

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages [I-1] to [I-62], received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ANNTO SUPPLY CHAIN TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND MORGAN STANLEY ASIA LIMITED

Introduction

We report on the historical financial information of Annto Supply Chain Technology Co., Ltd.* (安得智聯供應鏈科技股份有限公司) (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [I-3] to [I-62], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages [I-3] to [I-62] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “**Document**”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not

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for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at 31 December 2023, 2024 and 2025, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

[Date]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	5	16,224,032	18,663,340	21,451,904
Cost of services		(15,038,846)	(17,307,880)	(19,930,783)
Gross profit		1,185,186	1,355,460	1,521,121
Other income	6	80,086	120,902	131,422
Other gains and losses, net	7	(50,483)	703	(11,709)
Net (impairment losses) reversal of impairment losses on financial assets	8	(10,813)	(27,773)	1,432
Distribution and selling expenses		(160,702)	(194,898)	(222,503)
Research and development expenses		(170,675)	(199,042)	(263,801)
Administrative expenses		(447,535)	(499,408)	(498,357)
Finance costs	9	(67,856)	(83,433)	(69,438)
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Profit before taxation		357,208	472,511	570,408
Income tax expense	10	(69,253)	(92,183)	(121,026)
Profit and total comprehensive income for the year	11	<u>287,955</u>	<u>380,328</u>	<u>449,382</u>
Earnings per share — Basic and diluted in RMB	14	<u>0.53</u>	<u>0.70</u>	<u>0.68</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current Assets				
Property, plant and equipment	15	1,110,870	1,022,162	934,188
Right-of-use assets	16	1,745,174	1,623,123	1,579,952
Intangible assets	17	7,030	19,951	16,914
Term deposits	20	193,156	942,710	2,545,372
Restricted cash	20	—	—	36,518
Prepayments for property, plant and equipment	19	4,521	1,538	4,466
Deferred tax assets	18	47,388	49,189	48,493
		<u>3,108,139</u>	<u>3,658,673</u>	<u>5,165,903</u>
Current Assets				
Trade and other receivables and prepayments	19	2,258,629	2,607,862	2,905,294
Term deposits	20	—	374,567	747,544
Restricted cash	20	4,993	273,820	6,247
Cash and cash equivalents	20	2,169,962	617,816	913,602
		<u>4,433,584</u>	<u>3,874,065</u>	<u>4,572,687</u>
Current Liabilities				
Trade and other payables	21	3,515,262	3,899,860	4,342,086
Contract liabilities	22	84,010	126,894	198,884
Current income tax liabilities		52,917	39,514	23,892
Lease liabilities due within one year	23	562,322	558,901	632,073
Bank borrowings	24	1,080,410	547,941	158,915
		<u>5,294,921</u>	<u>5,173,110</u>	<u>5,355,850</u>
Net Current Liabilities		<u>(861,337)</u>	<u>(1,299,045)</u>	<u>(783,163)</u>
Total Assets Less Current Liabilities		<u>2,246,802</u>	<u>2,359,628</u>	<u>4,382,740</u>
Non-current Liabilities				
Provision	25	62,082	61,196	68,957
Lease liabilities due after one year	23	732,439	625,443	507,477
		<u>794,521</u>	<u>686,639</u>	<u>576,434</u>
Net assets		<u>1,452,281</u>	<u>1,672,989</u>	<u>3,806,306</u>
Capital and Reserves				
Share capital	26	540,000	540,000	745,200
Reserves		912,281	1,132,989	3,061,106
Total Equity		<u>1,452,281</u>	<u>1,672,989</u>	<u>3,806,306</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current Assets				
Investments in subsidiaries	27	904,978	904,978	935,041
Term deposits	20	—	—	1,918,837
Deferred tax assets	18	11,488	11,314	14,012
		<u>916,466</u>	<u>916,292</u>	<u>2,867,890</u>
Current Assets				
Other receivables	19	70,385	208,902	289,222
Cash and cash equivalents.	20	14,038	6,634	9,642
		<u>84,423</u>	<u>215,536</u>	<u>298,864</u>
Current Liabilities				
Other payables	21	614	173	7,139
Current income tax liabilities		24	524	1,132
		<u>638</u>	<u>697</u>	<u>8,271</u>
Net Current Assets		<u>83,785</u>	<u>214,839</u>	<u>290,593</u>
Total Assets Less Current Liabilities		<u>1,000,251</u>	<u>1,131,131</u>	<u>3,158,483</u>
Non-current Liability				
Provision	25	44,235	45,258	46,146
Net assets		<u>956,016</u>	<u>1,085,873</u>	<u>3,112,337</u>
Capital and Reserves				
Share capital	26	540,000	540,000	745,200
Reserves	28	416,016	545,873	2,367,137
Total Equity		<u>956,016</u>	<u>1,085,873</u>	<u>3,112,337</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Other reserve	Statutory reserve	Share-based compensation expenses reserve	Retained profits	Total
	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000 (note c)	RMB'000	RMB'000 (note c)	RMB'000
At 1 January 2023	540,000	261,719	32,812	64,365	—	362,326	1,261,222
Profit and total comprehensive income for the year	—	—	—	—	—	287,955	287,955
Dividends paid to the Company’s shareholders (note 13)	—	—	—	—	—	(108,000)	(108,000)
Share-based compensation expenses (note 29)	—	—	9,719	—	1,385	—	11,104
Appropriation to reserve	—	—	—	19,607	—	(19,607)	—
Converting the Company to a joint stock company	—	64,779	—	(64,365)	—	(414)	—
At 31 December 2023	540,000	326,498	42,531	19,607	1,385	522,260	1,452,281
Profit and total comprehensive income for the year	—	—	—	—	—	380,328	380,328
Dividends paid to the Company’s shareholders (note 13)	—	—	—	—	—	(167,400)	(167,400)
Share-based compensation expenses (note 29)	—	—	5,632	—	2,148	—	7,780
Appropriation to reserve	—	—	—	29,511	—	(29,511)	—
At 31 December 2024	540,000	326,498	48,163	49,118	3,533	705,677	1,672,989
Profit and total comprehensive income for the year	—	—	—	—	—	449,382	449,382
Issuance of ordinary shares (note 26)	205,200	1,694,800	—	—	—	—	1,900,000
Dividends paid to the Company’s shareholders (note 13)	—	—	—	—	—	(226,800)	(226,800)
Share-based compensation expenses (note 29)	—	—	4,207	—	6,528	—	10,735
Transfer in relation to cancelled share options (note 29)	—	10,061	—	—	(10,061)	—	—
Appropriation to reserve	—	—	—	35,680	—	(35,680)	—
As at 31 December 2025	745,200	2,031,359	52,370	84,798	—	892,579	3,806,306

Notes:

- (a) Capital reserve consists of (i) the capital contributed by immediate holding company amounted to RMB261,719,000 prior to the Track Record Period; (ii) the transfer of RMB64,779,000 from statutory reserve and retained profits upon its conversion into a joint stock company in August 2023; (iii) the share premium of RMB1,694,800,000 arising from the issue of 205,200,000 ordinary shares to certain investors (“**Pre-[REDACTED] Investors**”) during the year ended 31 December 2025; and (iv) transfer from the share-based compensation expenses reserve of RMB10,061,000 as a result of the cancellation of the share options during the year ended 31 December 2025.
- (b) Other reserve represents the deemed contribution from immediate holding company, in relation to the share-based compensation expenses to certain employees of the Group.
- (c) The statutory reserve represents the amount transferred from net profit for the year of the Company established in the People’s Republic of China (the “**PRC**”) in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either using to set off the accumulated losses or increasing capital.

As at 31 December 2023, 2024 and 2025, statutory reserve of subsidiaries amounting to RMB79,152,000, RMB99,153,000 and RMB123,516,000, respectively, are included in the retained profits of the Group.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Profit before taxation	357,208	472,511	570,408
Adjustments for:			
Depreciation of property, plant and equipment	114,463	127,696	131,499
Depreciation of right-of-use assets	587,261	627,044	784,652
Amortisation of intangible assets	749	3,726	8,335
Net impairment losses (reversal of impairment losses) on financial assets . . .	10,813	27,773	(1,432)
Net (gains) losses on disposal/written off of property, plant and equipment.	(124)	(204)	309
Net gains on disposal of right-of-use assets	(2,668)	(1,560)	—
Share-based compensation expenses	11,104	7,780	10,735
Finance costs	67,856	83,433	69,438
Interest income	(24,805)	(55,632)	(73,474)
Provision (reversal of provision) for claims	51,475	(886)	7,761
Operating cash flows before movements in working capital	1,173,332	1,291,681	1,508,231
Changes in trade and other receivables and prepayments	(87,148)	(631,503)	(750,455)
Changes in trade and other payables	506,597	384,598	451,549
Changes in contract liabilities	(30,237)	42,884	71,990
Cash generated from operations	1,562,544	1,087,660	1,281,315
Income taxes paid.	(93,071)	(107,387)	(135,952)
NET CASH FROM OPERATING ACTIVITIES.	1,469,473	980,273	1,145,363

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	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
INVESTING ACTIVITIES			
Payments for purchase of financial assets . . .	(440,000)	(1,750,000)	(2,690,000)
Proceeds from disposal of financial assets . . .	250,000	650,000	720,000
Interests received	21,649	31,511	66,317
Payment for purchase and deposits paid for acquisition of property, plant and equipment	(75,691)	(37,621)	(59,289)
Payment for purchase of intangible assets . . .	(2,790)	(16,647)	(5,298)
Proceeds from disposal of property, plant and equipment	565	1,820	2,208
Proceeds from disposal of right-of-use assets	12,094	2,487	—
Placement of restricted cash	(4,263)	(273,720)	(1,070,198)
Release of restricted cash	3,419	4,893	1,302,771
NET CASH USED IN INVESTING ACTIVITIES	(235,017)	(1,387,277)	(1,733,489)
FINANCING ACTIVITIES			
Interest paid	(8,587)	(25,037)	(18,088)
Repayment of interest elements of lease liabilities	(59,269)	(58,396)	(51,350)
New bank borrowings raised	1,255,122	1,437,164	1,688,575
Repayments of bank borrowings	—	(1,715,136)	(1,620,128)
Payment of lease liabilities	(585,563)	(616,337)	(786,275)
Dividends paid to the Company’s shareholders	(108,000)	(167,400)	(226,800)
Issuance of ordinary shares	—	—	1,900,000
Share issue costs paid	—	—	(2,022)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	493,703	(1,145,142)	883,912
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,728,159	(1,552,146)	295,786
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	441,803	2,169,962	617,816
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,169,962	617,816	913,602

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NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Company was established in the PRC on 24 February 2011 as a limited liability company under the Company Law of the PRC. In August 2023, the Company was converted into a joint stock company with limited liability with the name changed from Annto Supply Chain Technology Co., Ltd.* (安得智聯供應鏈科技有限公司) to Annto Supply Chain Technology Co., Ltd.* (安得智聯供應鏈科技股份有限公司). The address of the registered office and principal place of business of the Company are stated in the section headed “Corporate Information” of the Document.

