Application Proof of

VATAI HOLDINGS LIMITED
深圳歐税通控股股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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欧税通
E.VAT MASTER

VATAI HOLDINGS LIMITED
深圳歐稅通控股股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[0.04] per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED] *and* [REDACTED]**

CICC 中金公司   申萬宏源香港 SWHYHK

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[REDACTED]

IMPORTANT

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

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

OVERVIEW

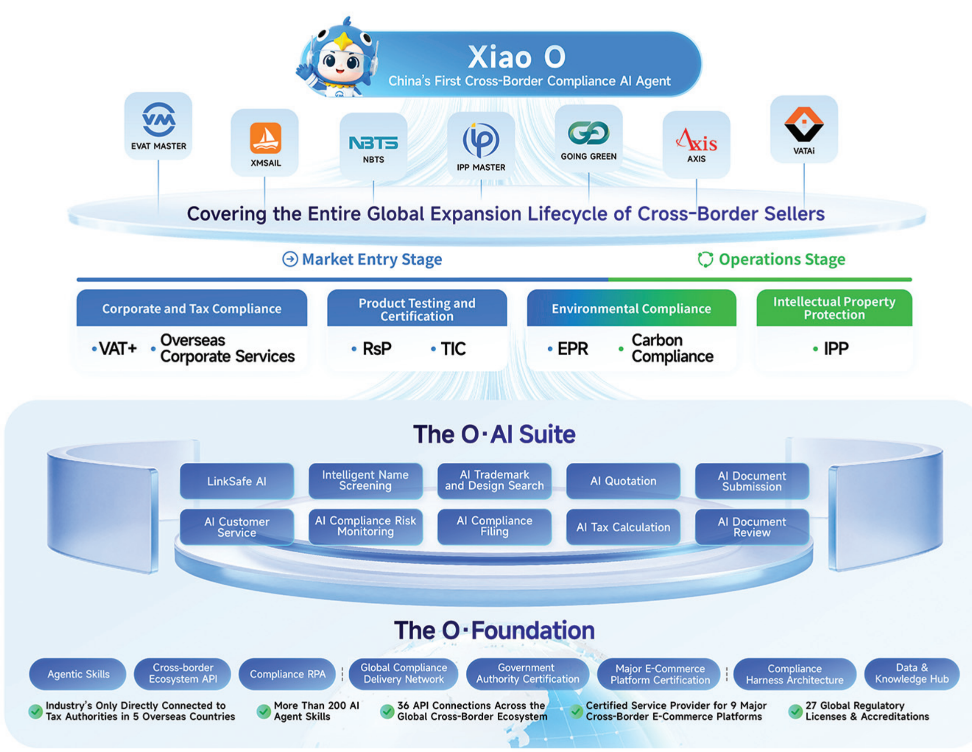
Who We Are

We are an AI-empowered global platform for cross-border e-commerce compliance services. According to CIC, we were the largest cross-border e-commerce compliance service provider both globally and in China in terms of sales value in 2025, with our sales value exceeding the combined total of the second- to eighth-ranked market players in China in the same year. Additionally, we held the leading market share of 21.5% in China's cross-border e-commerce compliance platform market in terms of sales value in 2025.

As of June 30, 2026, we had served over 264,000 paying users cumulatively. We have experienced rapid and continuous business growth during the Track Record Period. Our revenue increased by 45.9% year-over-year to RMB350.5 million in 2024, and increased by 50.8% year-over-year to RMB528.5 million in 2025. Our revenue further increased by 65.6% to RMB385.9 million from the six months ended June 30, 2025 to the same period in 2026. As of the Latest Practicable Date, we had established four business segments, comprising corporate and tax compliance, environmental compliance, product testing and certification, and intellectual property protection ("**IPP**"). As of the same date, we managed over 6,000 active service SKUs in these segments across complex compliance scenarios in 121 countries and regions.

Our Global Cross-border Compliance Platform

We operate a one-stop global cross-border compliance platform through seven brands with different propositions: EVAT MASTER, IPP MASTER, XMSAIL, GOING GREEN, VATAi, AXIS and NBTS. Through these brands, we focus on the four business segments, covering seven service lines: VAT+, overseas corporate services, EPR, carbon compliance, responsible person ("**RsP**"), testing, inspection and certification ("**TIC**"), and IPP. Xiao O, our proprietary cross-border compliance AI agent, provides an intuitive, interactive entry point to the platform. The illustration below presents an overview of our business:

