030 compared to that of 2023 and achieve carbon neutrality no later than 2050. To realize this goal, the Company has set specific sub-targets: In warehouse management, the company plans to ensure that over 10% of its self-built warehouses meet the “zero-carbon” (“零碳”) park standard by 2030. In transportation emissions, the Company will deploy new energy vehicles on a large scale, with a goal of expanding the new energy fleet to over 80,000 vehicles by 2030. In waste management, a systematic recycling network will be established by 2030 to achieve a recycling rate of over 90% for discarded packaging materials. In addition, the Company will accelerate the digital operations transformation, aiming to achieve a 90% paperless rate in office scenarios by 2030.

With respect to NEV adoption, the Group has formulated a clear medium- to long-term plan to increase the proportion of NEVs within its vehicle fleet. As of the end of 2025, the Group operated over 60,000 NEVs, and by 2030 the Group expects the number of NEVs to increase to over 80,000, representing more than 15% of the Group’s total vehicle fleet. This planned increase underscores the Group’s continued commitment to enhancing the environmental performance of its transportation activities and aligning its operations with applicable green development policies.

To achieve these goals, the Company upholds the principle of long-term sustainable development, leveraging advancements in the digitalization and intelligence of supply chain practices to continuously optimize resource utilization efficiency. The Company has developed three major carbon reduction scenarios: “integrated transportation and packaging”, “integrated delivery and installation”, and “reverse logistics”. Through core initiatives such as green warehousing, green transportation, and green packaging, the Company not only reduces operational carbon emissions but also achieves a unified synergy of economic, social, and ecological values across the entire value chain.

Identification and Assessment of Climate-related Risks and Opportunities

The Company, referencing the “Recommendations of the Task Force on Climate-related Financial Disclosures”, incorporates climate change into its governance and strategic framework. The Company employs scientific methods to monitor and assess the impact of climate change risks on the business, actively exploring climate risk management approaches and tools, and continuously enhancing its climate risk management capabilities to ensure sustainable business development. The table below sets forth climate related physical risks, their potential influence and countermeasures.

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<u>ESG related risks</u>	<u>Potential influence</u>	<u>Countermeasures</u>
<p>Acute risk — floods</p> <p>Acute risk — typhoon</p> <p>Chronic risk — extreme heat and cold wave</p>	<ul style="list-style-type: none"> • Goods damage in storage areas, equipment maintenance, transportation interruptions, and reduced employee efficiency • Increased operational costs and equipment depreciation • Disruption of transportation timeliness, delivery delays, and increased supply chain fulfillment risks • Increased operational costs • Reduced outdoor work efficiency, increased employee health risks, and higher energy consumption and carbon emissions • Increased operational costs, including transportation equipment maintenance and employee welfare 	<ul style="list-style-type: none"> • Enhancing flood warning and emergency response mechanisms, establishing an efficient drainage system, and reserving disaster prevention materials and relevant insurance coverage • Establishing a real-time meteorological monitoring and early warning system, developing a typhoon emergency plan, reinforcing infrastructure, building a wind protection system, and securing relevant insurance coverage • Building an extreme weather monitoring and early warning system, utilizing intelligent scheduling and warehouse optimization, and enhancing the use of renewable energy and carbon emissions management

The table below sets forth transition risks, their potential influence and countermeasures.

<u>ESG related risks</u>	<u>Potential influence</u>	<u>Countermeasures</u>
<p>Policy risk — trend of green transformation in the logistics industry</p> <p>Technological risk — low-carbon technology R&D and transformation</p> <p>Reputational risk — pressure transmission from stakeholders’ carbon reduction targets</p> <p>Consumption preference for green and low-carbon logistics solutions</p>	<ul style="list-style-type: none"> • The policy framework related to the “dual carbon” (“雙碳”) goals continuously evolving, key industries and regions accelerating toward localized and industrialized green transformation • Increased pressure on R&D and operational costs as a result of investments in new energy applications and low-carbon technologies • Rising customer demand for low-carbon logistics under the “dual control” policy and carbon neutrality targets • Green and low-carbon mindset driving increased demand for sustainable logistics 	<ul style="list-style-type: none"> • Advancing carbon reduction initiatives in green warehousing, green transportation, green packaging, and green office operations, optimizing energy management, and steadily progressing the green transformation to align with the national “dual carbon” policy • Collaborating with universities, think tanks, and supply chain partners on low-carbon technology development to share R&D costs and risks • Establishing a digital carbon accounting system from 2025 onward, collaborating with clients on carbon reduction, building core competitive advantage in green supply chain • Focusing on green warehousing, green transportation, and green packaging, building a full-link green supply chain system and advancing coordinated sustainability across the entire value chain

Environmental Protection

During the Track Record Period, the Company was fully compliant with all applicable environmental laws and regulations.

Core Carbon Reduction Measures

Green Warehousing: The Company’s eight logistics parks have been certified as national “First-Class (Three-Star) Green Warehouses”, demonstrating green operations through the implementation of photovoltaic projects and waste recycling systems.

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Green Transportation: The Company has progressively deployed new energy vehicles across various locations nationwide. Additionally, the Company has implemented a bulk material access control system at its logistics parks, prohibiting vehicles with non-compliant exhaust emissions from entering the parks. The following table sets forth the number and proportion of NEVs during the Track Record Period:

	Unit	2023	2024	2025
Number of NEVs	Number of vehicles	18,179	40,215	60,576
Proportion of NEVs to total vehicles	%	5.6%	10.1%	12.1%

Green Packaging: The Company has developed a green logistics solution that spans the entire industry chain. “Integrated Delivery and Packaging” model combines component transportation with recyclable packaging, and packaging costs were reduced by 10%, and logistics labor hours were saved by 25%.