The Company acts as an investment holding company. Its subsidiaries are engaged in provision of integrated supply chain logistics solutions and basic logistics services in the PRC. The Group’s principal operations and geographical markets are in the PRC, and the particulars of the Company’s subsidiaries are set out in note 34.

The immediate holding company of the Company is Midea Zhilian (Shanghai) Supply Chain Technology Co., Ltd.* (“**Midea Zhilian**”) (美的智聯(上海)供應鏈科技有限公司) which was established in the PRC with limited liability. The intermediate holding company of the Company is Midea Group Co., Ltd., which was a company registered with limited liability in the PRC, with its shares listed on both the Shenzhen Stock Exchange and the Stock Exchange. Midea Group Co., Ltd. and its subsidiaries, excluding the Group, are collectively referred to as “Midea Group”. The ultimate holding company of the Company is Midea Holding Co., Ltd. (the “**Midea Holding**”), which was established in the PRC with limited liability.

The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Company and its subsidiaries.

The statutory financial statements of the Company for the year ended 31 December 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by Grant Thornton Zhitong Certified Public Accountants LLP Shenzhen Branch (致同會計師事務所(特殊普通合夥)深圳分所), certified public accountants registered in the PRC.

[The statutory financial statements of the Company for the year ended 31 December 2025 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP Guangzhou Branch (德勤華永會計師事務所(特殊普通合夥)廣州分所), certified public accountants registered in the PRC.]

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards. Taking into account the factors as below, the directors of the Company have, at the time of approving the Historical Financial Information, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

As at 31 December 2025, the Group had net current liabilities of approximately RMB783,163,000. The directors of the Company have carefully assessed the Group’s liquidity position by taking into account: (a) the Group’s expected cash flows from operating activities; (b) the availability of undrawn banking facilities amounted to RMB1,499,932,000 at 31 December 2025; and (c) the term deposits of

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RMB2,545,372,000 as of 31 December 2025 included in non-current assets, if necessary, can be withdrawn by the Group to settle the current liabilities with the forfeiture of interest income. The directors of the Company believe that the Group has adequate resources to continue operations and meet its liabilities as at when they fall due for the foreseeable future of not less than 12 months from the end of 31 December 2025. Therefore, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on 1 January 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Finance Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — Dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvement to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

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IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial position of the Group but is expected to affect the structure and presentation of the statements of profit or loss and other comprehensive income and consolidated statements of cash flows in the future financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

The material accounting policy information are set out below:

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

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Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in notes 5 and 22.

Research and development expenses

Research expenditures are recognised as expenses as incurred. For expenditures incurred during the development phases where the recognition criteria for intangible assets is not met, they are recognised as expenses in the period in which it is incurred.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

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Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liabilities at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “**lease modifications**”).

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

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Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Retirement benefit costs

Payments to state-managed defined contribution to pension plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

Share-based compensation expenses

Equity-settled share-based compensation expenses transactions

Share-based compensation expenses to the Group’s employees are granted under a share incentive plan of Midea Group (the “**Midea Group Share Incentive Plan**”). The Historical Financial Information includes allocation of the expenses recorded at Midea Group based on the Group’s employees participation in the Midea Group Share Incentive Plan. Midea Group grants its service-based restricted shares and share options to the Group’s eligible employees, which are treated as deemed contribution from Midea Group and recorded in other reserve in the Group’s consolidated statements of changes in equity.

In addition, the Group operates a share incentive plan, under which it receives services from employees as consideration for share options of the Company (the “**Share Option Scheme**”). The fair value of the services received in exchange for the grant of options is recognised as an expense on the consolidated statements of profit or loss with a corresponding increase in equity.

Equity-settled share-based compensation expenses to employees providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based compensation expenses determined at the grant date without taking into consideration all non-market vesting conditions is expensed using graded vesting method over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserve for Midea Group Share Incentive Plan and share-based compensation expenses reserve for Share Option Scheme). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserve/share-based compensation expenses reserve. For restricted shares/share options that vest immediately at the date of grant, the fair value of the restricted shares/share options granted is expensed immediately to profit or loss.

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When share options are exercised, the amount previously recognised in other reserve will continue to be held in other reserve and the amount previously recognised in share-based compensation expenses reserve will be transferred to capital reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to capital reserve. When share options are cancelled during the vesting period, it is treated as if they had been vested on the date of cancellation, and any expense not yet recognised for the share options is recognised immediately and the amount previously recognised in share-based compensation expenses reserve is transferred to capital reserve.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for supply of services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently

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become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in “other income”.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, term deposits, restricted cash and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and note receivables (including trade related amounts due from related parties). The ECL on these assets are assessed individually for debtors with significant balances and credit-impaired and/or collectively using a collective basis with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event; or
- (c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade and note receivables (other than notes issued by banks) using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade and note receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the nature, size and industry of debtors when formulating the grouping.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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Financial liabilities at amortised cost

Financial liabilities of the Group (including trade and other payables and bank borrowings) and financial liabilities of the Company (including other payables) are subsequently measured at amortised cost using effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include cash and cash equivalents, of which cash comprises of cash on hand and demand deposits, and cash equivalents comprises of short-term (generally with original maturity of three months or less) and highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above and form an integral part of the Group's cash management.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Provision of ECL of trade receivables

Credit-impaired trade receivables are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and

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forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The measurement of ECL requires the application of significant judgment which includes the expected future cash flows and forward-looking macroeconomic factors. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 December 2023, 2024 and 2025, the carrying amounts of trade receivables are RMB1,517,299,000, RMB1,541,593,000 and RMB1,681,145,000, net of allowance of RMB73,551,000, RMB87,098,000 and RMB80,183,000, respectively.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of service offerings			
Integrated supply chain logistics solutions			
— Production logistics	1,563,151	1,997,496	2,779,989
— Omni-channel shared inventory and distribution	10,653,931	12,052,774	12,992,249
— Delivery and installation	1,880,999	2,292,403	2,757,887
Subtotal	<u>14,098,081</u>	<u>16,342,673</u>	<u>18,530,125</u>
Basic logistics services	2,125,951	2,320,667	2,921,779
Total	<u><u>16,224,032</u></u>	<u><u>18,663,340</u></u>	<u><u>21,451,904</u></u>
Timing of revenue recognition			
Over time	16,016,444	18,411,458	21,096,561
At point in time	207,588	251,882	355,343
	<u>16,224,032</u>	<u>18,663,340</u>	<u>21,451,904</u>

The Group provides integrated supply chain logistics solutions (including production logistics, omni-channel shared inventory and distribution, and delivery and installation) and basic logistics services through its comprehensive logistics network and technology infrastructure to corporate customers in the PRC.

Revenue generated from integrated supply chain logistics solutions and basic logistics services are comprised of provision of (i) warehousing services, (ii) freight transportation services, (iii) installation services and (iv) sales of goods.

Warehousing services

Warehousing services are integrated and highly interdependent services which include comprehensive inbound, outbound, inspection, storage management and various warehouse management services and they are considered as one single performance obligation.

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The Group recognises revenue from warehousing services over time as the customers simultaneously receive and consume the benefits provided by the Group’s performance as the Group performs. The Group bills the customers on a monthly or periodically basis.

Freight transportation services

Freight transportation services are provided for heavy load parcels. Freight transportation services mainly include parcel pickup, parcel sorting and line-haul transportation. Each order for transportation of parcels from the point of receiving the parcels from senders all the way through to the point when the parcels are delivered to end recipients, is considered as a performance obligation.

As such, revenue from freight transportation services is recognised proportionally as parcels are transported from one location to another and the related costs are recognised as incurred. The Group uses an output method of progress based on distance as it best depicts the transfer of control to the customer. The Group bills the customers upon the completion of the freight transportation services.

Installation services

Installation services are provided for appliances and home furnishings and completed within short period of time i.e. one day and the revenue is recognised over time. The Group bills the customers upon the completion of the installation services.

Sales of goods

The Group recognises revenue from the sale of goods including refining oil, packaging materials and equipments, that the performance obligations are satisfied when the goods are delivered to the destination specified by the customers. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers.

Contracts with multiple performance obligations

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Transaction price allocated to the remaining performance obligation for contracts with customers

The performance obligation under the contract for the integrated supply chain logistics solutions and basic logistics services has original expected duration of less than one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied (or partially unsatisfied) contracts is not disclosed.

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Segment information

The Group’s chief operating decision maker, who has been identified as the Chief Executive Officer (the “CEO”), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and no other discrete financial information is provided to the CEO. Hence, the Group has only one reportable segment. As all of the Group’s non-current assets are located in the PRC and all of the Group’s revenue is derived from the PRC, no geographical information is presented.

During the Track Record Period, other than the Group’s largest customer i.e. Midea Group, as disclosed in note 30, no other single customer contributed over 10% of the total revenue of the Group.

6. OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Government grants	52,134	61,360	53,279
Interest income	24,805	55,632	73,474
Others	3,147	3,910	4,669
	<u>80,086</u>	<u>120,902</u>	<u>131,422</u>

The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives, to reward the Group’s contribution to the local economic growth. There were no unfulfilled conditions or contingencies relating to these government grants at the end of each reporting period and during the Track Record Period.

7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net gains (losses) on disposal of property, plant and equipment	124	204	(309)
Net gains on disposal of right-of-use assets . .	2,668	1,560	—
(Provision) reversal of provision for claims (note)	(51,475)	886	(7,761)
Others	(1,800)	(1,947)	(3,639)
	<u>(50,483)</u>	<u>703</u>	<u>(11,709)</u>

Note:

The provision included the claims from trade disputes and litigations in relation to fire or other accidents in the course of provision of logistics services by the Group, net off with the reimbursements from insurance companies and suppliers. During the year ended 31 December 2025, a fire accident at a warehouse occurred and it resulted in the loss on written-off of property, plant and equipment and the provision for claims by the customers due to goods damages. Taking into account the reimbursement from an insurance company, the net loss recognised in other gains or losses amounted to RMB12,052,000.