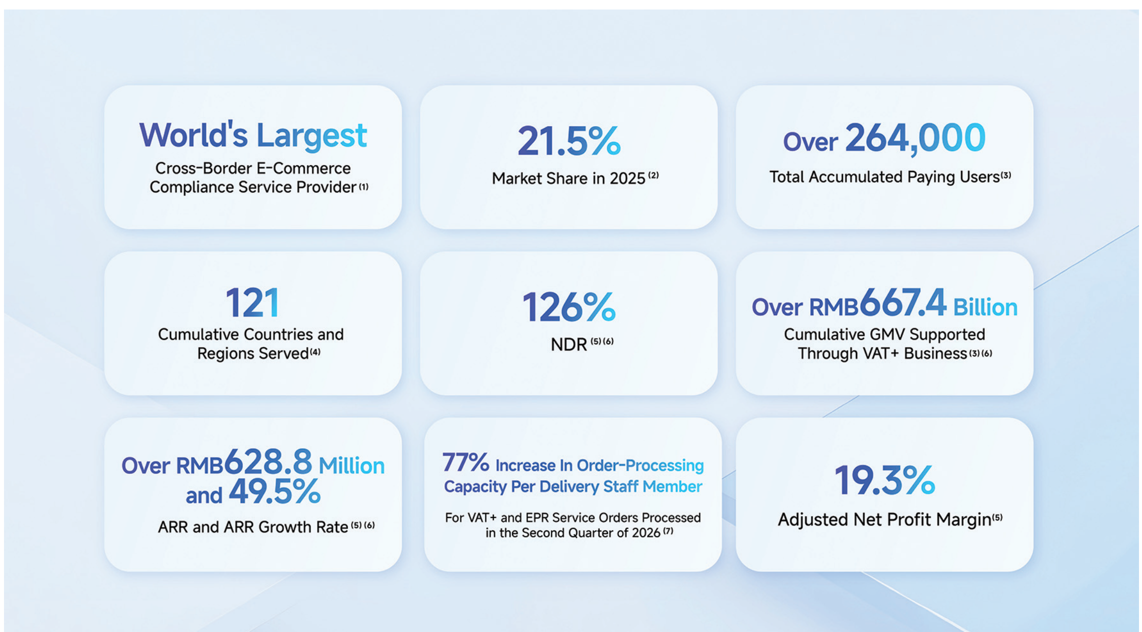


Our seven service lines comprise: (i) VAT+ services, assisting with tax registration, filing, and payment in target markets; (ii) overseas corporate services, assisting with company incorporation, annual accounting and tax filings, and overseas bank account opening; (iii) EPR services, supporting registration and periodic reporting under product and packaging recycling requirements in the EU and certain other markets; (iv) carbon compliance services, covering carbon accounting and reporting, support for environmental certifications and disclosures, and preparation of EU carbon border adjustment declarations; (v) RsP services, assisting sellers with local responsible-person requirements by maintaining compliance documents and assisting with inspections, rectification, and recalls; (vi) TIC services, comprising product testing, inspection, and certification against applicable safety, quality, technical, and regulatory requirements; and (vii) IPP services, assisting with the registration, maintenance, monitoring and protection of trademarks, design and invention patents, copyrights, and other intellectual property rights, featuring targeted search for trademarks and design patents, and temporary restraining order ("**TRO**")-related services.

As of June 30, 2026, we had cumulatively served over 264,000 paying users in Chinese Mainland and other markets worldwide. As of the Latest Practicable Date, we held 27 categories of global regulatory licenses and accreditations required or recognized to conduct our business, such as VAT certifications held by our local entities and EPR authorized representative qualifications across key European markets.

Our Business Performance

Our key businesses and financial performance are illustrated in the following chart:



Notes:

(1) In terms of sales value in 2025.

(2) Calculated based on the sales value of services provided through our global platform as a percentage of the total sales value of China's cross-border e-commerce compliance platform market in 2025.

(3) As of June 30, 2026.

(4) As of the Latest Practicable Date.

(5) In 2025.

(6) NDR refers to net dollar retention rate, defined as revenue from existing users in the current year divided by revenue from the same cohort in the prior year; ARR is defined as recurring revenue from our products in December of a given year multiplied by 12; ARR growth rate represents the year-over-year percentage change in such ARR; and GMV refers to gross merchandise value.

(7) Measured by the number of VAT+ and EPR service orders processed per delivery staff member in the second quarter of 2026, compared to the same period in 2025. In the second quarter of 2026, VAT+ and EPR service orders accounted for 82% of our total service orders.

Our Market Opportunities

Global consumer demand is driving the rise of new forms of cross-border e-commerce

Growing global demand for diverse, high-quality and cost-effective products is transforming traditional trade and e-commerce and supporting the growth of cross-border e-commerce. Efficient global supply chains and direct-to-consumer digital channels have increased both cross-border e-commerce GMV and market penetration, making cross-border e-commerce an increasingly important part of the global retail market. According to CIC, the global cross-border e-commerce market reached RMB14.0 trillion in 2025 and is expected to reach RMB22.2 trillion in 2030.

Stringent and evolving regulations that differ by jurisdiction create sustained demand for cross-border compliance services

Cross-border sellers face increasingly stringent and divergent regulations across jurisdictions, and managing these obligations independently is difficult, costly and risky. The cross-border compliance services market has therefore grown strongly in recent years, with compliance requirements extending from stores to products throughout their lifecycle. According to CIC, the number of active sellers on Amazon reached approximately 1.7 million in 2025, with an average of over 200 products listed per seller, indicating compliance demand at both the store and product levels. A single seller or product may also face obligations across multiple jurisdictions, resulting in annual compliance expenditure of up to several million Renminbi for mid- to large-sized sellers in certain cases and creating demand for one-stop compliance products. Service providers that combine technological efficiency with professional regulatory expertise are well positioned to capture this growth.

How We Continue to Lead in the AI Era

We believe we are well positioned to continue leading in the AI era through: (i) deep and evolving industry insight, converted by AI into reusable enterprise knowledge; (ii) an extensive, hard-to-replicate partner ecosystem, with official certifications from nine major e-commerce platforms, over 500 third-party service providers globally, and local subsidiaries or service teams in 13 markets across four continents; (iii) deep integration of AI into complex compliance scenarios; and (iv) a virtuous cycle between AI investment and financial returns. As of the Latest Practicable Date, we were the only tax reporting software platform globally to obtain official direct API connection certifications from tax authorities in the United Kingdom, Germany, France, Italy and Spain, according to CIC. In August 2026, we launched Xiao O, according to CIC, the first cross-border e-commerce compliance AI agent product in China to cover the full process from enquiry through to fulfillment and delivery. For details, see "Business — Overview — How We Continue to Lead in the AI Era."