The Company has implemented coordinated, scalable initiatives to reduce packaging consumption and increase the adoption of “green packaging” throughout its supply chain operations. In particular, the Company has collaborated with major customers to establish standardized specifications for packaging equipment, thereby providing a consistent framework to support the standardization, broader application and greening of packaging solutions. On the basis of such standards, the Company has advanced (i) the substitution of single-use packaging with reusable alternatives, (ii) the reduction of overall packaging material usage, and (iii) the recycling and reuse of cartons in relevant logistics scenarios. The Company has also implemented several projects with measurable results, including: (a) promoting foldable reusable pallet collar boxes for cross-border logistics serving overseas home appliance factories, replacing disposable paper-based packaging and achieving an overall cost reduction of approximately 10%; (b) implementing circular packaging solutions for domestic home appliance motor logistics by adopting reusable outer containers and durable internal materials, reducing packaging waste and achieving overall cost savings of approximately 15%; and (c) fully adopting standardized reusable packaging boxes for washing machine logistics, substantially reducing the number of packaging box types in circulation, improving operational efficiency and reducing cargo damage risks, with an overall cost reduction of approximately 8%. Customer participation has also progressed steadily, with 122 customers entering into green packaging leasing or purchase arrangements with the Company, thereby facilitating broader deployment of reusable packaging solutions.

The table below sets forth the use of packaging materials, such as labels, tapes, and cartons, during the Track Record Period:

	Unit	2023	2024	2025
Use of packaging materials	tonnes	709.99	6,761.27	4,180.09

Green Office: The Company has fully implemented 100% paperless electronic receipt operations and enforced paperless office and reimbursement systems across its headquarters and regional offices.

Waste Management

The Company strictly complies with relevant laws and regulations the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid to strengthen the management of waste and emissions, ensuring the compliant discharge of the “three wastes” (“三廢”). As of the end of 2025, the Company has obtained ISO 14001 Environmental Management System certification, and no

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significant environmental incidents occurred during the 2023–2025 fiscal years. For non-hazardous waste, the company implements a classification and recycling system. For hazardous waste, the company strictly adheres to hazardous waste management regulations, requiring suppliers to delegate the disposal to professional agencies for compliant processing.

Energy Management

All eight of the Company’s logistics parks have been certified as national-level “First-Class (Three-Star) Green Warehouses”. Additionally, the Company has fully implemented an office energy-saving management system, incorporating intelligent control of lighting, air conditioning, and elevator systems.

Water Resource Management

The Company has implemented water-saving renovation projects and fully adopted water-efficient equipment that meets the “Water-Saving Household Appliances Standard”, including sensor-operated faucets and dual-flush toilets, significantly improving water resource utilization.

Supplier Management

The Company has adopted systematic measures to monitor and enhance its suppliers’ ESG performance, with focus on ESG capacity building and data-driven monitoring. The Company conducts annual supplier training sessions to strengthen suppliers’ understanding of the Company’s requirements and enhance ESG management practices. To support supplier development, the Company has established a supplier empowerment framework covering ESG, quality management, lean improvement, intelligent manufacturing, and intelligent logistics, and deepens strategic cooperation with suppliers to promote joint investments in technological innovation and operational enhancement. Furthermore, in connection with the Company’s annual corporate carbon inventory process, the Company requires suppliers to provide information covering fuel and electricity usage, vehicle energy efficiency, packaging consumables, and annual carbon emissions data, and conducts regular monitoring of suppliers’ carbon emission performance based on such disclosures.

Social Responsibility

Employee Health and Security

On July 2, 2020, Midea Group released the “EHS Management Control Framework Manual”, upholding the principle of “employees first” and committing to strict compliance with occupational health and safety laws and regulations in all business activities. The Group is dedicated to continuously improving the working environment for employees and preventing occupational injuries and diseases. It has established a comprehensive health and safety management system, requiring management to strengthen employee EHS awareness and drive continuous improvement by setting challenging goals. The Company has defined territorial responsibilities for each level of the safety committee and incorporated EHS metrics into its annual performance evaluation system.

Complaints and Disputes

During the Track Record Period, the Company received a limited number of customer complaints in the ordinary course of business and was not subject to any material claims from employees or customers, nor any material labour disputes.

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As of December 2025, the Company had recorded an aggregate of over 150 customer complaints. After excluding repeated complaints, which accounted for approximately 41% of the total, the remaining 90 complaints primarily related to operational matters, including warehouse operation timeliness, cargo damage occurring outside warehouses, and deductions arising from key performance indicator assessments.

DATA PRIVACY AND CYBERSECURITY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. In particular, the PRC legislative and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, processing and transfer of various types of data may come under increased administrative scrutiny. See “Risk Factors — Risks Relating to Our Business Operations — Our business and technologies collect and process data, and the improper use or disclosure of data could result in regulatory investigations and penalties, and harm our reputation and have a material adverse effect on the trading prices of our Shares, our business and prospects.”

We collect and store business data and management data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. We also collect and store personal information for delivery and installation services, including, for example, consumers’ names, phone numbers and addresses.

We have established a comprehensive data compliance system that consists of organizational structure and internal policies. Our Information Security Committee serves as the highest decision-making body for information security, supported by a dedicated security team responsible for daily execution. We have set up data security operational platforms covering multiple areas of our business operations, from terminals, network, application, computers to data security. Our platforms and procedures, including our Emergency Management Measures for Data Security Incidents (《數據安全事件應急管理辦法》), ensure that we have a comprehensive set of systems covering the prevention of data breaches, immediate action and response in case of data incidents and post-incident assessment and analysis. In addition, we conduct annual trial runs of data breach incidents to test our data protection mechanism and provide various data security trainings to our employees (including trainings during their on-boarding process) to ensure that our employees are well aware of our data security policies and their responsibilities in terms of data protection. We require our employees to complete our data security training before they can commence working for us.

We implement comprehensive internal control measures across the entire data lifecycle to ensure compliance with applicable laws and regulations:

- **Collection:** We maintain privacy policies on our Apps and mini-programs to inform users of the purpose, method, and scope of information collection and obtain their consent.
- **Storage and Usage:** We adopt data classification and grading management. We implement logical partitioning and permission controls for data storage. Sensitive information is protected through encryption and strict access controls based on the “least privilege” principle. We also deploy intrusion detection mechanisms to identify abnormal behaviors.
- **Retention and Destruction:** We retain personal data only for the period necessary to achieve the processing purposes or as required by applicable laws. Upon user request for deletion or account cancellation, or upon expiration of the retention period, we permanently delete or anonymize the relevant personal information.