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8. NET (IMPAIRMENT LOSSES) REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net (impairment losses) reversal of impairment losses on:			
— Trade and note receivables	(6,436)	(13,493)	6,924
— Other receivables	(4,377)	(14,280)	(5,492)
	<u>(10,813)</u>	<u>(27,773)</u>	<u>1,432</u>

Details of impairment assessment are set out in note 31.

9. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest expense on lease liabilities	(59,269)	(58,396)	(51,350)
Interest expense on bank borrowings	(8,587)	(25,037)	(18,088)
	<u>(67,856)</u>	<u>(83,433)</u>	<u>(69,438)</u>

10. INCOME TAX EXPENSE

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current income tax	(79,779)	(93,984)	(120,330)
Deferred income tax (<i>note 18</i>)	10,526	1,801	(696)
	<u>(69,253)</u>	<u>(92,183)</u>	<u>(121,026)</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Company and its PRC subsidiaries are 25% for the Track Record Period except that:

- (i) certain subsidiaries of the Company were registered in the western region of the PRC and engaged in the business encouraged by the PRC government. These subsidiaries are entitled to the preferential enterprise income tax (“EIT”) rate of 15%.
- (ii) certain subsidiaries of the Company located in mainland China fulfill the micro and small enterprises qualification under Chinese corporate income tax system. Therefore, these subsidiaries were subject to the EIT rate from 2.5% to 10% during the Track Record Period.

The additional tax deduction of the qualified research and development expenses is 100% throughout the Track Record Period (“Super Deduction”).

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The income tax expense for the years ended 31 December 2023, 2024 and 2025 can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Profit before taxation	357,208	472,511	570,408
Tax at the PRC EIT rate of 25%	(89,302)	(118,128)	(142,602)
Tax effect of expenses not deductible for tax purpose (<i>note</i>)	(6,196)	(3,617)	(7,044)
Tax effect of Super Deduction	18,060	19,134	23,079
Tax effect of preferential tax treatments	8,185	10,428	9,904
Tax effect of tax losses not recognised	—	—	(4,363)
Total	(69,253)	(92,183)	(121,026)

Note: The expenses not deductible for tax purpose mainly represented share-based payment expenses, welfare and entertainment expenses which exceed the tax deduction limits under the EIT Law.

11. PROFIT FOR THE YEAR

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Profit for the year has been arrived at after charging:			
Auditors’ remuneration	1,159	895	600
Directors’ remuneration	15,717	16,205	19,199
Other staff’s salaries wages, bonuses and benefits in kind (including contributions to pension plans)	1,185,277	1,355,223	1,471,410
Other staff’s share-based compensation expenses	10,006	5,556	6,754
Total staff costs*	1,211,000	1,376,984	1,497,363
Depreciation of property, plant and equipment*	114,463	127,696	131,499
Depreciation of right-of-use assets*	587,261	627,044	784,652
Amortisation of intangible assets*	749	3,726	8,335

* The staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets related to research and development amounting to RMB113,440,000, RMB140,448,000 and RMB165,164,000, in aggregate, for the years ended 31 December 2023, 2024 and 2025, respectively, are included in “research and development expenses” in the consolidated statements of profit or loss and other comprehensive income.

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12. DIRECTORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS

Details of the emoluments paid/payable to the directors and chief executive of the Company during the Track Record Period are as follow:

	Director’s Fee	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2023			
Executive directors			
Mr. Liang Pengfei (梁鵬飛) (note a)	—	7,130	7,130
Mr. Ma Liang (馬良) (note b)	—	2,349	2,349
	—	9,479	9,479
Independent non-executive directors			
Dr. Chen Wei Ru (陳威如) (note d)	23	—	23
Dr. Lin Zhong (林忠) (note e)	23	—	23
	46	—	46
	46	9,479	9,525
Year ended 31 December 2024			
Executive directors			
Mr. Liang Pengfei (梁鵬飛) (note a)	—	8,785	8,785
Mr. Ma Liang (馬良) (note b)	—	2,388	2,388
	—	11,173	11,173
Independent non-executive directors			
Dr. Chen Wei Ru (陳威如) (note d)	150	—	150
Dr. Lin Zhong (林忠) (note e)	150	—	150
	300	—	300
	300	11,173	11,473

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	Director’s Fee	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Total
	RMB’000	RMB’000	RMB’000
Year ended 31 December 2025			
Executive directors			
Mr. Liang Pengfei (梁鵬飛) (note a)	—	9,317	9,317
Mr. Ma Liang (馬良) (note b)	—	2,971	2,971
	—	12,288	12,288
Non-executive directors			
Mr. Liu Xiao (劉嘯) (note c)	—	—	—
Ms. Luo Wenhui (駱文輝) (note c)	—	—	—
Ms. Chen Lihong (陳麗紅) (note c)	11	—	11
Mr. Duan Yuebin (段躍斌) (note c)	—	—	—
	11	—	11
Independent non-executive directors			
Dr. Chen Wei Ru (陳威如) (note d)	150	—	150
Dr. Lin Zhong (林忠) (note e)	150	—	150
Ms. Song Yi (宋屹) (note f)	90	—	90
	390	—	390
	401	12,288	12,689

Notes:

- (a) Mr. Liang Pengfei acts as chief executive of the Company and a director of the Company throughout the Track Record Period and his emoluments disclosed above included those for services rendered by him as the chief executive in management of the affairs of the group entities.
- (b) Mr. Ma Liang served as the Group’s chief financial officer and executive director throughout the Track Record Period and his emoluments disclosed above included those for services rendered by him as the chief financial officer and executive director in management of the affairs of the group entities.
- (c) Mr. Liu Xiao, Ms. Luo Wenhui, Ms. Chen Lihong and Mr. Duan Yuebin were appointed as directors in August 2025 and were redesignated as non-executive directors in August 2025 with effect from date of [REDACTED] of the Company’s shares on the Stock Exchange. Except for Ms. Chen Lihong, they have not received any remuneration from the Group during the Track Record Period. The remuneration of Ms. Chen Lihong shown above represents her capacity as a director.
- (d) Dr. Chen Wei Ru was appointed as independent director in August 2023 and was redesignated as an independent non-executive director in August 2025 with effect from the date of [REDACTED] of the Company’s shares on the Stock Exchange. The remuneration shown above represents his capacity as an independent director.
- (e) Dr. Lin Zhong was appointed as independent director in August 2023 and was redesignated as an independent non-executive director in August 2025 with effect from the date of [REDACTED] of the Company’s shares on the Stock Exchange. The remuneration shown above represents his capacity as an independent director.
- (f) Ms. Song Yi was appointed as independent director in May 2025 and was redesignated as an independent non-executive director in August 2025 with effect from the date of [REDACTED] of the Company’s shares on the Stock Exchange. The remuneration shown above represents her capacity as an independent director.
- (g) Mr. Wang Yang (汪洋) was the director of human resources of the Group in October 2024 and served as a director of the Company for the period from October 2024 to August 2025. Mr. Qiang Lei (羌磊) served as a director of the Company for the period from February 2021 to August 2023. Mr. Su Xinlong (蘇新龍) served as a director of the Company for the period from August 2023 to May 2025. Mr. Dong Wentao (董文濤) served as a director of the Company for the period from August 2023 to August 2025. Mr. Wang Weihai (王衛海) served as a director of the Company for the period from

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August 2023 to October 2024. The directors’ fee and salaries, wages, bonuses and benefits in kind (including contributions to pension plans) recognised by the Group in relation to the aforesaid directors were RMB5,094,000, RMB2,508,000 and RMB2,529,000 for the years ended 31 December 2023, 2024 and 2025.

The discretionary bonus is determined based on the performance of individual and market trend during the Track Record Period.

Pursuant to Midea Group Share Incentive Plans and Share Option Scheme, certain executive directors were granted shares incentives. During the year ended 31 December 2025, the Share Option Scheme was cancelled and no replacement compensation arrangement was implemented, as details in note 29.

For the years ended 31 December 2023, 2024 and 2025, the share-based compensation expenses recognised by the Group in relation to the eligible executive directors were RMB1,098,000, RMB2,224,000 and RMB3,981,000, respectively.

Five highest paid employees

The five highest paid individuals of the Group include 1 director for the year ended 31 December 2023 and 2024, and 2 directors for the year ended 31 December 2025. The remunerations of the remaining individuals for the years ended 31 December 2023, 2024 and 2025 are set out below:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Employees			
— Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	11,806	13,007	10,331
— Share-based compensation expenses.	594	503	1,402
Total	<u>12,400</u>	<u>13,510</u>	<u>11,733</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2023	2024	2025
HK\$1,000,001 to HK\$1,500,000	—	—	—
HK\$1,500,001 to HK\$2,000,000	—	—	—
HK\$3,000,001 to HK\$3,500,000	2	—	—
HK\$3,500,001 to HK\$4,000,000	2	4	—
HK\$4,000,001 to HK\$4,500,000	—	—	3

During the Track Record Period, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no directors waived any emoluments during the Track Record Period.

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13. DIVIDENDS

During the year ended 31 December 2023, 2024 and 2025, dividends of RMB108,000,000, RMB167,400,000 and RMB226,800,000 in respect of the years ended 31 December 2022, 2023 and 2024, respectively, were declared and paid by the Company.

Subsequent to the end of Track Record Period, a dividend of RMB268,272,000, in respect of the year ended 31 December 2025, has been declared and paid by the Company.

14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company during the Track Record Period are based on the following data.

	Year ended 31 December		
	2023	2024	2025
Earnings (RMB’000)			
Earning attributable to the owners of the Company for the purpose of calculation of basic and diluted earnings per share	287,955	380,328	449,382
Number of shares (’000)			
Weighted average number of ordinary shares for the purposes of calculation of basic and diluted earnings per share	540,000	540,000	657,498

The number of ordinary shares for the purpose of calculation of basic earnings per share has been determined on the assumption that the conversion to a joint stock company as detailed in note 26 had been effective on 1 January 2023.

There are potential ordinary shares in issue in relation to Share Option Scheme of the Company launched during the year ended 31 December 2023 and cancelled during the year ended 31 December 2025 (note 29). However, the share options are subject to the successful [REDACTED] of the Company in the stock exchange in the PRC which has not yet been met during the Track Record Period. Therefore, they are not included in the calculation of the diluted earnings per share for each of the years ended 31 December 2023, 2024 and 2025.