OUR OFFERINGS

We provide cross-border compliance services through a platform that combines our comprehensive offerings, a proprietary enterprise-grade agentic AI network, including Xiao O powered by our O·AI Suite and O·Foundation, and a global delivery network, serving customers across their compliance journey, from identifying requirements to completing filings and handling follow-up enquiries.

Each of our compliance products applies one of our service lines to a specific jurisdiction or compliance scenario, such as UK VAT. Each product is further broken down into standard service SKUs with clearly defined scope, deliverables and pricing, such as UK VAT registration and UK VAT agency transfer. Operated through our enterprise-grade agentic AI network, these products can be efficiently constructed, iterated and scaled to address the distinct pain points of cross-border sellers at different development stages. This allows our users, ranging from small sellers to large companies, to access professional compliance services at a lower cost and with greater efficiency than services offered by traditional offline service providers.

Our Brand Portfolio

We deliver services across the four business segments through seven brands with different propositions on our one-stop global cross-border compliance platform. They share governed data, the specialized O·AI agents and standardized tools where appropriate, while each brand keeps a distinct customer proposition and delivery model. The table below summarizes each brand's positioning and service coverage.

Brand	Positioning	Service Coverage
EVAT MASTER	Cross-border tax and product compliance brand primarily serving sellers based in Chinese Mainland	VAT+ (including registration, filing and tax-number management), EPR, RsP and selected TIC-related services
IPP MASTER	Global intellectual property registration, management and protection brand	IPP, including registration, maintenance, monitoring and protection of trademarks, design and invention patents and copyrights, along with trademark and design search and TRO-related services
XMSAIL	Overseas corporate services brand	Company incorporation, annual compliance, bookkeeping, tax filing and related local services
GOING GREEN	Carbon compliance and sustainability services brand	Support for Climate Pledge Friendly, EPD, CDP, SBTi, CBAM and related carbon projects
VATAi	International-facing brand for cross-border compliance, serving sellers outside Chinese Mainland	Tax compliance across jurisdictions, overseas corporate services, environmental and product compliance, IPP and authorized representative services
AXIS	Cross-border compliance brand primarily serving compliance service providers acting on behalf of cross-border sellers on an agency basis	Partner-facing ordering, tax calculation, filing, status tracking and customer management, with EPR, IP and authorized representative services in the EU and the UK
NBTS	Product TIC services brand	Laboratory testing, certification support, and compliance verification

For details, see "Business — Our Offerings."

Performance of Our Business

We monitor the performance and scalability of our business using a set of key operating metrics, including our paying user base, ARR and NDR. These metrics help us assess the quality of our growth and the sustainability of our business model.

The following table sets forth certain key operating data of our business for the periods indicated:

	As of/For the year ended December 31,		
	2023	2024	2025
Total Accumulated Paying Users[(1)]	87,117	167,113	246,254
ARR (in RMB thousands)[(2)]	286,137	420,600	628,758
NDR[(3)]	104%	118%	126%

Notes:

(1) Defined as the number of accumulated paying users (users who have placed and settled purchase orders on our platform) as of the relevant date.

(2) Defined as recurring revenue from our products in December of a given year multiplied by 12.

(3) Defined as revenue from existing users in the current year divided by revenue from the same cohort in the prior year.

OUR TECHNOLOGY

Our business is underpinned by our proprietary Tianheng architecture, the technical infrastructure supporting our enterprise-grade agentic AI network, with direct system connectivity to overseas tax bureaus, corporate registries, e-commerce platforms and certification bodies. Tianheng comprises (i) the Compliance Harness Architecture, which coordinates agent tasks and governs tool use, execution reliability and security; (ii) the Data & Knowledge Hub, which organizes the regulations, compliance rules and authorized business data that our agents retrieve and apply; and (iii) the AI-Powered Infrastructure, which provides model services, computing, storage and the cloud environment in which our applications run. Through this architecture, capabilities such as intelligent tax calculation, EPR category recognition and document recognition are shared across our compliance products. This enables us to swiftly deliver and iterate our products in response to evolving regulatory and customer needs. For details, see "Business — Our Technology."

OUR STRENGTHS

We believe that the following strengths contribute to our success:

- The global leader in the cross-border compliance services market, with strong brand momentum and hard-to-replicate barriers;
- Transforming traditional service delivery through our Tianheng architecture and standardized, intelligent compliance workflows;
- A dynamic knowledge network built on deep industry insight and compliance practice, providing precise and timely compliance decision-making support;
- A full-cycle, standardized product matrix enabling efficient delivery at scale across diverse scenarios, with a strong ecosystem that continues to create value for customers;
- Flywheel effect under a scalable commercial model: a virtuous cycle between business and financial growth; and
- An experienced management team with strategic vision and industry expertise, building a solid foundation for sustained leadership.

For details, see "Business — Our Strengths."

OUR STRATEGIES

To fulfill our mission and vision, we propose to implement the following strategies:

- Deepening our AI-driven strategy to broaden and fortify our technology moat;
- Enriching our product coverage and building a cross-border compliance ecosystem;
- Increasing service penetration and expanding into global markets; and
- Strengthening our supply chain and delivery system to improve quality, increase efficiency, and reinforce our core advantages.

For details, see "Business — Our Strategies."

SALES AND MARKETING

Sales Network

We mainly sell our products and services through our in-house sales teams in Chinese Mainland. Through our one-stop cross-border compliance platform, sales personnel can efficiently engage with customers online to understand their business models and their compliance needs, and recommend suitable combinations of our products. For larger or more sophisticated customers, we typically adopt an account-based approach with dedicated managers responsible for coordinating multi-product engagements. We also leverage our ecosystem relationships to access and serve customers more efficiently. We cooperate with major cross-border e-commerce platforms and cross-border ecosystem service providers and enhance our presence as an official partner of these platforms. For overseas sellers, we are building local sales and service capabilities under our international brand, VATAi, in key international markets.