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- **Cross-border Transmission:** We store personal information collected within the PRC domestically. We do not transfer such data to overseas jurisdictions.

Regarding arrangements with business partners, we require third-party partners to sign agreements containing data protection clauses to define respective rights and obligations regarding data processing. For third-party software development kits embedded in our products, we disclose their data collection and usage rules in our privacy policies and obtain user consent.

During the Track Record Period and up to the Latest Practicable Date, we have complied with applicable laws and regulations related to cybersecurity, personal information and data protection in all material aspects, and we have not experienced any material incidents of cyber-attacks, data leakage, or data privacy or security breaches, nor any related material pending regulatory investigations or penalties.

INSURANCE

We maintain insurance policies to cover product transport liability and employer liability. In addition, we have purchased property insurance for our warehouse current assets, including warehouse premises, logistics facilities, electronic equipment and others, and warehouse inventories, cargo transportation insurance for goods in transit, and motor vehicle third-party liability insurance for our transportation vehicles.

We review our insurance policies from time to time to assess the adequacy and breadth of coverage. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the countries in which we operate. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Risks Relating to our Business Operations — Our insurance coverage may not cover all losses” for details.

During the Track Record Period and up to the Latest Practicable Date, we had not made, and were not the subject of, any insurance claims which are material to our business or financial condition.

PROPERTIES

As of December 31, 2025, we operated our business through 57 owned properties and 233 leased properties with a floor area of 10,000 sq.m. or above, with total gross floor area exceeding 11.0 million sq.m. in China. We also have leased properties with smaller floor area. We primarily use our owned and leased properties as our office premises and warehouses.

As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

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Owned properties

As of December 31, 2025, we owned 57 properties with a gross floor area of approximately 1.4 million sq.m. in China. We mainly use these properties as our office premises and warehouses. All of these properties have obtained proper property ownership certificates, and none are subject to any mortgage.

As of December 31, 2025, we have not yet obtained property ownership certificates for approximately 9,827.6 sq.m. of our self-owned properties in China. These properties, which account for approximately 0.7% of our total self-owned property area, are primarily ancillary rooms such as guardrooms, electrical rooms, canteens and utility rooms. The lack of title certificates for these properties was primarily because construction commenced prior to the finalization of land planning boundaries to expedite project implementation as encouraged by local policies at the time. For these title defects, the relevant authorities may impose a fine of up to 10% of the construction cost. As of the Latest Practicable Date, we have not received any rectification orders. According to our PRC Legal Adviser, during the Track Record Period, we have not been subject to any administrative penalties as a result of the absence of property ownership certificates in respect of these properties, and the absence of property ownership certificates for these properties is not expected to have a material adverse impact on our operations. We intend to maintain the status quo regarding these ancillary properties given the practical difficulties in retroactively adjusting the planning approvals. We have implemented strict internal control measures, including a standardized compliance workflow covering project initiation, land use planning, construction permitting, and joint completion acceptance covering planning, fire safety and environmental protection, to ensure that we obtain property ownership certificates in a timely manner upon project completion for all future construction projects.

Leased properties

As of December 31, 2025, we leased 233 properties in China that each has a gross floor area of 10,000 sq.m. or above (as stipulated in their respective lease agreements), totaling approximately 7.0 million sq.m. These properties are primarily used as our warehouses, with some used as office and other ancillary areas. The relevant landlords had not provided property ownership certificates for approximately 17% of these leased properties. Consequently, we were unable to complete the lease registration for these properties. In addition, we have attempted but failed to register the certain lease agreements primarily due to the lack of cooperation from landlords, who, under such circumstances, may bear administrative penalties for non-registration depending on local regulatory practices. As advised by our PRC legal counsel, the administrative penalties for non-registration are typically imposed only if a company fails to rectify the non-compliance within a prescribed period ordered by the competent authorities.

As confirmed by our PRC Legal Adviser, during the Track Record Period, we have not been subject to any material litigation or administrative penalties arising from the title defects of the leased properties discussed above. The absence of property ownership certificates for a portion of our leased properties has not affected our use of such properties. Moreover, these properties are primarily used as offices and logistics warehouses. In the event that we are unable to continue using these leased properties due to such title defects, we would be able to secure alternative properties in a timely manner. Accordingly, such title defects are not expected to have a material adverse impact on our operations. We have established an internal mechanism to promptly respond to any rectification orders from government authorities regarding lease registration. In the event we are ordered to register our leases, we will coordinate with the lessors to complete the registration within the prescribed timeline to avoid penalties.

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EMPLOYEES

As of December 31, 2025, we had 8,921 full-time employees, all located in China. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2025.

Function	As of December 31, 2025	
	Number	%
Operations	6,009	67.4
Sales and marketing	796	8.9
Research and development	445	5.0
Administration	1,671	18.7
Total	8,921	100.0

We provide our employees with certain benefits including social insurance coverage and retirement benefits. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees’ compensation is determined with reference to their job positions, technical skills, job performance and competition.

As required by laws and regulations in mainland China, we participate in various employee social security plans, including pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans.

We have various employee training programs that aim to enhance our employees’ technical skills and innovation capability.

None of our employees are represented by collective bargaining agreements. We believe that we have good employment relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, work stoppages, labor disputes or actions which had a material adverse effect on our business and operations.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make full contributions to the social insurance and housing provident funds for certain employees. As of the Latest Practicable Date, we had not received any administrative penalty or material labor arbitration from employees for such non-compliance. We have obtained confirmation letters from the relevant authorities, confirming that no administrative penalties had been imposed on us during the Track Record Period. Based on the foregoing, our PRC Legal Adviser is of the view that, on the premise that there are no material changes in the current relevant policies and regulations regarding social insurance and housing provident funds and the enforcement and supervision requirements of local governments, and that no mass complaints or reports occur or relevant litigation or arbitration is initiated by employees, the risk that the Company and its relevant PRC subsidiaries, as a whole, will be centrally required by the competent social insurance and housing provident fund authorities to make up for the contributions and be subject to material administrative penalties due to matters such as the contribution base being lower than the actual wages during the Track Record Period is remote. We undertake to make such outstanding contributions within the prescribed time limit if ordered by the competent authorities, and we have enhanced our internal control policies to ensure full compliance with relevant laws and regulations going forward.