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15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Warehouses	Logistics equipment	Vehicles	Electronic equipment and others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST					
At 1 January 2023.	1,972,283	66,262	12,306	65,311	2,116,162
Additions	199	33,876	6,481	36,853	77,409
Disposals/written-off	—	(92)	(1,018)	(2,869)	(3,979)
At 31 December 2023.	1,972,482	100,046	17,769	99,295	2,189,592
Additions	—	4,402	5,221	30,981	40,604
Disposals/written-off	(90)	(24)	(2,644)	(6,142)	(8,900)
At 31 December 2024.	1,972,392	104,424	20,346	124,134	2,221,296
Additions	—	3,828	3,827	48,706	56,361
Disposals/written-off	(25,866)	(334)	(2,409)	(5,699)	(34,308)
At 31 December 2025.	1,946,526	107,918	21,764	167,141	2,243,349
DEPRECIATION					
At 1 January 2023.	907,867	2,520	10,302	47,108	967,797
Charged for the year	94,056	8,686	863	10,858	114,463
Eliminated on disposals/written-off	—	(29)	(988)	(2,521)	(3,538)
At 31 December 2023.	1,001,923	11,177	10,177	55,445	1,078,722
Charged for the year	93,670	9,749	2,426	21,851	127,696
Eliminated on disposals/written-off	—	(17)	(1,903)	(5,364)	(7,284)
At 31 December 2024.	1,095,593	20,909	10,700	71,932	1,199,134
Charged for the year	92,769	10,018	2,779	25,933	131,499
Eliminated on disposals/written-off	(15,625)	(230)	(657)	(4,960)	(21,472)
At 31 December 2025.	1,172,737	30,697	12,822	92,905	1,309,161
CARRYING VALUES					
At 31 December 2023.	970,559	88,869	7,592	43,850	1,110,870
At 31 December 2024.	876,799	83,515	9,646	52,202	1,022,162
At 31 December 2025.	773,789	77,221	8,942	74,236	934,188

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives, as follows:

Warehouses	20 years
Logistics equipment	3 to 10 years
Vehicles	3 to 5 years
Electronic equipment and others	3 years

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16. RIGHT-OF-USE ASSETS

The Group

	Land use rights	Leased warehouses	Leased logistics equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CARRYING VALUE				
At 31 December 2023	481,338	1,231,466	32,370	1,745,174
At 31 December 2024	467,757	1,113,748	41,618	1,623,123
At 31 December 2025	455,107	1,084,865	39,980	1,579,952

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Additions to right-of-use assets	892,200	505,920	741,481
Depreciation charge	587,261	627,044	784,652
Expenses relating to short-term leases and leases of low-value assets	529,922	596,731	717,687
Total cash outflow for leases	1,174,754	1,271,464	1,555,312

The Group leases various warehouses and logistic equipment for its operations. Lease contracts are entered into for fixed term of 1 to 10 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several warehouses where its logistics facilities are primarily located. The Group is the registered owner of these property interests, including the underlying land use rights. Lump sum payments were made upfront to acquire these property interests. The land use rights components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group has obtained the land use right certificates for all land use rights as at 31 December 2023, 2024 and 2025.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group regularly entered into short-term leases for office, warehouses and logistic equipment. As of 31 December 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

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Lease liabilities recognised relation to leased warehouses and logistic equipment of RMB1,294,761,000, RMB1,184,344,000 and RMB1,139,550,000 are recognised with related right-of-use assets of RMB1,263,836,000, RMB1,155,366,000 and RMB1,124,845,000 as at 31 December 2023, 2024 and 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in note 23.

17. INTANGIBLE ASSETS

The Group

	Software
	<i>RMB’000</i>
COST	
At 1 January 2023	5,544
Additions	2,790
At 31 December 2023	8,334
Additions	16,647
At 31 December 2024	24,981
Additions	5,298
At 31 December 2025	30,279
AMORTISATION	
At 1 January 2023	555
Charge for the year	749
At 31 December 2023	1,304
Charge for the year	3,726
At 31 December 2024	5,030
Charge for the year	8,335
At 31 December 2025	13,365
CARRYING VALUES	
At 31 December 2023	7,030
At 31 December 2024	19,951
At 31 December 2025	16,914

All of the Group’s software were acquired from third parties and the amortisation of the Group’s software begins when it is available for use. Software were amortised on a straight-line basis over 3 to 10 years.

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18. DEFERRED TAX

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The followings are the major deferred tax assets recognised and movements thereon during the Track Record Period:

	Tax losses	Loss allowance, provision and others	Rights-of-use assets	Leases liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	3,323	23,033	(236,523)	247,029	36,862
(Charge) credit to profit or loss	(2,384)	15,685	(79,436)	76,661	10,526
At 31 December 2023	939	38,718	(315,959)	323,690	47,388
(Charge) credit to profit or loss	(939)	3,227	27,117	(27,604)	1,801
At 31 December 2024	—	41,945	(288,842)	296,086	49,189
Credit (charge) to profit or loss	109	2,762	7,631	(11,198)	(696)
At 31 December 2025	109	44,707	(281,211)	284,888	48,493

At 31 December 2023, 2024 and 2025, the Group had unused tax losses of RMB3,757,000, nil and RMB17,888,000, respectively, available to offset against future profits. At 31 December 2023, 2024 and 2025, deferred tax assets have been recognised in respect of RMB3,757,000, nil and RMB436,000 of such tax losses and no deferred tax asset has been recognised in respect of the remaining unused tax losses due to the unpredictability of future profits schemes. The unrecognised tax losses will expire gradually in various dates within the next five years from the end of relevant reporting period.

The Company

The followings are the major deferred tax assets recognised and movements thereon during the Track Record Period:

	Tax losses	Impairment and provision	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	—	—	—
Credit to profit or loss	428	11,060	11,488
At 31 December 2023	428	11,060	11,488
(Charge) credit to profit or loss	(428)	254	(174)
At 31 December 2024	—	11,314	11,314
Credit to profit or loss	—	2,698	2,698
At 31 December 2025	—	14,012	14,012

At 31 December 2023, 2024 and 2025, the Company had unused tax losses of RMB1,712,000, nil and nil, respectively, available to offset against future profits and deferred tax assets have been recognised in respect of these tax losses.

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19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and note receivables			
— Trade receivables	1,590,850	1,628,691	1,761,328
— Note receivables	303,996	375,253	410,380
	<u>1,894,846</u>	<u>2,003,944</u>	<u>2,171,708</u>
Less: allowance for credit losses			
— Trade receivables	(73,551)	(87,098)	(80,183)
— Note receivables	(81)	(27)	(18)
	<u>(73,632)</u>	<u>(87,125)</u>	<u>(80,201)</u>
	<u>1,821,214</u>	<u>1,916,819</u>	<u>2,091,507</u>
Other receivables			
Refundable deposits	303,874	437,311	492,021
Prepayments to suppliers	125,966	245,057	306,056
Prepayments for property, plant and equipment.	4,521	1,538	4,466
Other taxes recoverables	21,209	28,180	38,235
Deferred issue costs	—	—	3,006
Prepaid issue costs and [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	2,519	6,129	4,108
	<u>458,089</u>	<u>718,215</u>	<u>847,975</u>
Less: allowance for credit losses	(16,153)	(25,634)	(29,722)
	<u>441,936</u>	<u>692,581</u>	<u>818,253</u>
	<u>2,263,150</u>	<u>2,609,400</u>	<u>2,909,760</u>
Less: Prepayments shown under non-current assets.	(4,521)	(1,538)	(4,466)
	<u>2,258,629</u>	<u>2,607,862</u>	<u>2,905,294</u>

As of 1 January 2023, trade and note receivables amounted to RMB1,933,883,000.

As at 31 December 2023, 2024 and 2025, total notes received amounting to RMB96,864,000, RMB190,427,000 and RMB166,187,000, respectively, were held by the Group for future settlement of trade receivables, and were further discounted/endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note 31(d). All notes received by the Group are with a maturity period of less than one year.

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The Group mainly allows a credit period of 0 to 90 days to its trade customers. The following is an aging analysis of trade and note receivables, net of allowance for credit losses, presented based on the invoice dates.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
0–90 days	1,689,287	1,743,182	1,931,430
91–180 days	131,927	173,637	159,248
181 days–1 year	—	—	829
	<u>1,821,214</u>	<u>1,916,819</u>	<u>2,091,507</u>

As of 31 December 2023, 2024 and 2025, included in the Group’s trade receivables balance are debtors with aggregate carrying amount of RMB117,586,000, RMB119,058,000 and RMB227,264,000, respectively, which are past due. Out of the past due balances, RMB403,000, RMB733,000 and RMB3,911,000 have been past due 90 days or more but not considered as in default, as the Group is satisfied with the credit quality of these customers. The Group does not hold any collateral over these balances.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other receivables			
Amounts due from subsidiaries (<i>note</i>)	70,021	208,902	286,005
Deferred issue costs	—	—	3,006
Prepaid issue costs and [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	364	—	128
	<u>70,385</u>	<u>208,902</u>	<u>289,222</u>

Note: The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Details of impairment assessment of trade and other receivables are set out in note 31.

20. RESTRICTED CASH, TERM DEPOSITS AND CASH AND CASH EQUIVALENTS

The Group and the Company

Cash and cash equivalents mainly include demand deposits, which carry interest at market rates range from 0.20% per annum to 3.00% per annum, 0.10% per annum to 1.35% per annum, and 0.0001% per annum to 1.20% per annum at 31 December 2023, 2024 and 2025.

Most of the bank balances of the Group and the Company are denominated in RMB.

The Group

As of 31 December 2023 and 2024, restricted cash mainly represent guarantee deposits held in designated bank accounts for issuance of bank notes (see note 35). As of 31 December 2023, 2024 and 2025, RMB4,363,000, RMB3,220,000 and RMB42,165,000 were frozen under court order due to ongoing litigation.

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Term deposits with original maturity over three months carry interest rate from 3.10% per annum to 3.45% per annum, 1.55% per annum to 3.45% per annum, and 1.40% per annum to 3.30% per annum at 31 December 2023, 2024 and 2025, respectively.

At 31 December 2023, 2024 and 2025, certain term deposits have been pledged to issuance of bank notes, details are set out in note 35.

Details of impairment assessment of restricted cash, term deposits and cash and cash equivalents are set out in note 31.

21. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and note payables			
— Trade payables	2,602,176	2,899,544	3,186,746
— Note payables	104,499	82,766	171,085
	<u>2,706,675</u>	<u>2,982,310</u>	<u>3,357,831</u>
Other payables			
Payroll payables	304,436	317,831	346,693
Deposits received	476,820	536,423	582,678
Accrued issue costs and [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Other tax payables	24,962	60,032	46,266
Others	2,369	3,264	1,623
	<u>808,587</u>	<u>917,550</u>	<u>984,255</u>
	<u><u>3,515,262</u></u>	<u><u>3,899,860</u></u>	<u><u>4,342,086</u></u>

Trade payables represent trade related payables including trade payable to supplier for services and the compensation payable to customers for good damages in the provision of logistics services by the Group, which were substantially reimbursed by insurance companies and/or suppliers. The credit period of trade and note payables is mainly ranging from 0 to 120 days. The following is an aging analysis of trade and note payables presented based on the invoice dates at the end of each reporting period.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 90 days	2,459,457	2,730,608	3,172,143
91 to 180 days	116,197	129,942	110,309
181 to 365 days	48,266	46,720	10,718
Over 1 year	82,755	75,040	64,661
	<u>2,706,675</u>	<u>2,982,310</u>	<u>3,357,831</u>

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Accrued issue costs and [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	614	173	144
	<u>614</u>	<u>173</u>	<u>7,139</u>

22. CONTRACT LIABILITIES

The Group

The contract liabilities represented the advance payment, received from the customers while the underlying services are yet to be provided.

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Advances from customers for integrated supply chain logistics solutions and basic logistics services	84,010	126,894	198,884
	<u>84,010</u>	<u>126,894</u>	<u>198,884</u>

At 1 January 2023, contract liabilities of the Group amounted to RMB114,247,000.

The amount of contract liabilities includes the revenue to be recognised. The contract liabilities balance varies in accordance with the number of contracts outstanding at the end of reporting period. The following table shows how much of the revenue recognised during the Track Record Period relates to carried-forward contract liabilities:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue recognised that was included in the contract liabilities balances at the beginning of the year	114,247	84,010	126,894
	<u>114,247</u>	<u>84,010</u>	<u>126,894</u>

The Group requires a deposit on acceptance of orders from certain customers. When the Group receives a deposit before the provision of integrated supply chain logistics solutions and basic logistics services, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

The contract liabilities of the Group are denominated in RMB.

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23. LEASE LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities payable:			
Within one year	562,322	558,901	632,073
More than one year but not more than two years	336,999	358,364	324,176
More than two years but not more than five years	335,498	247,385	176,881
More than five years	59,942	19,694	6,420
	<u>1,294,761</u>	<u>1,184,344</u>	<u>1,139,550</u>
Less: Amount due for settlement within one year shown under current liabilities	<u>(562,322)</u>	<u>(558,901)</u>	<u>(632,073)</u>
Amount due for settlement after one year shown under non-current liabilities	<u>732,439</u>	<u>625,443</u>	<u>507,477</u>

Lease liabilities of the Group are denominated in RMB.

24. BANK BORROWINGS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings	1,000,000	—	—
Notes discounted with recourse	80,410	547,941	158,915
	<u>1,080,410</u>	<u>547,941</u>	<u>158,915</u>
Secured borrowings	80,410	547,941	158,915
Unsecured borrowings	1,000,000	—	—
	<u>1,080,410</u>	<u>547,941</u>	<u>158,915</u>

The carrying amount of bank borrowings is repayable within one year, based on scheduled repayment dates set out in the loan agreements.

Unsecured bank borrowings

The bank borrowings of RMB1,000,000,000 at 31 December 2023 carried at fixed interest rates ranged from 2.30% per annum to 2.85% per annum. The bank borrowings were unsecured and no financial covenants need to be fulfilled by the Group. The bank borrowings were used for general working capital of the Group.

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Notes discounted with recourse

As at 31 December 2024, notes discounted with recourse included the proceeds received from the discounting of notes issued by group entities of RMB370,142,000 to banks with recourse.

The bank borrowings of the Group are all denominated in RMB.

25. PROVISION

The Group

	Trade disputes and litigation
	<i>RMB’000</i>
At 1 January 2023	10,607
Provision for the year	51,475
At 31 December 2023	62,082
Reversal for the year	(886)
At 31 December 2024	61,196
Provision for the year	7,761
At 31 December 2025	<u>68,957</u>

The Company

	Litigation
	<i>RMB’000</i>
At 1 January 2023	—
Provision for the year	44,235
At 31 December 2023	44,235
Provision for the year	1,023
At 31 December 2024	45,258
Provision for the year	888
At 31 December 2025	<u>46,146</u>

During the Track Record Period, the Group has made a provision of RMB30 million and related interest in relation to a litigation claim by the creditors of a former subsidiary. The Group has successfully appealed it during the year ended 31 December 2023. As advised by legal counsel, the directors of the Company consider that the legal exposure arising from the potential litigation not yet dismissed, therefore, the directors of the Company consider that the provision made by the Group is sufficient and not excessive.

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26. SHARE CAPITAL

The Group and the Company

All shares issued by the Company are fully paid domestic shares. The par value is RMB1.00. The Company’s number of shares issued and their nominal value are as follows:

	<u>Number of shares</u>	<u>Authorised share capital</u>
	’000	RMB’000
Authorised:		
At 1 January 2023	—	—
Effect of converting the Company into a joint stock company (note a)	540,000	540,000
At 31 December 2023 and 2024	540,000	540,000
Issuance of ordinary shares (note c).	205,200	205,200
At 31 December 2025	<u>745,200</u>	<u>745,200</u>
	<u>Number of shares</u>	<u>Share capital</u>
	’000	RMB’000
Issued and fully paid:		
At 1 January 2023	—	540,000
Effect of converting the Company into a joint stock company (note a)	540,000	—
At 31 December 2023 and 2024	540,000	540,000
Issuance of ordinary shares (note c).	205,200	205,200
At 31 December 2025	<u>745,200</u>	<u>745,200</u>

Notes:

- (a) In August 2023, the Company was converted into a joint stock company with limited liability, converting the total registered capital of RMB540,000,000 into 540,000,000 shares with a nominal value of RMB1.00 each, which were subscribed by all the then shareholders in proportion to their respective equity interest in the Company before the conversion.
- (b) Prior to the Track Record Period, Midea Group Co., Ltd. adopted the employee stock ownership plan for Midea Group and the Company, pursuant to which 10 limited liability partnerships (“Shareholding Platforms”) were established under the laws of the PRC serving as the shareholding platforms for the Company’s and Midea Group’s employees. In October 2021, Midea Zhilian transferred 24.39% shareholding of the Company to the Shareholding Platforms at a total consideration of RMB501.52 million, which was determined after arm’s length negotiations. During the Track Record Period, the shareholdings of the Company held by the Shareholdings Platforms varied as certain shares of the Company were further transferred from Midea Zhilian to the Shareholding Platforms and certain shares were acquired by Midea Zhilian from the Shareholding Platforms. At 31 December 2023, 2024 and 2025, the shareholdings of the Company held by the Shareholdings Platforms were 26.15%, 26.15% and 19.53%, respectively. The directors of the Company consider that the considerations for the equity transfers between Midea Zhilian and the Shareholding Platforms were determined after arm’s length negotiations and do not involve share based payment to the employees of the Group.
- (c) During the year ended 31 December 2025, the Company issued 205,200,000 ordinary shares to Pre-[REDACTED] Investors at a total consideration of RMB1,900,000,000. All of the shares shall rank pari passu in all respects with the then existing shares of the Company.

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27. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment in subsidiaries, at cost	912,907	912,907	952,870
Less: accumulated impairment of investment	(7,929)	(7,929)	(17,829)
	<u>904,978</u>	<u>904,978</u>	<u>935,041</u>

During the year ended 31 December 2025, the Company made capital contribution to subsidiaries of the Company amounting to RMB9,900,000, RMB29,700,000 and USD51,000 (equivalents to RMB363,000) in respect of Shanghai Annto Supply Chain Technology Co., Ltd.* (上海安得智聯供應鏈科技有限公司), Lianyungang Antu Supply Chain Management Co., Ltd.* (連雲港安途供應鏈管理有限公司) and Singapore Annto Logistics Technology Pte. Ltd., respectively.

During the year ended 31 December 2025, the Company recognised impairment loss of RMB9,900,000 in respect of Tianjin Annto Network Technology Co., Ltd.* (天津安得網路科技有限公司). The impairment was mainly due to the operation of the aforesaid subsidiary had been downsizing during the year ended 31 December 2025 and the financial performance has been declining.

* English name is for identification purpose only.

28. RESERVES OF THE COMPANY

The Company

	Capital reserve	Statutory reserve	Share-based compensation expenses reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	At 1 January 2023	261,719	64,365	—	478
Profit and total comprehensive income for the year	—	—	—	196,069	196,069
Dividends paid to the Company’s shareholders (note 13)	—	—	—	(108,000)	(108,000)
Share-based compensation expenses (note 29)	—	—	1,385	—	1,385
Appropriation to reserve	—	19,607	—	(19,607)	—
Converting the Company to a joint stock company.	64,779	(64,365)	—	(414)	—
At 31 December 2023.	<u>326,498</u>	<u>19,607</u>	<u>1,385</u>	<u>68,526</u>	<u>416,016</u>
Profit and total comprehensive income for the year	—	—	—	295,109	295,109
Dividends paid to the Company’s shareholders (note 13)	—	—	—	(167,400)	(167,400)
Share-based compensation expenses (note 29)	—	—	2,148	—	2,148
Appropriation to reserve	—	29,511	—	(29,511)	—
At 31 December 2024.	<u>326,498</u>	<u>49,118</u>	<u>3,533</u>	<u>166,724</u>	<u>545,873</u>

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	Capital reserve	Statutory reserve	Share-based compensation expenses reserve	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit and total comprehensive income					
for the year	—	—	—	346,736	346,736
Issuance of ordinary shares (<i>note 26</i>)	1,694,800	—	—	—	1,694,800
Dividends paid to the Company’s shareholders (<i>note 13</i>)	—	—	—	(226,800)	(226,800)
Share-based compensation expenses (<i>note 29</i>)	—	—	6,528	—	6,528
Transfer in relation to cancelled share options (<i>note 29</i>)	10,061	—	(10,061)	—	—
Appropriation to reserve	—	35,680	—	(35,680)	—
As at 31 December 2025	<u>2,031,359</u>	<u>84,798</u>	<u>—</u>	<u>250,980</u>	<u>2,367,137</u>

29. SHARE-BASED COMPENSATION EXPENSES

During the Track Record Period, certain employees of the Group are eligible for the share options or restricted shares granted under the Midea Group Share Incentive Plans. In addition, share options were granted to eligible employees of the Group during the year ended 31 December 2023 pursuant to the Share Option Scheme.