Marketing

We promote our brands through online and offline channels in Chinese Mainland. Overseas, we connect with customers under the VATAi brand through targeted online marketing, collaboration with leading e-commerce platforms such as Amazon and TikTok Shop, and industry exhibitions in the U.S. and Europe.

Revenue Model

We generate revenue from fees charged for our compliance products and related services across the four business segments. Within each segment, we derive revenue from (i) recurring compliance services, generally provided through ongoing platform and service arrangements, and (ii) value-added services for specific cases or certifications.

We generally expect to recognize revenue from subscription-based arrangements over time, reflecting the continuous transfer of services during the contract period. For certain one-off project-based services, we generally expect to recognize revenue when the relevant service obligations are fulfilled.

Pricing

We use a market-driven pricing model, setting prices based on underlying costs, target gross margins, operating complexity, market risk, service scope and prevailing market pricing. Customers can select and combine the standard service SKUs under each product and adjust their selection as their needs evolve. This model combines standardization and cost efficiency with support for more complex, customer-specific compliance needs.

For details of our sales network, marketing strategies, revenue model and pricing, see "Business — Sales and Marketing."

OUR CUSTOMERS AND SUPPLIERS

Customers

During the Track Record Period, our customer base primarily comprised cross-border e-commerce sellers that sell goods from Chinese Mainland and other markets into overseas destinations. During the Track Record Period, revenue from our five largest customers accounted for less than 5% of our total revenue in each year/period.

Suppliers

During the Track Record Period, our suppliers mainly comprise (i) overseas professional service providers that assist us in delivering compliance services; and (ii) providers of cloud infrastructure and other technology services. In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers amounted to RMB43.7 million, RMB65.7 million, RMB89.3 million and RMB55.9 million, respectively, representing approximately 36.8%, 39.5%, 35.8% and 31.1% of our total purchases for the same periods. During the same periods, purchases from our largest supplier amounted to RMB11.6 million, RMB23.9 million, RMB32.0 million and RMB24.7 million, respectively, representing approximately 10.2%, 14.4%, 12.8% and 13.8% of our total purchases for the same periods. Please see "Business — Our Suppliers" for more details.

COMPETITION

According to CIC, the competitive landscape of the global and China cross-border e-commerce compliance services industry is relatively fragmented. We face competition from traditional compliance service providers and other cross-border e-commerce compliance platform providers in Chinese Mainland and globally.

The principal competitive factors in our industry include e-commerce and regulatory compliance knowledge, advanced and user-friendly product offerings, expansion of products and features, technical capabilities, sales and marketing capabilities, and customer service. We believe we are well-positioned to compete effectively in this industry based on these factors. However, some of our existing or future competitors may have longer operating histories, larger customer bases, greater name recognition and a broader global footprint as well as greater financial, technical and other resources. For more information, see "Industry Overview."

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. These risks include, among others, the following: (i) if we fail to improve and enhance the functions, performance, reliability, design, security, and scalability of our products to suit our customers' evolving needs, we may lose our customers; (ii) if we fail to maintain our relationships with e-commerce platforms, tax authorities or other relevant authorities and institutes or adapt ourselves to emerging e-commerce platforms, or if aforementioned platforms otherwise curtail or inhibit our ability to integrate or operate our products therewith, our business and prospects may be materially and adversely affected; (iii) the development of the cross-border e-commerce compliance service industry is subject to various factors beyond our control, including changes in the macro-economy, which may negatively affect the cross-border e-commerce market and the demand for our products; (iv) we operate in a competitive market and may not be able to compete successfully against our existing and future competitors; (v) further developments in laws and regulations related to the cross-border e-commerce compliance service industry may affect the demand for our services and have an impact on our business; (vi) our historical growth rates may not be indicative of our future growth, and, if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected; and (vii) our brands are integral to our success. If we fail to effectively maintain, promote and enhance our brands, our business and competitive advantage may be harmed.

For details, see "Risk Factors."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of historical financial information set forth below has been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this document, as well as the information set forth in "Financial Information" of this document. Our financial information was prepared in accordance with HKFRS.

Summary of Description of Major Components of Our Results of Operations

The following table sets out a summary of our results of operations for the periods indicated:

	Year Ended December 31,						**Six Months Ended June 30,**			
	2023		**2024**		**2025**		**2025**		**2026**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue	**240,323**	**100.0**	**350,469**	**100.0**	**528,476**	**100.0**	**233,114**	**100.0**	**385,915**	**100.0**
Cost of sales	(114,238)	(47.5)	(166,328)	(47.5)	(248,689)	(47.1)	(105,988)	(45.5)	(180,737)	(46.8)
Gross profit	**126,085**	**52.5**	**184,141**	**52.5**	**279,787**	**52.9**	**127,126**	**54.5**	**205,178**	**53.2**
Other income, gains and loss, net	33,419	13.9	42,502	12.1	40,514	7.7	13,571	5.8	1,018	0.3