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RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and the general industry in which we operate. See “Risk Factors” for a discussion of these risks.

The Board of Directors, supported by our senior management, is responsible for establishing and maintaining adequate risk management and internal control systems, and overseeing their overall effectiveness. Risk management is the process designed to identify potential events that may affect us and to manage risks to be within our risk appetite. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Risk Management and Internal Control Policies

We have implemented or will adopt upon [REDACTED] a number of policies and measures to manage our risks and set up proper internal controls. These policies cover areas such as (i) the duties and roles of the Directors, the Board and our senior management; (ii) social and environmental matters, including policies on diversity; (iii) financial reporting; (iv) whistleblowing; (v) prevention of market misconduct and (vi) compliance with the Listing Rules.

To support the effective implementation of our overall risk management and internal control policies, and to specifically manage the various risks in our business operations, we have established a range of detailed policies and procedures in key operational and compliance areas. The following examples describe some of these key measures, which are intended to be illustrative rather than exhaustive, as they apply to critical aspects of our operations.

Logistics safety management

We are committed to upholding high safety standards in our logistics operations. Our logistics safety management is guided by internal policies such as the *Supplier Introduction and Exit Management Measures* (《供應商引入與退出管理辦法》) and *Transportation Safety Management Measures* (《運輸安全管理辦法》). Key aspects of our logistics safety management include:

- Driver and vehicle qualification requirements: We conduct assessments of the safety management capabilities of our transportation suppliers and long-term cooperative vehicles and driver qualifications, in accordance with our *Supplier Introduction and Exit Management Measures*.
- Transportation process quality control: We implement measures such as “one vehicle, one inspection,” clearly define loading requirements and ensure proper cargo safety protection. We also utilize the Zhitongbao app for real-time en-route tracking and arrival inspections.
- Abnormal event management: If any abnormality occurs at any stage from cargo pick-up to sign-off, drivers are required to report the problematic consignments through the Zhitongbao app. Our branch operations personnel are responsible for following up and ensuring a closed-loop resolution of such issues.

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Transportation and delivery risk management

We have established procedures to manage risks associated with transportation and delivery, focusing on minimizing cargo loss and damage and ensuring service quality. Our *Quality Loss Management Measures* (《質量損失管理辦法》) and *Transportation Safety Management Measures* (《運輸安全管理辦法》) primarily govern these procedures.

- Cargo loss and damage claims management: We have implemented a comprehensive damage claims management system to handle losses and damages throughout our supply chain, enabling clear allocation of responsibilities across the entire supply chain. For supplier-related liabilities, we utilize our automatic management system (AMS), which combines automated data capture with manual reporting to record supplier penalties. Following confirmation of responsibility by the supplier or through appeals, cases are automatically or manually submitted for tiered approval, after which the system automatically pushes data to our billing and settlement management system (BMS) for execution. For net quality losses, our business operations teams are required to complete internal accountability assessments within 30 days of system entry. Customer claims are processed in accordance with contractual agreements, covering lost items, damages, delivery delays and KPI assessments. All claim data related to quality losses is fully recorded in our AMS system and, following hierarchical approval, automatically synchronized to our BMS system for execution.
- Third-party transportation supplier selection standards: We utilize a *Distribution Supplier Assessment Form* (《配送供應商評審表》) to evaluate potential suppliers based on criteria including qualification conditions, operational capabilities, service quality, and financial risks. A supplier will not be introduced as a qualified supplier if it fails to meet any of the qualification conditions, or if its total score in operational capabilities, service quality, or financial risks falls below 80% of the total possible score for that respective category.

Operational risk management and IT security

We recognize the importance of managing operational risks, particularly those related to IT systems and data security, to ensure the continuity and integrity of our operations.

- Customer data security management and encryption measures: We strictly manage sensitive customer information in accordance with applicable law and regulations and follow *Midea Group Data Security Management Regulations* (《美的集團數據安全管理辦法》) in our daily practices.
- Data backup and disaster recovery plan: We have implemented a tiered backup strategy, categorizing our systems into core levels and others with differentiated backup protocols.
- Management and drills: We have established an annual data recovery drill mechanism for all key systems. This process is managed by a dedicated team responsible for planning, execution, and verification of recovery effectiveness, ensuring the reliability of our backup systems.

Human resources risk management

We have implemented policies and procedures to manage risks related to our human resources. We also conduct anti-corruption and anti-bribery trainings and have an employee code of conduct, fostering a culture of integrity and compliance.

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Regulatory compliance and legal risk management

We are committed to ensuring that our business operations comply with relevant laws, regulations, rules, and guidelines, and to manage legal risks effectively. Our internal control framework in this area is supported by documents such as our *Audit Charter*, *Internal Control Management Measures*, and *Comprehensive Risk Management Measures*.

Board oversight

To support the Board in effectively overseeing our risk management and internal control systems, we have established an audit committee specifically tasked with evaluating the adequacy and effectiveness of these systems, regularly reviewing operational risk management measures, and reporting its findings to the Board. The audit committee comprises three independent non-executive Directors, namely Ms. Yi Song (宋屹), Dr. Zhong Lin (林忠), and Dr. Weiru Li (陳威如). Ms. Yi Song, who possesses appropriate professional accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules, serves as the chairperson. For detailed qualifications and experience of our audit committee members, please refer to the section headed “Directors and Senior Management — Directors” in this document.

LICENSES, PERMITS AND APPROVALS

We are required to obtain or maintain various licenses, permits and approvals in order to operate our business.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits and approvals from relevant authorities that are material to our operations, and such licenses, permits and approvals are still valid and in force. We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. We believe there is no material legal impediment to renewing such permits, licenses or approvals.