Midea Group Share Incentive Plans

The share options or restricted shares were granted to the Group’s employees under the Midea Group Share Incentive Plans. The Historical Financial Information includes allocation of the expenses recorded at Midea Group based on the Group’s employees’ participating in the Midea Group Share Incentive Plans.

The Group accounted for the Midea Group Share Incentive Plans by measuring the services received from the grantees in accordance with the requirement applicable to equity-settled share-based payment transactions in accordance with IFRS 2 and recognised a corresponding increase in equity as a deemed contribution from Midea Group.

The share options or restricted shares are generally service-based and scheduled to be vested over one to four years from the grant date and subject to the Midea Group’s performance appraisal and individual performance appraisal.

The Group recognised share-based compensation expenses in its consolidated statements of profit or loss based on awards ultimately expected to vest, after considering estimated forfeitures of the Group. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognised in the profit or loss over the remaining vesting period, with a corresponding adjustment to other reserve.

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Stock Option Incentive Plans

A summary of the shares options granted by Midea Group is presented as follows:

	Number of share options	Weighted average exercise price	Weighted average remaining contract life
		<i>RMB</i>	<i>Years</i>
Outstanding as of 1 January 2023	1,344,000	55.03	0.79
Exercised	(835,000)	51.54	
Forfeited	(146,000)	63.32	
Transfer	369,000	61.39	
Outstanding as of 31 December 2023	732,000	60.55	0.94
Exercised	(502,000)	60.01	
Forfeited	(177,000)	69.29	
Transfer	263,000	67.64	
Outstanding as of 31 December 2024	316,000	62.41	0.84
Exercised	(213,000)	66.77	
Forfeited	(23,000)	56.01	
Transfer	106,700	56.12	
Outstanding as of 31 December 2025	<u>186,700</u>	54.61	0.44

The number of exercisable share options as of 31 December 2023, 2024 and 2025 was 283,000, 122,000 and 112,000, respectively.

The fair value of share options was estimated using the Black-Scholes. The determination of estimated fair value of share options on the grant date is affected by the fair value of Midea Group’s ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of the shares of Midea Group over the expected term of the share options, actual and projected employee share option exercise behaviors, the risk-free interest rate and expected dividends, if any.

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Restricted Share Incentive Schemes

A summary of the restricted shares granted by Midea Group is presented as follows:

	Number of restricted shares	Weighted average remaining vesting period <i>Years</i>
Outstanding as of 1 January 2023	1,004,000	0.74
Vested	(674,000)	
Lapsed	(42,000)	
Transferred	167,000	
Outstanding as of 31 December 2023	455,000	0.84
Vested	(297,000)	
Lapsed	(59,000)	
Transferred	104,000	
Outstanding as of 31 December 2024	203,000	0.97
Vested	(146,000)	
Lapsed	(34,000)	
Transferred	142,000	
Outstanding as of 31 December 2025	<u>165,000</u>	1.17

The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price.

The Group recognised the total expenses of RMB9,719,000, RMB5,632,000 and RMB4,207,000, respectively, in relation to Midea Group Share Incentive Plans for the years ended 31 December 2023, 2024 and 2025.

Share Option Scheme

On 31 July 2023, the Company granted 10,050,000 share options to 21 eligible employees pursuant to the Share Option Scheme, which governs the terms of the share options. The purpose of the Share Option Scheme is to attract and retain the best available personnel, provide additional incentives to employees, and promote the success of the Group.

During the year ended 31 December 2025, the Group cancelled the Share Option Scheme of the Company.

At 31 December 2023 and 2024, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 10,050,000 and 9,550,000, respectively, representing 1.861% and 1.769% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 1.862% of the shares of the Company in issue before [REDACTED], without prior approval from the Company’s shareholders.

The exercise price of the share options is RMB4.85 per option. No consideration is payable on the grant of an option. Options may only be exercised upon fulfillment of certain performance conditions of the Group and the grantees and the successful [REDACTED] of the Company in the stock exchange in the PRC. The share options are scheduled to be exercisable in 3 tranches. The first tranche of share

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options is exercisable within 12 months upon the successful [REDACTED] of the Company in the stock exchange in the PRC. The second tranche of share options is exercisable within 12 months starting from the day after the expiry date of the excisable period of the first tranche of share options. The third tranche of share options is exercisable within 12 months starting from the day after the expiry date of the excisable period of the second tranche of share options.

None of the share options were exercisable as of 31 December 2023 and 2024. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on performance conditions, with the impact of the revision to original estimates, if any, in profit or loss, along with a corresponding adjustment to equity.

Set out below are details of the movements of the outstanding shares granted under Share Option Scheme during the years ended 31 December 2023, 2024 and 2025:

	Outstanding at 1 January 2023	Granted	Exercised	Forfeited	Cancelled	Outstanding at 31 December 2023
	'000	'000	'000	'000	'000	'000
Tranche 1	—	3,015	—	—	—	3,015
Tranche 2	—	3,015	—	—	—	3,015
Tranche 3	—	4,020	—	—	—	4,020
	—	10,050	—	—	—	10,050
Weighted average exercise price (RMB)	—	4.85	—	—	—	4.85

	Outstanding at 1 January 2024	Granted	Exercised	Forfeited	Cancelled	Outstanding at 31 December 2024
	'000	'000	'000	'000	'000	'000
Tranche 1	3,015	—	—	(150)	—	2,865
Tranche 2	3,015	—	—	(150)	—	2,865
Tranche 3	4,020	—	—	(200)	—	3,820
	10,050	—	—	(500)	—	9,550
Weighted average exercise price (RMB)	4.85	—	—	4.85	—	4.85

	Outstanding at 1 January 2025	Granted	Exercised	Forfeited	Cancelled	Outstanding at 31 December 2025
	'000	'000	'000	'000	'000	'000
Tranche 1	2,865	—	—	(210)	(2,655)	—
Tranche 2	2,865	—	—	(210)	(2,655)	—
Tranche 3	3,820	—	—	(280)	(3,540)	—
	9,550	—	—	(700)	(8,850)	—
Weighted average exercise price (RMB)	4.85	—	—	4.85	4.85	—

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The fair value has been arrived at based on a valuation carried out by China United Assets Appraisal Group Limited (中聯資產評估集團有限公司), with registered address of Room 939, Floor F4, East Tower, Kaichen World Trade Center, No. 28 Fuxingmennei Street, Xicheng District, Beijing, the PRC, professional valuer not connected with the Group. The estimated fair value of each option grant is estimated on the date of grant using the binomial option-pricing model with the following assumptions:

	Year ended 31 December 2023
Expected volatility	41.94%–42.72%
Risk-free interest rate (per annum).	2.14%–2.42%
Expected dividend yield	Nil
Expected term (in years).	2.51–4.51
Weighted average share price	RMB4.85

For share options outstanding at 31 December 2023 and 2024, the weighted average remaining contractual lives was 3.19 years and 2.19 years.

The volatility factor estimated was based on the historical share price movement of the comparable companies for the period of time close to the expected time to exercise. The expected life used in the model has been adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The weighted average grant date fair value of options granted for the year ended 31 December 2023 was RMB1.14 per share.

The Group recognised the total expenses of RMB1,385,000, RMB2,148,000 and RMB6,528,000 in relation to Share Option Scheme of the Group for the years ended 31 December 2023, 2024 and 2025, respectively.

30. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in the Historical Financial Information, the following significant transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

<u>Name of related parties</u>	<u>Relationship</u>
Midea Group	Intermediate holding company and its subsidiaries, excluding the Group
Hisense Group	Hisense Group Holdings Co., Ltd., and its subsidiaries, including Qingdao Hisense Electronic Technology Service Co., Ltd., a shareholder of the Company

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(b) Significant transactions with related parties

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Rendering of services to				
— Midea Group	(i)	5,937,717	7,675,154	8,500,910
— Hisense Group	(i)	—	—	134,378
		<u>5,937,717</u>	<u>7,675,154</u>	<u>8,635,288</u>
Purchase of goods and services from				
Midea Group.	(ii)	34,037	39,880	49,317
Purchase of equipment from Midea Group . .	(iii)	33,597	5,440	2,242
Purchase of intangible assets from Midea Group.	(iii)	—	2,473	—
Leases of properties and property management services from Midea Group. .	(iv)	26,685	53,389	67,262

Notes:

- (i) The Group provided integrated supply chain logistics solutions to Midea Group and Hisense Group.
- (ii) The Group procured relevant products (including office supplies) and services (including IT support services) from Midea Group.
- (iii) The Group procured equipment and intangible assets (including software) from Midea Group.
- (iv) The Group leased certain properties (including property management services) from Midea Group, including offices and warehouses.
- (v) The prices of these transactions were carried out in the normal course of business and at terms negotiated between the Group and Midea Group/Hisense Group.

(c) Significant balance with related parties

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and note receivables from			
— Midea Group	186,122	238,321	225,982
— Hisense Group	—	—	25,449
	<u>186,122</u>	<u>238,321</u>	<u>251,431</u>
Trade payables to Midea Group (<i>note</i>)	113,996	153,714	249,984
Contract liabilities received from Midea Group.	41,375	74,143	138,357
	<u>155,371</u>	<u>227,857</u>	<u>388,341</u>

Note: Trade payables included the compensation payable to Midea Group for good damages in the provision of logistics services by the Group, which were substantially reimbursed by insurance companies and/or suppliers.

The above balances with related parties are trade in nature.

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(d) Key management personnel compensation

The remuneration of directors and other key management personnel is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Salaries, wages, bonuses and benefits in kind (including contributions to pension plans) .	18,399	22,464	28,264
Share-based compensation expenses	1,119	2,644	5,383
	<u>19,518</u>	<u>25,108</u>	<u>33,647</u>

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets			
Financial assets at amortised cost	<u>4,479,565</u>	<u>4,543,538</u>	<u>6,807,197</u>
Financial liabilities			
Financial liabilities at amortised cost	<u>4,570,710</u>	<u>4,387,578</u>	<u>4,447,740</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets			
Financial assets at amortised cost	<u>84,423</u>	<u>215,536</u>	<u>2,214,612</u>
Financial liabilities			
Financial liabilities at amortised cost	<u>614</u>	<u>173</u>	<u>144</u>

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(b) Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, term deposits, restricted cash and cash and cash equivalents, trade and other payables and bank borrowings. The Company's financial instruments include cash and cash equivalents, term deposits, other receivables and other payables. Details of these financial instruments are disclosed in respective notes.