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Impairment losses (recognized) reversed under ECL model, net	(1,031)	(0.4)	1,130	0.3	(1,750)	(0.3)	(430)	(0.2)	636	0.2
Selling expenses	(52,814)	(22.0)	(65,371)	(18.7)	(93,658)	(17.7)	(43,586)	(18.7)	(62,948)	(16.3)
Administrative expenses	(39,256)	(16.3)	(47,749)	(13.6)	(73,023)	(13.8)	(32,456)	(13.9)	(50,993)	(13.2)
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development expenses	(28,335)	(11.8)	(29,991)	(8.6)	(32,140)	(6.1)	(15,324)	(6.6)	(18,650)	(4.8)
Finance costs	(11,348)	(4.7)	(12,072)	(3.4)	(5,300)	(1.0)	(5,070)	(2.2)	(266)	(0.1)
Profit before tax	**26,720**	**11.1**	**72,590**	**20.7**	**114,430**	**21.7**	**43,831**	**18.8**	**56,361**	**14.6**
Income tax expense	(518)	(0.2)	(1,371)	(0.4)	(17,255)	(3.3)	(5,168)	(2.2)	(13,217)	(3.4)
Profit for the year/period	**26,202**	**10.9**	**71,219**	**20.3**	**97,175**	**18.4**	**38,663**	**16.6**	**43,144**	**11.2**
Attributable to:										
Owners of the Company	14,258	5.9	44,685	12.8	89,048	16.9	30,920	13.3	38,328	9.9
Non-controlling interests	11,944	5.0	26,534	7.6	8,127	1.5	7,743	3.3	4,816	1.2

Non-HKFRS Measure

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRS, we also use adjusted net profit, which is not required by, or presented in accordance with HKFRS. The presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures facilitates a comparison of our operating performance by eliminating the impact of (i) interest on redemption liabilities, (ii) [**REDACTED**], (iii) share-based payment expenses and (iv) restructuring expenses, representing one-off tax expenses incurred in connection with the restructuring arrangement. See "History development and corporate structure — Onshore Restructuring". Such non-HKFRS measure allow [**REDACTED**] to consider metrics used by our management in evaluating our performance. The use of the non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, an analysis of our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net profit for the periods to our adjusted net profit for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Reconciliation of net profit to adjusted net profit (non-HKFRS measure)					
Profit for the year/period	**26,202**	**71,219**	**97,175**	**38,663**	**43,144**
Added: Interest expenses on redemption liabilities	10,904	11,755	4,903	4,903	–
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share-based payment expenses	–	–	–	–	7,783
Restructuring expenses	–	–	–	–	5,576
Adjusted net profit (non-HKFRS measure)	**37,106**	**82,974**	**102,078**	**43,566**	**74,117**

Revenue

Revenue by business segment

During the Track Record Period, we generated revenue from environmental compliance, corporate and tax compliance, product testing and certification, and intellectual property protection. The following table sets forth a breakdown of our revenue by business segment, in absolute terms and as percentages of total revenue, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Environmental compliance	94,823	39.5	141,917	40.5	235,290	44.5	101,635	43.7	172,508	44.7
Corporate and tax compliance	109,638	45.6	146,914	41.9	185,732	35.1	81,669	35.0	139,393	36.1
Product testing and certification	17,137	7.1	32,487	9.3	72,219	13.7	32,743	14.0	55,928	14.5
Intellectual property protection	18,725	7.8	29,151	8.3	35,235	6.7	17,067	7.3	18,086	4.7
Total	**240,323**	**100.0**	**350,469**	**100.0**	**528,476**	**100.0**	**233,114**	**100.0**	**385,915**	**100.0**

Revenue by geographic region

Although most of our customers are cross-border e-commerce retailers based in Chinese Mainland, our services are used locally across different countries and regions to satisfy local compliance requirements. Accordingly, we present a geographical breakdown of our revenue based on the location where our services are used. The following table sets forth such breakdown on the location of service usage, in absolute amounts of our total revenues for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Chinese Mainland	–	–	100	0.0	359	0.1	60	0.0	1,388	0.4
Overseas	**240,323**	**100.0**	**350,369**	**100.0**	**528,117**	**99.9**	**233,054**	**100.0**	**384,527**	**99.6**
– Europe	209,374	87.1	281,121	80.2	438,345	82.9	196,110	84.1	320,378	83.0
– the Americas	19,099	7.9	37,904	10.8	48,514	9.2	22,196	9.5	36,039	9.3
– Asia	11,580	4.8	30,147	8.6	38,163	7.2	13,672	5.9	26,255	6.8
– Others(1)	270	0.2	1,197	0.4	3,095	0.6	1,076	0.5	1,855	0.5
Total	**240,323**	**100.0**	**350,469**	**100.0**	**528,476**	**100.0**	**233,114**	**100.0**	**385,915**	**100.0**

Note:

(1) Others primarily consist of Oceania.

Summary of Consolidated Balance Sheets

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this document:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	253,814	92,939	188,682	184,721
Total current assets	310,872	583,751	656,500	763,289

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**564,686**	**676,690**	**845,182**	**948,010**
Total non-current liabilities	399,870	422,641	45,793	31,201
Total current liabilities	274,141	388,728	606,271	804,780
Total liabilities	**674,011**	**811,369**	**652,064**	**835,981**
Net current assets/(liabilities)	**36,731**	**195,023**	**50,229**	**(41,491)**
Net assets/(liabilities)	**(109,325)**	**(134,679)**	**193,118**	**112,029**

Our net liability position during 2023 and 2024 was primarily attributable to the recognition of redemption liabilities. Our net liabilities increased from RMB109.3 million as of December 31, 2023 to RMB134.7 million as of December 31, 2024, primarily due to (i) an increase in current contract liabilities and (ii) dividends paid in 2024. Our net liabilities changed from RMB134.7 million as of December 31, 2024 to net assets of RMB193.1 million as of December 31, 2025, primarily due to the derecognition of redemption liabilities, arising from the restructuring arrangement, partially offset by an increase in contract liabilities and accruals and other payables in connection with the expansion of our business operation. Our net assets decreased from RMB193.1 million as of December 31, 2025 to RMB112.0 million as of June 30, 2026, primarily due to a decrease in reserves and paid-in capital, primarily due to (i) the distribution of dividends and (ii) our restructuring arrangement. See "History, Development and Corporate Structure — Onshore Restructuring."