The following table sets out a list of licenses, permits and approvals that are material to our operations as of the Latest Practicable Date.

<u>Permits and Licenses</u>	<u>Holders</u>	<u>Grant Dates</u>	<u>Expiration Dates</u>
Road Transportation Operation Permit (道路運輸經營許可證)	Foshan Annto Technology Co., Ltd.	March 7, 2024	July 19, 2026
Road Transportation Operation Permit	Hainan Annto Supply Chain Management Co., Ltd.	July 17, 2025	July 16, 2029
Road Transportation Operation Permit	Hefei Annto Technology Co., Ltd.	July 11, 2025	July 24, 2029
Road Transportation Operation Permit	Shanghai Annto Supply Chain Technology Co., Ltd.	September 8, 2025	September 7, 2029
Road Transportation Operation Permit	Shenzhen Annto Intelligent Technology Co., Ltd.	March 30, 2026	March 29, 2030

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Permits and Licenses	Holders	Grant Dates	Expiration Dates
Road Transportation Operation Permit	Chongqing Annto Technology Co., Ltd.	March 26, 2026	March 26, 2030
Road Transportation Operation Permit.	Ningbo Annto Technology Co., Ltd.	August 21, 2024	August 20, 2034
Road Transportation Operation Permit.	Wuhan Annto Technology Co., Ltd.	May 29, 2024	May 28, 2028
Road Transportation Operation Permit.	Wuhu Annto Technology Co., Ltd.	September 23, 2024	September 29, 2028
Road Transportation Operation Permit.	Guiyang Annto Technology Co., Ltd.	April 24, 2026	April 23, 2030
Labor Dispatch Operation Permit (勞務派遣經營許可證)	Ningbo Annto Technology Co., Ltd.	December 16, 2024	August 4, 2027
Hazardous Chemicals Operation Permit.	Lianyungang Antu Supply Chain Management Co., Ltd. (連雲港安途供應鏈管理有限公司)	December 27, 2024	December 26, 2027
Registration of Customs Declaration Entities (報關單位備案證明)	Ningbo Annto Technology Co., Ltd.	September 22, 2025	—
International Freight Forwarding Agencies (國際貨運代理備案)	Ningbo Annto Technology Co., Ltd.	June 2, 2017	—
Registration of Non-Vessel Operating Common Carriers (無船承運業務經營資格登記證)	Ningbo Annto Technology Co., Ltd.	June 21, 2017	—
Construction Enterprise Qualification Certificate (建築業企業資質證書).	Ningbo Annto Technology Co., Ltd.	November 24, 2022	November 23, 2027

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. Except as disclosed below, as of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

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Litigation regarding a contract dispute on balance of outstanding fees payable by a customer

Background

We launched our e-commerce small package express delivery business in August 2021 as the Company’s attempt to develop such new business segment. Under such business segment we entered into an E-commerce Warehousing and Delivery Agreement with a customer then engaged in e-commerce business for a term of one year commencing from January 1, 2022 to provide express delivery and warehousing services to such customer. In order to operate our newly-developed e-commerce small package express delivery business more cost-efficiently, we outsourced the express delivery services and the warehousing services (only for part of the contract term) to a third-party supplier as such supplier can provide the express delivery service at a lower price, and agreed to make prepayments to the supplier in accordance with the common practice in the industry.

As the business cooperation went on, it was found that the customer was facing difficulties in settling accounts payable to us and we incurred loss from such transactions as well. As such, we terminated the business cooperation with the customer and the supplier in October 2022. Based on the Group’s management accounts prepared in accordance with the PRC GAAP, we generated revenue of approximately RMB8.97 million from the transactions with such customer, all of which were incurred in 2022 prior to the commencement of the Track Record Period, representing approximately 0.06% of our total revenue for the fiscal year ended December 31, 2022, and recorded a loss of approximately RMB2.19 million in 2022 from such transactions.

It came to the Group’s attention that the customer and the supplier were affiliated companies in December 2022. Such affiliation was not discovered initially because it was not identified in the customer and supplier onboarding procedures and the former junior level employee who introduced such customer (the “**Former Employee**”) concealed such relationship from the Group. The Group became aware of such affiliated relationship when our finance staff identified existence of such relationship while conducting the account reconciliation process with the customer and the supplier after termination of such business cooperation.

As we had recorded outstanding accounts receivable from the customer as well as outstanding accounts payable to the supplier arising from the outsourced services rendered to the customer, in order to settle such outstanding amount as soon as possible after termination of business cooperation with the customer and the supplier, we actively collected accounts receivable from the customer and made payments to the supplier to reduce the accounts payable to the supplier after the customer paid us, which included transfers of RMB100,000 for 24 times to the supplier during a three-day period upon receiving the funds from the customer, settling account receivable from the customer and account payable to the supplier both in a total amount of RMB2.4 million. Although we became aware of the affiliated relationship between the customer and the supplier in December 2022, the transfers formed part of the post-termination settlement of our accounts receivable and accounts payable, and at the time we had no visibility that, after we paid the supplier, the supplier had transferred approximately the same amount back to the customer, nor were we able to control the manner in which the customer remitted funds to us (including its splitting of payments into multiple small amounts within a short period). Our finance staff made the corresponding payment to the supplier after each receipt mainly because we intended to settle our accounts payable to the supplier as soon as practicable in parallel with collecting receivables from the customer, and we would only pay the supplier against amounts actually received from the customer, which avoided any over-payment.

However, we subsequently became aware, upon receiving a further RMB100,000 from the customer, that such amount had been funded by the Former Employee personally for the customer to make payments to us, in order to reduce the balance of overdue accounts receivable from the customer

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as the collection of customer account receivable was one of his performance appraisal criteria. Upon becoming aware of such funding, the request to make the corresponding payment to the supplier was rejected in our internal approval process and we stopped the process immediately. In September 2023, we terminated the employment of the Former Employee for violations of our internal policies, including concealing the affiliated relationship between the customer and the supplier and funding the RMB100,000.