The directors of the Company monitor and manage the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (representing interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below and remained unchanged during the Track Record Period. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

The Group's and the Company's activities expose primarily to the market risks of changes in interest rates. There are no significant change to the Group's and the Company's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

The Group and the Company are exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on restricted cash and bank balances, which incurred at prevailing market interest rates and variable rate.

The management considered that interest rate risk of restricted cash and bank balances is insignificant and accordingly no sensitivity analysis is presented.

The Group is exposed to fair value interest rate risk in relation to term deposits, bank borrowings and lease liabilities.

The Company is exposed to fair value interest rate risk in relation to term deposits.

The Group and the Company manage its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Credit risk and impairment assessment

Trade and note receivables (other than notes issued by banks) arising from contracts with customers at amortised cost

The Group has concentration of credit risk as 10.22%, 12.43% and 10.80% of the total trade and note receivables, respectively, as at 31 December 2023, 2024 and 2025, was due from Midea Group. In order to minimise the credit risk, the management of the Group has delegated the responsible personnel for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group may require a deposit to be received from most of the customers before acceptance of orders. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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In addition, the Group performs impairment assessment under ECL model on trade and note receivables (other than notes issued by banks) which are credit-impaired individually. The remaining trade and note receivables (other than notes issued by banks) are grouped and assessed on collective basis based on customers’ aging of outstanding balances. Impairment losses of RMB6,436,000, RMB13,493,000 and reversal of impairment losses of RMB6,924,000, are recognised in profit or loss for each of the years ended 31 December 2023, 2024 and 2025, respectively. Details of the quantitative disclosures are set out below in this note.

Other receivables

The credit risk of other receivables is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group and the Company also actively monitor the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group and the Company perform impairment assessment under ECL model on other receivables which are credit-impaired individually. The remaining other receivables are grouped and assessed on collective basis based on historical credit loss experience and forward-looking information that is available without undue cost or effort.

Impairment losses of RMB4,377,000, RMB14,280,000 and RMB5,492,000, are recognised in profit or loss of the Group for each of the years ended 31 December 2023, 2024 and 2025, respectively. No impairment losses are recognised in profit or loss of the Company for each of the years ended 31 December 2023, 2024 and 2025.

Note receivables (issued by banks), term deposits, restricted cash and cash and cash equivalents

The credit risk on note receivables (issued by banks), term deposits, restricted cash and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and the Group and the Company assessed that the ECL on these balances are insignificant.

The Group’s and the Company’s internal credit risk grading assessment comprises the following categories:

<u>Internal credit rating</u>	<u>Description</u>
Performing	The counterparty has a low risk of default and does not have any past-due amounts or debtor repays after due dates but usually settle in full
Loss	There is evidence indicating the asset is credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery

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The tables below detail the gross carrying amount of the Group’s and the Company’s financial assets which are subject to ECL assessment:

The Group

	External credit rating	Internal credit rating	12m or life-time ECL	Gross carrying amount		
				As at 31 December		
				2023	2024	2025
				RMB'000	RMB'000	RMB'000
Financial assets at amortised cost						
Trade and note receivables (other than notes issued by banks) . . .	N/A	(i)	Life-time ECL (not credited-impaired)	1,639,101	1,726,069	1,863,964
			Life-time ECL (credited-impaired)	34,164	48,583	38,673
Note receivables (issued by banks) .	AAA	N/A	Life-time ECL (not credited-impaired)	221,581	229,292	269,071
Other receivables	N/A	(ii)	12m ECL	306,393	443,440	496,129
Term deposits, restricted cash, cash and cash equivalents	AAA	N/A	12m ECL	2,368,111	2,208,913	4,249,283

The Company

	External credit rating	Internal credit rating	12m or life-time ECL	Gross carrying amount		
				As at 31 December		
				2023	2024	2025
				RMB'000	RMB'000	RMB'000
Financial assets at amortised cost						
Other receivables	N/A	(ii)	12m ECL	70,385	208,902	286,133
Term deposits, cash and cash equivalents	AAA	N/A	12m ECL	14,038	6,634	1,928,479

Notes:

- (i) For trade and note receivables (other than notes issued by banks), the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors credit-impaired, the Group determines the ECL on these items on provision matrix, grouped by nature, size and industry of debtors.

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Set out below is the information about the credit risk exposure on the Group’s trade receivables using provision matrix:

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance
		RMB’000	RMB’000		RMB’000	RMB’000		RMB’000	RMB’000
Not past due	0.9%	1,496,100	14,053	0.8%	1,581,435	12,966	0.5%	1,603,718	8,546
Past due 1-30 days	7.0%	106,451	7,460	6.9%	108,556	7,450	4.2%	196,147	8,281
Past due 31-90 days	34.4%	27,739	9,547	32.5%	25,520	8,301	18.2%	43,404	7,917
Past due 91-180 days	94.4%	7,148	6,745	78.6%	3,422	2,689	53.7%	8,438	4,527
Past due 180 days	100.0%	1,663	1,663	100.0%	7,136	7,136	100.0%	12,257	12,257
		<u>1,639,101</u>	<u>39,468</u>		<u>1,726,069</u>	<u>38,542</u>		<u>1,863,964</u>	<u>41,528</u>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping by nature, size and industry of debtors is regularly reviewed by management to ensure relevant information about specific debtors is updated.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB’000	RMB’000	RMB’000
As of 1 January 2023	36,068	31,128	67,196
Net impairment losses	5,395	1,041	6,436
Transfer	(1,995)	1,995	—
As of 31 December 2023	<u>39,468</u>	<u>34,164</u>	<u>73,632</u>
Net impairment losses	7,842	5,651	13,493
Transfer	(8,768)	8,768	—
As of 31 December 2024	<u>38,542</u>	<u>48,583</u>	<u>87,125</u>
Net impairment losses (reversal of impairment losses).	12,123	(19,047)	(6,924)
Transfer	(9,137)	9,137	—
As of 31 December 2025	<u>41,528</u>	<u>38,673</u>	<u>80,201</u>

- (ii) For all other instruments, the Group and the Company measure the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, on which the Group and the Company recognise lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. As at 31 December 2023, 2024 and 2025, the Group has provided impairment allowance for other receivables of RMB16,153,000, RMB25,634,000 and RMB29,722,000, respectively. As at 31 December 2023, 2024 and 2025, no impairment allowance was provided by the Company for other receivables.

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Liquidity risk

In the management of liquidity risk, the Group’s and the Company’s management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s and the Company’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s and the Company’s remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the discounted amount is derived from interest rates existing at the end of the reporting period. For the Group’s bank borrowings which arising from notes issued by third parties and discounted with recourse of RMB80,410,000, RMB177,799,000 and RMB158,915,000, respectively, at the end of 31 December 2023, 2024 and 2025, the amounts are expected to be derecognised upon the maturity of the notes and no cash outflows are expected on these bank borrowings.

	On demand and less than 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 31 December 2023					
Trade and other payables	3,490,300	—	—	3,490,300	3,490,300
Bank borrowings	1,094,052	—	—	1,094,052	1,080,410
Lease liabilities	607,490	721,417	63,364	1,392,271	1,294,761
	<u>5,191,842</u>	<u>721,417</u>	<u>63,364</u>	<u>5,976,623</u>	<u>5,865,471</u>
As at 31 December 2024					
Trade and other payables	3,839,637	—	—	3,839,637	3,839,637
Bank borrowings	550,026	—	—	550,026	547,941
Lease liabilities	599,063	636,484	21,089	1,256,636	1,184,344
	<u>4,988,726</u>	<u>636,484</u>	<u>21,089</u>	<u>5,646,299</u>	<u>5,571,922</u>
As at 31 December 2025					
Trade and other payables	4,288,825	—	—	4,288,825	4,288,825
Bank borrowings	159,303	—	—	159,303	158,915
Lease liabilities	662,122	519,565	6,532	1,188,219	1,139,550
	<u>5,110,250</u>	<u>519,565</u>	<u>6,532</u>	<u>5,636,347</u>	<u>5,587,290</u>

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	On demand and less than 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2023					
Other payables	614	—	—	614	614
As at 31 December 2024					
Other payables	173	—	—	173	173
As at 31 December 2025					
Other payables	144	—	—	144	144

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged throughout each of the years ended 31 December 2023, 2024 and 2025.

The capital structure of the Group consists of net debts, which includes, where appropriate, bank borrowings, net of cash and cash equivalent and equity attributable to the owners of the Company, comprising share capital and reserves.

The capital structure of the Company consists of equity attributable to the owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and takes appropriate actions to balance its overall capital structure.

(c) Fair value measurement of financial instruments

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring bases

The directors of the Company consider that the carrying amounts of the Group’s and the Company’s financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values at the end of each reporting period.

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(d) Transfers of financial assets

The following were the Group’s notes as at 31 December 2023, 2024 and 2025 that were transferred to banks or suppliers by discounting or endorsing on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to the notes, it continues to recognise the full carrying amount of the related note receivables and trade payables and has recognised the cash received from banks on the transfer as a secured borrowings (note 24). The notes from external customers are carried at amortised cost. Notes arising from intra-group transactions in which the relevant group entities discounted to banks, such note receivables and related intra-group payables have been eliminated in the Group’s consolidated statements of financial position.

As at 31 December 2023			
	Notes discounted to banks with recourse	Notes endorsed to suppliers with recourse	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of note receivables	81,495	15,369	96,864
Carrying amount of trade payables	—	(15,369)	(15,369)
Carrying amount of bank borrowings	(80,410)	—	(80,410)
Net position	<u>1,085</u>	<u>—</u>	<u>1,085</u>

As at 31 December 2024			
	Notes discounted to banks with recourse	Notes endorsed to suppliers with recourse	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of note receivables	179,884	10,543	190,427
Carrying amount of trade payables	—	(10,543)	(10,543)
Carrying amount of bank borrowings	(177,799)	—	(177,799)
Net position	<u>2,085</u>	<u>—</u>	<u>2,085</u>

As at 31 December 2025			
	Notes discounted to banks with recourse	Notes endorsed to suppliers with recourse	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of note receivables	158,779	7,408	166,187
Carrying amount of trade payables	—	(7,408)	(7,408)
Carrying amount of bank borrowings	(158,915)	—	(158,915)
Net position	<u>(136)</u>	<u>—</u>	<u>(136)</u>

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32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group’s consolidated financial statements of cash flows from financing activities.