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected cash flow data for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash generated from operating activities	89,014	173,726	269,110	72,570	86,404
Net cash from/(used in) investing activities	(123,406)	191,116	184,871	61,523	(20,073)
Net cash from/(used in) financing activities	(9,805)	(114,754)	(205,645)	(297,043)	(38,679)
Net (decrease)/increase in cash and cash equivalents	(44,197)	250,088	248,336	(162,950)	27,652
Cash and cash equivalents at beginning of period	80,022	36,475	285,865	285,865	533,814
Effect of foreign exchange rate changes	650	(698)	(387)	(747)	1,710
Cash and cash equivalents at end of period	**36,475**	**285,865**	**533,814**	**122,168**	**563,176**

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Gross profit margin(1)	52.5%	52.5%	52.9%	53.2%
Net profit margin(2)	10.9%	20.3%	18.4%	11.2%
Adjusted net profit margin (Non-HKFRS measure)(3)	15.4%	23.7%	19.3%	19.2%
Gearing ratio(4)	2.9%	1.5%	2.4%	2.1%

Notes:

(1) Gross profit margin equals gross profit divided by revenue.

(2) Net profit margin equals net profit divided by revenue.

(3) Adjusted net profit margin is a non-HKFRS measure, which equals adjusted net profit divided by revenue.

(4) Gearing ratio equals total debt (bank borrowings and lease liabilities) divided by total assets. We present gearing ratio on this basis as our equity was negative during the Track Record Period primarily due to redemption liabilities.

DIVIDENDS

We declared dividends of approximately RMB13.4 million, RMB92.3 million, RMB30.5 million and RMB41.4 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, which were settled through cash.

We do not have a dividend policy or any pre-determined dividend distribution ratio. The declaration of dividend is subject to the discretion of our Board. We may distribute dividends by way of cash or by other means that our Board considers appropriate. Any declaration of final dividend is subject to the applicable laws and regulations including the Companies Act and our Articles, which also require the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after considering our results of operations, financial conditions, operating requirements, capital requirements, Shareholders' interests, future development requirements and any other conditions that our Board may deem relevant. Any future declarations of dividends may or may not reflect our historical declarations of dividends.

Under applicable PRC laws, dividends may be paid only out of distributable profits. As a result, we may not have sufficient distributable profits to enable us to make dividend distributions to our shareholders in the future. In addition, our ability to receive dividends from our PRC subsidiaries is subject to restrictions under PRC laws and regulations. See "Risk Factors — Risks Related to Our Business and Industry — Historical dividends are not indicative of our future dividends" for risks related to our dividends.

PRE-[REDACTED] INVESTMENTS

Since the establishment of our Group, we have undergone several rounds of financing from the Pre-[**REDACTED**] Investors. For further details of the identity and background of the Pre-[**REDACTED**] and the principal terms of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), by virtue of the Acting-in-Concert Arrangement, Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin, together with Mr. Sun's controlled entities, namely, Maidehao Management and Maidetong Business, will control in aggregate approximately [**REDACTED**]% of the voting rights at general meetings of our Company. Accordingly, Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua, Mr. Luo Shimin, Maidehao Management and Maidetong Business are the group of Controlling Shareholders of our Company. For further details, see "Relationship with Our Controlling Shareholders."

FUTURE PLANS AND USE OF [REDACTED]

We estimate the net [**REDACTED**] of the [**REDACTED**] which we will receive, based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), will be approximately HK$[**REDACTED**] million, after deduction of [**REDACTED**] fees and [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised. In line with our strategies, we intend to use the net [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to upgrade and expand our product portfolio and further integrate our AI capabilities into the development of new products and the upgrade of existing products, thereby better addressing our customers' compliance needs across multiple scenarios and enhancing the intelligence, standardization and scalability of our products.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for R&D in AI and other key technologies and upgrades to our core business systems.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to strengthen our marketing network and brand development, and expand and enhance our service network.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for strategic partnerships, investments and acquisitions in the cross-border compliance sector.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for working capital and other general corporate purposes.

Please see "Future Plans and Use of [**REDACTED**]" for more details.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] is completed and [**REDACTED**] Shares are [**REDACTED**] in the [**REDACTED**], (ii) the [**REDACTED**] is not exercised, and (iii) [**REDACTED**] Shares are in issue upon completion of the [**REDACTED**] (taking into account the Share Subdivision).

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]
[**REDACTED**] of our Shares(1)	HK$[**REDACTED**] million	HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share(2)	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] of our Shares is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**] taking into account the Share Subdivision.

(2) See Appendix II to this document for further details regarding the assumptions used and the calculation method.

[**REDACTED**]

Based on the mid-point of our indicative [**REDACTED**] range and assuming the [**REDACTED**] is not exercised, the [**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] million and are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], comprising (i) [**REDACTED**]-related expenses, including [**REDACTED**] and other expenses, of approximately RMB[**REDACTED**] million, and (ii) non-[**REDACTED**]-related expenses of approximately RMB[**REDACTED**] million (including (a) fees and expenses of legal advisers and reporting accountant of approximately RMB[**REDACTED**] million, and (b) other fees and expenses of approximately RMB[**REDACTED**] million).

During the Track Record Period, we recognized [**REDACTED**] of RMB[**REDACTED**] million in our consolidated statements of profit or loss.