Notwithstanding our effort to collect accounts receivable from the customer and to settle our accounts payable to the supplier, there is still certain remaining outstanding account receivable from the customer and account payable to the supplier as at the end of February 2023, subject to account reconciliation results with the customer and the supplier. In the spirit of settling such amounts as soon as possible, we agreed with the customer and the supplier that such amount shall be settled through a debt settlement agreement considering the customer and the supplier were affiliated companies. In April 2023, we entered into such debt settlement agreement (the “**Debt Settlement Agreement**”) with the customer and supplier, pursuant to which the parties agreed the outstanding amount of account receivable from the customer was RMB6.67 million and the outstanding amount of account payable to the supplier was RMB3.19 million. Therefore, the outstanding account receivable the customer shall pay us amounted to RMB3.48 million after netting-off RMB3.19 million account payable to the supplier.

In order to collect the remaining accounts receivable from the customer as soon as possible, the Group initiated a lawsuit (the “**Lawsuit**”) in June 2023 against such customer and its affiliated companies claiming for the outstanding amount of RMB3.48 million, and the supplier was joined as a third party in the Lawsuit. Based on our normal practices in handling general accounts receivable-related litigations, we only submitted relevant transaction agreements, such as the E-commerce Warehousing and Delivery Agreement and the Debt Settlement Agreement, to the court to support our claim. During the trial process, to defend themselves in the litigation, the customer and the supplier wrongfully alleged that the transactions between them and us were not genuine. Furthermore, due to the large volume and the complexity of the transaction records related to the e-commerce small package express delivery business, some discrepancies were noted between invoice amounts and transaction records, posing a challenge to our defense regarding the genuineness of the transactions without us submitting further information. Taking all these factors into consideration, the first instance court dismissed our claim and ruled, among others, (a) the Debt Settlement Agreement is invalid, considering the amounts stipulated in the Debt Settlement Agreement do not represent actual transactions nor settlement of credits and debts between the parties, and the same payment of RMB100,000 was circulated among us, the customer and the supplier 24 times within three days; and (b) we failed to submit sufficient evidence to prove the actual transaction data among the customer, the supplier and us.

We did not submit sufficient evidence during the first instance trial mainly because this is a routine debt collection action with the amount in dispute only accounting for less than 0.03% of the total revenue of our Group for the year ended December 31, 2022, and during the trial process we were given to understand by the litigation counsel in charge of the Lawsuit that based on the evidence available we had a relatively strong case and, as such, we fully entrusted the counsel to handle the Lawsuit.

We strongly disagreed with the first instance court’s finding, which we believe was based on incomplete evidence and the opposing party’s litigation strategy in wrongfully denying the validity and genuineness of the business relationship among the customer, the supplier and us. As such, we immediately appealed after receiving the first instance court judgment in September 2024, objecting to the allegations from the opposing side and court findings in such judgement.

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Current status

During the appeal process and as mediated by the appellate court, we reached a settlement with the customer and the supplier on this case and filed the settlement agreement with the appellate court in July 2025, under which, (a) the balance of the outstanding fees payable by the customer has been agreed in the amount of approximately RMB1.96 million, which will be settled approximately in five equal installments by June 30 in each year from 2026 to 2030, and (b) the customer and the supplier have both confirmed that the transactions among the customer, the supplier and us were genuine and valid.

Pursuant to Article 179 of the PRC Civil Procedure Law (as amended in 2023), a People’s Court of second instance may conduct mediation in hearing an appeal. Where a settlement is reached through such mediation, a mediation order shall be issued, and upon service of the mediation order, the judgment of the court of first instance shall be deemed revoked (視為撤銷). Based on the foregoing, as advised by our PRC legal advisors, Jia Yuan Law Offices, following the settlement of the disputes under mediation of the appellate court and the settlement order coming into effect, the first instance court’s judgement is treated as revoked and no longer has legal effect, and will no longer be enforced.

Based on the related bank record, invoices, transaction agreements, order details and accounting records provided by the management of the Company, our Reporting Accountants are of the view that the accounting treatment on the aforesaid transactions is in compliance with our accounting policy which conform with IFRS Accounting Standards.

No involvement of Directors nor senior management members of the Company

Neither the Directors nor senior management members of our Company were involved in the Lawsuit or the transactions leading to the Lawsuit because (a) initiating the Lawsuit did not require approval from the Directors or senior management members of our Company as the Lawsuit was merely a routine lawsuit initiated to collect outstanding fees due from the customer, mainly resulting from a contractual dispute in the amount of balances payable by the customer, and the amount in dispute was approximately RMB3.48 million, accounting for less than 0.03% of the total revenue of our Group for the year ended 31 December 2022, which is negligible as compared to the business scale of our Group; (b) based on the anticipated transaction scale with the customer, it was not required to involve the Directors or senior management members of our Company to approve the transactions leading to the Lawsuit according to our Group’s then effective internal approval requirement and authorization system; (c) the transactions leading to the Lawsuit were conducted in our ordinary course of the business and were mainly carried out by our business staff of a subsidiary; (d) none of the reviewers or approvers involved in the internal approval process in connection with the transactions leading to the Lawsuit is a current Director or senior management member of our Company; and (e) the terms and conditions for the transactions leading to the Lawsuit were not materially inconsistent with the terms and conditions of other e-commerce small package express delivery business conducted by our Group during the same period.

Enhanced internal control measures

After we lost the Lawsuit at the first instance trial, we conducted a thorough internal investigation into the transactions leading to the Lawsuit, during which we noted some weakness in our internal control system reflected at the early stages of commencing our e-commerce small package express delivery business, especially in terms of customer and supplier onboarding assessment, overdue

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accounts receivable management, prepayment management and e-commercial small package order and invoice management. As such, our Group has actively reiterated and strengthened relevant internal control measures, in particular:

Internal control measures on new customer onboarding assessment

- As to new customer onboarding, our Group has customer assessment policies in place, requiring our subsidiary and business units to consider factors such as the industry a potential customer is operated in, its sales volume, expected bidding size, and operational capabilities etc., and requiring relevant staff to conduct public searches on the potential customer’s credit record and fill relevant information in the customer onboarding form to assess customer-specific and business-related risks before introducing any new customer.
- In order to control over-due accounts receivable from transactions with newly introduced customer, we have further enhanced our internal control measures related to new customer onboarding, especially related to new customer onboarding due diligence requirements. Our CRM system (customer management system) has been integrated with a Chinese business information platform, as a result of which simply entering a potential customer’s name would allow us to retrieve from such platform automatically the customer’s information, including business registration information, business status, whether it is listed as a defaulter, and whether there are any lawsuits or enforcement records against the customer. thereby better to assess the potential customer’s risk level.