	<u>Bank borrowings</u>	<u>Lease liabilities</u>	<u>Dividend payables</u>	<u>Accrued issued costs</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	21,325	988,124	—	—	1,009,449
Financing cash flows	1,246,535	(644,832)	(108,000)	—	493,703
Finance costs	8,587	59,269	—	—	67,856
Inception of leases	—	892,200	—	—	892,200
Derecognition of note receivables upon maturity	(196,037)	—	—	—	(196,037)
Dividend declared	—	—	108,000	—	108,000
At 31 December 2023	1,080,410	1,294,761	—	—	2,375,171
Financing cash flows	(303,009)	(674,733)	(167,400)	—	(1,145,142)
Finance costs	25,037	58,396	—	—	83,433
Inception of leases	—	505,920	—	—	505,920
Derecognition of note receivables upon maturity	(254,497)	—	—	—	(254,497)
Dividend declared	—	—	167,400	—	167,400
At 31 December 2024	547,941	1,184,344	—	—	1,732,285
Financing cash flows	50,359	(837,625)	(226,800)	(2,022)	(1,016,088)
Finance costs	18,088	51,350	—	—	69,438
Inception of leases	—	741,481	—	—	741,481
Derecognition of note receivables upon maturity	(457,473)	—	—	—	(457,473)
Dividend declared	—	—	226,800	—	226,800
Share issue costs accrued	—	—	—	3,006	3,006
Share issue costs prepaid	—	—	—	12	12
As at 31 December 2025	<u>158,915</u>	<u>1,139,550</u>	<u>—</u>	<u>996</u>	<u>1,299,461</u>

33. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2023, 2024 and 2025, the Group entered into certain new lease agreements for the use of warehouses and logistic equipment. On the date of commencement of leases, the Group recognised right-of-use assets of RMB892,200,000, RMB505,920,000 and RMB741,481,000, and lease liabilities of RMB892,200,000, RMB505,920,000 and RMB741,481,000, respectively.

During the years ended 31 December 2023, 2024 and 2025, short-term bank borrowings on bills discounted with recourse of RMB196,037,000, RMB254,497,000 and RMB457,473,000, respectively, have been settled on maturity of the note receivables discounted to the relevant financial institutions.

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34. PARTICULARS OF SUBSIDIARIES

At the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of companies	Place and date of incorporation/ establishment	Registered capital	Issued and fully paid share capital	Equity interest attributable to the Group			Principal activities
				As at 31 December		As at the date of this report	
				2023	2024		
<i>Directly held:</i>							
佛山安得智聯科技有限公司 Foshan Annto Technology Co., Ltd.*	PRC 27 October 2004	RMB5,000,000	RMB5,000,000	100%	100%	100%	Provision of warehousing services
合肥安得智聯科技有限公司 Hefei Annto Technology Co., Ltd.*	PRC 17 August 2007	RMB20,000,000	RMB20,000,000	100%	100%	100%	Provision of supply chain management, cargo transportation and warehousing services
武漢安得智聯科技有限公司 Wuhan Annto Technology Co., Ltd.*	PRC 5 June 2009	RMB20,000,000	RMB20,000,000	100%	100%	100%	Provision of warehousing services
重慶安得智聯科技有限公司 Chongqing Annto Technology Co., Ltd.*	PRC 16 September 2010	RMB20,000,000	RMB20,000,000	100%	100%	100%	Provision of warehousing services
徐州安得智聯科技有限公司 Xuzhou Annto Technology Co., Ltd.*	PRC 25 November 2010	RMB20,000,000	RMB20,000,000	100%	100%	100%	Provision of warehousing services
蕪湖安得智聯科技有限公司 Wuhu Annto Technology Co., Ltd.*	PRC 7 December 2010	RMB198,063,000	RMB198,063,000	100%	100%	100%	Provision of supply chain management, cargo transportation, warehousing and installation services
瀋陽安得智聯科技有限公司 Shenyang Annto Technology Co., Ltd.*	PRC 17 January 2011	RMB40,000,000	RMB40,000,000	100%	100%	100%	Provision of warehousing services
貴陽安得智聯科技有限公司 Guiyang Annto Technology Co., Ltd.*	PRC 24 February 2011	RMB20,000,000	RMB20,000,000	100%	100%	100%	Provision of warehousing services
天津安得智聯科技有限公司 Tianjin Annto Technology Co., Ltd.*	PRC 3 March 2011	RMB80,000,000	RMB80,000,000	100%	100%	100%	Provision of warehousing services

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Name of companies	Place and date of incorporation/ establishment	Registered capital	Issued and fully paid share capital	Equity interest attributable to the Group			Legal form	Principal activities
				As at 31 December		As at the date of this report		
				2023	2024	2025		
南京美安物流有限公司 Nanjing Meian Logistics Co., Ltd.*	PRC 15 April 2011	RMB250,000,000	RMB250,000,000	100%	100%	100%	Limited liability company	Provision of warehousing services
齊河安得智聯科技有限公司 Qihe Annto Technology Co., Ltd.*	PRC 3 June 2011	RMB20,000,000	RMB20,000,000	100%	100%	100%	Limited liability company	Provision of warehousing services
荊州美安儲運有限公司 Jingzhou Meian Storage and Transportation Co., Ltd.*	PRC 7 June 2011	RMB20,000,000	RMB20,000,000	100%	100%	100%	Limited liability company	Provision of warehousing services
鄭州安得智聯科技有限公司 Zhengzhou Annto Technology Co., Ltd.*	PRC 13 June 2011	RMB50,000,000	RMB50,000,000	100%	100%	100%	Limited liability company	Provision of warehousing services
上海安得智聯供應鏈科技有限公司 Shanghai Annto Supply Chain Technology Co., Ltd.*	PRC 22 November 2011	RMB20,000,000	RMB20,000,000	100%	100%	100%	Limited liability company	Provision of cargo transportation and warehousing services
寧波安得智聯科技有限公司 Ningbo Annto Technology Co., Ltd.*	PRC 15 October 2015	RMB20,000,000	RMB20,000,000	100%	100%	100%	Limited liability company	Provision of supply chain management, cargo transportation, warehousing and installation services
深圳安得智能科技有限公司 Shenzhen Annto Intelligent Technology Co., Ltd.*	PRC 4 November 2015	RMB10,000,000	RMB10,000,000	100%	100%	100%	Limited liability company	Provision of green recycling services
天津安得網絡科技有限公司 Tianjin Annto Network Technology Co., Ltd.*	PRC 16 April 2020	RMB10,000,000	RMB10,000,000	100%	100%	100%	Limited liability company	Provision of network cargo transportation services
海南安得智聯供應鏈管理有限公司 Hainan Annto Supply Chain Management Co., Ltd.*	PRC 7 January 2021	RMB5,000,000	RMB5,000,000	100%	100%	100%	Limited liability company	Provision of cargo transportation and warehousing services
天津安途供應鏈管理有限公司 Tianjin Antu Supply Chain Management Co., Ltd.*	PRC 25 January 2022	RMB50,000,000	RMB50,000,000	100%	100%	100%	Limited liability company	Provision of services related to trading of refined oil products
連雲港安途供應鏈管理有限公司 Lianyungang Antu Supply Chain Management Co., Ltd.*	PRC 6 December 2024	RMB30,000,000	RMB30,000,000	N/A	100%	100%	Limited liability company	Provision of services related to trading of refined oil products

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Name of companies	Place and date of incorporation/ establishment	Registered capital	Issued and fully paid share capital	Equity interest attributable to the Group				Principal activities
				As at 31 December		As at the date of this report		
				2023	2024	2025	Legal form	
Singapore Annto Logistics Technology Pte. Ltd. (“Singapore Annto”)	Singapore 19 August 2025	SGD1,000	SGD1,000	N/A	N/A	100%	Limited liability company	Investment holding
海南美途智聯網絡科技有限公司 Hainan Meitu Zhilian Network Technology Co., Ltd. (“Hainan Meitu”) [^]	PRC 28 February 2026	RMB5,000,000	—	N/A	N/A	N/A	Limited liability company	Provision of supply chain management, cargo transportation, warehousing and installation services
<i>Indirectly held:</i>								
Kailuo Meian Logistics Technology Pte. Ltd. (“Kailuo Meian”) [^]	Egypt 19 November 2025	EGP100,000	—	N/A	N/A	100%	Limited liabilities company	Inactive
PT Indonesia Annto Logistics Technology (“Indonesia Annto”) [^]	Indonesia 2 October 2025	IDR10,100,000,000	—	N/A	N/A	100%	Limited liabilities company	Inactive
Vietnam Annto Logistics Technology Co., Ltd. (“Vietnam Annto”) [^]	Vietnam 15 December 2025	USD50,000	—	N/A	N/A	100%	Limited liabilities company	Inactive

Notes:

The statutory financial statements of the above subsidiaries established in the PRC for the years ended 31 December 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and audited by Grant Thornton Zhitong Certified Public Accountants LLP Shenzhen Branch (致同會計師事務所(特殊普通合伙)深圳分所).

The statutory financial statements of the above subsidiaries established in the PRC for the year ended 31 December 2025 were prepared in accordance with Accounting Standards for Business Enterprises of the PRC and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP Guangzhou Branch (德勤華永會計師事務所(特殊普通合伙)廣州分所), certified public accountants registered in the PRC.

No audited financial statements of Singapore Annto, Kailuo Meian, Indonesia Annto and Vietnam Annto have been prepared since the dates of incorporation as they are incorporated in the jurisdiction where there is no statutory audit requirement.

None of the subsidiaries had issued any debt securities at 31 December 2023, 2024 and 2025.

[^] Aiji Ande, Indonesia Annto, Vietnam Annto and Hainan Meitu were incorporated on 19 November 2025, 2 October 2025, 15 December 2025 and 28 February 2026 with registered capital of EGP100,000, IDR10,100,000,000, USD50,000 and RMB5,000,000, respectively. Up to the date of this report, the registered capital are not yet paid up.

* English name is for identification purpose only.

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35. PLEDGE OF ASSETS

At 31 December 2023, 2024 and 2025, certain assets of the Group were pledged to issuance of bank notes and secure banking facilities granted to the Group at the end of the reporting period:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Note receivables	175,380	265,199	307,809
Term deposits	20,542	121,365	21,862
Restricted cash	630	270,100	100
	<u>196,552</u>	<u>656,664</u>	<u>329,771</u>

36. CAPITAL COMMITMENTS

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Consideration committed in respect of acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	<u>19,101</u>	<u>6,024</u>	<u>36,191</u>

37. EVENTS AFTER THE REPORTING PERIOD

Other than as disclosed in Note 13, no significant event has taken place subsequent to 31 December 2025.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the subsidiaries of the Group in respect of any period subsequent to 31 December 2025.