We expect to incur additional [**REDACTED**] of RMB[**REDACTED**] million (assuming the [**REDACTED**] is not exercised and based on the mid-point of our indicative [**REDACTED**] range), approximately RMB[**REDACTED**] million of which is expected to be charged to our statements of profit or loss, and approximately RMB[**REDACTED**] million of which is expected to be charged to equity upon the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may, from time to time, become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any actual or pending legal, arbitration or administrative proceedings against us or our Directors that we believe could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not commit any material breach of applicable laws and regulations, and we had not been subject to any administrative penalties imposed by relevant regulatory authorities for material breaches of applicable laws and regulations which may adversely and materially impact our business, financial condition and results of operations.

APPLICATION FOR [REDACTED] OF THE H SHARES ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the granting of the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares to be [**REDACTED**] by us pursuant to the [**REDACTED**] (including any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]) and the H shares to be converted from Unlisted Shares (taking into account the Share Subdivision), on the basis that, among others, we satisfy the profit test under Rule 8.05(1) of the Listing Rules.

RECENT DEVELOPMENT

No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our business operations, financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2026, the end of the period reported in the Accountants' Report set out in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms."

"Accountants' Report"	the accountants' report of our Company, the text of which is set out in Appendix I to this document
"Acting-in-Concert Arrangement"	the arrangement under an acting-in-concert agreement dated December 3, 2024 entered into between Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin, details of which are set out in "History, Development and Corporate Structure — Acting-in-Concert Arrangement"
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company, conditionally adopted on August 26, 2026 with effect from the [**REDACTED**], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in "Appendix V — Summary of Articles of Association"
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands

[**REDACTED**]

"China", "Chinese Mainland" or "PRC"	the People's Republic of China (中華人民共和國) and for the purpose of this document only and for geographical reference only, except where the context requires, references in this document to "China", "Chinese Mainland" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan Region

"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, our industry consultant, an independent market research and consulting company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	VATAI HOLDINGS LIMITED (深圳歐税通控股股份有限公司) (formerly known as Shenzhen Maidehao Development Co., Ltd. (深圳麥德好發展有限公司)), a limited liability company established under the laws of the PRC on December 22, 2020 and converted into a joint stock company with limited liability on July 23, 2026
"Company Law" or "PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Compliance Adviser"	Guoyuan Capital (Hong Kong) Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to the person(s) named in "Relationship with Our Controlling Shareholders"
"Conversion of Unlisted Shares into H Shares"	the conversion of [**REDACTED**] Unlisted Shares (taking into account the Share Subdivision) into H Shares on a one-for-one basis upon completion of the [**REDACTED**]. Such conversion of Unlisted Shares into H Shares [had] been approved by the CSRC on [●] and an application for H Shares to be [**REDACTED**] on the Stock Exchange has been made to the Listing Committee
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time

"Equity Incentive Platform(s)"	our equity incentive platform(s), consisting of Maidehao Management and Maidetong Business, or any one of them as the context may require
"Exchange Participant"	a person (a) who, in accordance with the Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange

[**REDACTED**]

"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time

[**REDACTED**]

"Group", "we", "our" or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
"Guangdong Newbest"	Guangdong Newbest Testing Technology Service Co., Ltd. (廣東能標檢測技術服務有限公司), a limited liability company established under the laws of the PRC on March 4, 2010 and our non-wholly-owned subsidiary
"Guide"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.04 each, which will be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

DEFINITIONS

[**REDACTED**]

"Hong Kong", "HK" or "Hong Kong SAR"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"independent third party(ies)"	entity(ies) or person(s) which, to the best of our Directors' knowledge, information, and belief having made all reasonable enquiries, is/are not a connected person(s) of our Company within the meaning of the Listing Rules

[**REDACTED**]

"Joint Sponsors"	the joint sponsors as named in "Directors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	August 26, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

"Maidehao Management"	Shenzhen Maidehao Management Consulting Partnership (Limited Partnership) (深圳麥德好管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on April 25, 2021, our Equity Incentive Platform and one of our Controlling Shareholders
"Maidetong Business"	Shenzhen Maidetong Business Consulting Partnership (Limited Partnership) (深圳麥德通商務諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 1, 2022, our Equity Incentive Platform and one of our Controlling Shareholders
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
"Mr. Sun"	Mr. Sun Yutao (孫玉濤), the chairperson of our Board, executive Director and chief executive officer of our Company and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Advisor"	Beijing Jingtian & Gongcheng Law Firm, our legal advisor as to PRC laws

"Pre-[**REDACTED**] Equity Incentive Scheme"	the pre-[**REDACTED**] equity incentive scheme adopted by our Company in July 2026
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the Pre-[**REDACTED**] Investors, the details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"
"Pre-[**REDACTED**] Investor(s)"	the investor(s) as set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments"

[**REDACTED**]

"QIB"	qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Securities Law" or "PRC Securities Law"	Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company comprising Unlisted Share(s) and H Share(s), with a nominal value of RMB1.00 each before completion of the Share Subdivision, or with a nominal value of RMB0.04 each upon completion of the Share Subdivision