Internal control measures on new supplier onboarding assessment and management of customer and supplier relationships

- In terms of supplier assessment policies and approval procedures for onboarding new suppliers, our Group has developed and implemented supplier assessment policies and approval procedures for onboarding new suppliers. Resource management specialists at our operations headquarters source suppliers based on our Group’s sourcing strategy management and procurement demand management requirement, entering potential supplier information into the LSRM (Logistics Supplier Relationship Management) system, our Group’s supplier management system, which contains system prompts and controls requiring relevant staff to enter into information on the existence of upstream and downstream relationships. Resource administrators then screen target suppliers and submit supplier development review applications through the LSRM system, and a potential supplier will become a qualified supplier only upon completion of the review process.
- Furthermore, in addition to the self-declaration mechanism by relevant employees in the LSRM system, we will update the LSRM system to incorporate automated cross-referencing functionality in the LSRM system so that when a customer-related task is assigned to an express delivery service supplier, the system could check the express delivery service supplier’s information against the customer’s information in the database to identify potential matches or overlaps and to ensure assignments to express delivery suppliers related to such customer will be automatically stopped.
- We have also further issued operational guidelines on strengthening management of customer and supplier relationships, clearly defining the criteria for determination of customer and supplier relationship, requesting business staff to proactively conduct public searches to identify existence of such relationship to the extent possible, clarifying the procedures for sample check to be conducted by marketing and supplier management staff regularly and reiterating reporting requirement regarding existence of upstream and downstream relationship and disciplinary

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consequence for failure to report such relationship in a timely manner. Following issuance of the operational guidelines, our risk control department issues new customer or supplier auditing task monthly, requiring our marketing center and operation department to conduct new customer or supplier auditing and report the auditing results for each customer or supplier newly engaged in the previous month according to the auditing requirements.

Internal control measures on express delivery-related prepayment management

- Our Group has strengthened our internal control measures in connection with express delivery-related prepayment management, in particular, we have (a) added express delivery-related prepayments as a separate category subject to more comprehensive internal approval procedures; (b) clarified the prepayment criteria to only permit prepayments to low-risk express delivery suppliers, (c) monitored prepayments made to express delivery suppliers regularly and published circulars to alert our Group of any issues identified and associated rectification measures adopted in a timely manner, and (d) incorporated relevant cases to daily trainings to finance staff in order to raise awareness of finance staff to potential issues in express delivery-related prepayment cases.

Internal control measures on e-commerce small package order and invoice management

- We have improved our e-commerce small package order management system and require that all orders must be input in the Order Management System ("OMS") on the same day when a customer place an order in principle, and business operation staff shall conduct weekly sample check on order fulfillment status to ensure no abnormal orders and reduce irregular orders caused by using wrong codes, incorrect shipments, incorrect labeling, weight disputes, etc. We also require that invoices may only be issued after completing account reconciliation with customers or suppliers to ensure invoiced amounts are consistent with transaction details.

Internal control measures on overdue accounts receivable and payable management

- In terms of overdue accounts receivable management, our Company's finance and sales departments are required to prepare monthly collection plans (summarizing the collection plans submitted by branch offices) and circulate overdue accounts receivable to the branch office's business and finance personnel, for each branch office's finance and business personnel to follow up with customers on invoicing and collection, and use various methods such as notifications and demand letters to collect accounts receivable. If a debt is overdue for three months and no repayment plan or agreement has been reached, the finance personnel will contact the legal department to initiate litigation proceedings. If a debt settlement agreement is to be entered into to settle overdue accounts receivable with accounts payable, the business staff in charge of relevant transactions is required to submit applications to initiate internal approval procedures, and a tripartite settlement agreement may only be executed after being reviewed by financial and legal departments and approved by the head of the relevant business department.
- Our Group has put in place internal control measures in connection with monitoring and verifying the source of incoming funds from customers (such as checking the customer's bank account for transfers against the bank account listed in the relevant agreements, categorizing the payment into regular business collection and other collection to verify their nature), as well as internal control measures in connection with segregation of duties between business relationship management and finance/settlement functions. As for the multiple same-amount receivable within a short period, our Group has reiterated our customer onboarding and KYC procedures as well as AML internal control measures to more strictly monitor legitimacy of incoming funds from customers and there is no other material risk from our Group as this involves incoming funds from the customer.

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- Our Group also has comprehensive internal control measures in connection with payment-making in place to minimize the possibility that employees may circumvent our internal approval requirements. Whether the payments are made in a large lump sum or through making multiple small-amount payments, our Group applies the same set and level of internal control approval process (i.e., there is no circumvention of approvals). It is required that all payments shall only be made in accordance with the contract governing such payments, and any payment deviating from the contract terms, no matter the amount, shall only be made after going through more stringent internal approval procedures. Besides, our Group further strengthened our supplier settlement requirements that, (i) for the same supplier, accounts shall be reconciled and settled once a month and splitting settlement is not allowed in principle; if multiple settlements are required, it shall be reviewed and approved by the headquarters’ finance and cost department; and (ii) if the payment of the same amount was made to the same supplier within seven days, the alert will be triggered and such arrangement shall be reviewed by the manager of the fund department.
- In addition, our Group has also adopted and implemented internal policies prohibiting our employees from any form of financial dealings with suppliers or customers. A violation reporting process has been established to regulate any financial dealings with suppliers or customers. If an employee engages in direct financial dealings with a customer or supplier, the relevant employee is required to submit a report form through the iFlow platform, detailing the employee’s name, the date of the transaction, and a description of the dealing for our Company to determine whether the financial dealing is permitted. If an employee engages in financial dealings with suppliers/customers without following the aforementioned procedures for record-keeping, the employment contract of such employee will be terminated due to violation of our Group’s internal policies.

Our Company has engaged an independent external firm (the “**Internal Control Consultant**”) to conduct a general assessment of our internal control system in relation to the [REDACTED]. The Internal Control Consultant has reviewed the internal control measures our Group implemented, among others, in respect of customer/supplier onboarding assessment and management of customer and supplier relationships, prohibition from financial dealings with suppliers or customers, overdue accounts receivable and payable management, prepayment management, contract execution approval procedures, invoice management etc., during which no material deficiency with respect to our Company’s internal control mechanism was identified.

No Material Impact

On the grounds that (i) the Lawsuit was simply a routine lawsuit initiated by us to collect outstanding fees due from customers, mainly resulting from a contractual dispute in the amount of balances payable, (ii) we have reached a settlement at mediation of the appellate court, and the parties confirmed the validity of transactions between them, (iii) neither the Directors nor senior management members of our Company were involved in the Lawsuit or the transactions leading to the Lawsuit, (iv) the first instance court’s judgment was made mainly based on evidence submitted by the parties, and, as advised by our PRC legal advisors, Jia Yuan Law Offices, following the settlement of the disputes and the settlement order coming into effect, the first instance court’s judgement is treated as revoked and no longer has legal effect, (v) the amount in dispute was approximately RMB3.48 million which is very insignificant compared to our business scale, and (vi) our Group has further enhanced internal control measures since noting the weakness reflected from the transactions leading to the Lawsuit to prevent the occurrence of similar incidents in the future, our Company is of the view that the Lawsuit does not have any material adverse impact on our business, financial condition and results of operations, nor will it affect the eligibility of our Company for [REDACTED] on the Stock Exchange under Rule 8.04 of the Listing Rules or the suitability of our Company’s current Directors and senior management under

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Rules 3.08 and 3.09 of the Listing Rules. On the basis of the due diligence work conducted by the Joint Sponsors, having reviewed and considered the information made available to the Joint Sponsors by the Company, nothing has come to the Joint Sponsors’ attention that would reasonably cause the Joint Sponsors to cast doubt on the reasonableness of our Company’s view as set forth in the paragraph headed “— Litigation regarding a contract dispute on balance of outstanding fees payable by a customer — No Material Impact.”

Litigation regarding Meian

The Company and an independent third party, Wuhan Meian Storage and Transportation Co., Ltd. (“Meian”) in 2011 with registered capital of RMB100.0 million. The Company fully contributed RMB70.0 million in June 2011 and transferred its entire equity interest in February 2013, after which it ceased to be a shareholder. Meian entered bankruptcy proceedings in November 2020. In 2022, certain creditors of Meian alleged Zhenwei had failed to fully pay its capital contribution and sought joint and several liability from the Company up to RMB30.0 million plus interest. The court of first instance ruled against the Company in August 2023 on the basis of Article 13(3) of the Provisions of the Supreme People’s Court on Several Issues Concerning the Application of the PRC Company Law (III), under which founding shareholders may bear strict joint and several liability where another founding shareholder fails to fully contribute its subscribed capital, notwithstanding a subsequent transfer of equity. On appeal, the appellate court dismissed the claim on a procedural ground. In December 2025, Meian commenced a claim on the same legal basis, and the court hearing for this proceeding is currently in progress.

Litigation regarding Warehouse Fire

A warehouse fire, which was caused by defective refrigerators stored by a tenant, damaged cargo belonging to another tenant, in a warehouse managed by a subsidiary of the Company. The cargo owner commenced legal proceedings against the Company, claiming approximately RMB21.5 million. Based on the investigation report issued by the local fire department in April 2025, the Company considers that it was not the direct cause of the fire. However, as the facility manager, the Company may bear certain supplementary liability in respect of safety management. The Company’s subsidiary maintains property insurance, which has covered its own asset losses arising from the fire.

Litigation regarding Transportation Fire

In July 2025, a customer filed a lawsuit against one of the Company’s subsidiaries, claiming damages of approximately RMB15.0 million arising from a vehicle fire incident in February 2025 during the transportation of its goods, which resulted in cargo loss. In January 2026, the court of first instance ordered the Company to pay RMB11.6 million. The Company filed an appeal. Subsequently, the second-instance court affirmed the first-instance judgment, and the Company has completed the payment accordingly.

Transportation Contract Dispute

A counterparty brought a claim against the Company for breach of contract arising from dispute over the settlement of outstanding payments following the termination of a road transportation service agreement in March 2025. The case is currently pending a first instance judgment.

As of December 31, 2025, the Company had also made provisions for 17 other disputes arising in the ordinary course of business in the integrated supply chain logistics industry, which do not, in the Directors’ view, indicate any systemic operational or management deficiencies. These matters, individually and in aggregate, are not material to the Company’s business, financial condition or results of operations. Also, the Directors are of the view that the provisions made in respect of the litigations involving the Company are sufficient and reasonable. The Joint Sponsors are not aware of any information to the contrary that would cause them to disagree with the Directors’ view as set out above.

BUSINESS

In addition, during the Track Record Period, we were subject to six administrative penalties in excess of RMB10,000, with total penalty amount of approximately RMB0.2 million, primarily relating to fire safety equipment maintenance and other operational matters. We have fully settled these penalties. To prevent recurrence, we have implemented enhanced internal control measures, including the allocation of substantial resources to upgrade our fire safety facilities from 2021 to September 2025, conducting regular safety inspections and drills, and strictly adhering to applicable regulatory requirements in respect of hazardous materials and tenant safety management. Taking into account the rectification measures, our Directors are of the view that these incidents did not have a material adverse effect on our business operations or financial condition, and, as advised by our Internal Control Counsel, our enhanced internal control measures are adequate and effective.

During the Track Record Period and up to the Latest Practicable Date, there were no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.