"Share Subdivision"	the share subdivision immediately prior to the [**REDACTED**], pursuant to which each of our Shares with par value of RMB1.00 will be subdivided into 25 Shares with par value of RMB0.04 each
"Shareholder(s)"	holder(s) of our Share(s)
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Shenzhen GoingGreen"	Shenzhen GoingGreen Technology Co., Ltd. (深圳綠舟永續科技有限公司), a limited liability company established under the laws of the PRC on December 12, 2022 and our non wholly-owned subsidiary
"Shenzhen Maidetong"	Shenzhen Maidetong Business Technology Co., Ltd. (深圳麥德通商務技術有限公司), a limited liability company established under the laws of the PRC on April 14, 2022 and our wholly-owned subsidiary
"Shenzhen Oushuitong"	Shenzhen Oushuitong Technology Co., Ltd. (深圳歐税通技術有限公司), a limited liability company established under the laws of the PRC on October 23, 2019 and our wholly-owned subsidiary
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Shenzhen Xiaomao"	Shenzhen Xiaomao Chuhai Technology Co., Ltd. (深圳小貿出海技術有限公司), a limited liability company established under the laws of the PRC on March 17, 2023 and our wholly-owned subsidiary
"Shenzhen Yisi"	Shenzhen Yisi Business Consulting Co., Ltd. (深圳易思商務諮詢有限公司), a limited liability company established under the laws of the PRC on October 30, 2025 and our non-wholly-owned subsidiary

[**REDACTED**]

"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the financial years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026
"treasury shares"	has the meaning ascribed to it under the Listing Rules

"Trial Measures" or "Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023

[REDACTED]

"Unlisted Share(s)"	ordinary Shares in the share capital of our Company which are not listed or traded on any stock exchange and are subscribed for and paid up in RMB, with a nominal value of RMB1.00 each before completion of the Share Subdivision, or with a nominal value of RMB0.04 each upon completion of the Share Subdivision
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time

[REDACTED]

"VATAI Technology"	VATAI Technology SRL, a limited liability company incorporated under the laws of Belgium on June 14, 2023 and our wholly-owned subsidiary
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

For the purpose of this document, references to "provinces" of Chinese Mainland include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

GLOSSARY OF TECHNICAL TERMS

This section contains definitions of certain terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"AI"	artificial intelligence
"API"	application programming interface, a defined set of rules, protocols, and tools that enable different software applications, websites, or systems to communicate with each other, allowing them to exchange data and invoke functionalities in a standardized and secure manner
"architecture"	the structure under which an information system's hardware, software, data and communication capabilities are put together
"annual recurring revenue" or "ARR"	recurring revenue from our products in December of a given year multiplied by 12
"CBAM"	carbon border adjustment mechanism, an European Union policy instrument that imposes a carbon cost on certain imported goods based on their embedded greenhouse gas emissions, aiming to prevent carbon leakage and ensure fair competition between EU and non-EU producers
"CDP"	carbon disclosure project, a global non-profit organization that runs an international environmental disclosure system, enabling companies, cities, states, and regions to measure, manage, disclose, and reduce their greenhouse gas emissions and other environmental impacts
"CMA"	China Inspection Body and Laboratory Mandatory Approval, an accreditation regime for inspection bodies and testing laboratories in the PRC
"CNAS"	China National Accreditation Service for Conformity Assessment, the national accreditation body in the PRC for conformity assessment activities
"CPF"	climate pledge friendly, a sustainability labeling program, primarily used on e-commerce platforms, that highlights products with recognized sustainability features (via trusted third-party certifications and/or Amazon's own certifications) to help customers discover more sustainable products
"EPD"	environmental product declaration, a standardized life cycle assessment-based disclosure document prepared under applicable product category rules and typically independently verified and published by an EPD program operator, providing quantified, transparent environmental impact information across the life cycle

"EPR"	extended producer responsibility, an environmental policy framework under which producers are legally responsible for the environmental impact of their products throughout the product lifecycle, particularly for take-back, recycling, and final disposal at the post-consumer stage
"EU CPNP notification"	a notification submitted through the EU Cosmetic Products Notification Portal for a cosmetic product placed or made available on the EU market
"GFA"	gross floor area
"GMV"	gross merchandise value, a business metric that represents the total monetary value of goods sold through a platform or marketplace over a specific period, before deducting returns, discounts, commissions, or other fees
"GPSR"	general product safety regulation, refers to EU Regulation (EU) 2023/988, which sets out the overarching safety requirements for consumer products placed or made available on the EU market, requiring that products be safe, traceable, accompanied by appropriate warnings and instructions, and subject to effective corrective measures
"IP"	intellectual property
"IT"	information technology
"LLM"	large language model, a type of AI model that is trained on a massive amount of text data to capture the statistical patterns and structures of language. These models typically have billions or more parameters and are designed to handle complex natural language processing tasks
"net dollar retention rate" or "NDR"	revenue from existing users in the current year divided by revenue from the same cohort in the prior year
"online marketplace"	a digital platform that enables third-party sellers to offer goods or services to customers, while the platform operator facilitates transactions by providing listing, payment, and order-processing infrastructure
"natural language processing"	a branch of artificial intelligence that helps computers understand, interpret and manipulate human language
"R&D"	research and development

"RPA"	robotic process automation, a technology that uses software robots to automate rule-based, repetitive business processes by mimicking human interactions with digital systems, thereby improving efficiency, accuracy, and scalability while reducing manual effort and operational costs
"RsP"	responsible person, or authorized representative, the designated legal entity responsible for product compliance
"SCM"	supplier chain management system
"SKU"	stock keeping unit, a unique alphanumeric identifier assigned by a company to a specific product or product variant for inventory management and tracking purposes, enabling businesses to monitor stock levels, sales, pricing, and logistics at a granular level
"TIC"	testing, inspection and certification
"UK SCPN notification"	a notification submitted through the UK Submit Cosmetic Product Notifications service for a cosmetic product made available to consumers in Great Britain
"VAT"	value-added tax, an indirect tax imposed on the incremental value added to goods and services at each stage of the supply chain
"WEEE"	waste electrical and electronic equipment

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of [**REDACTED**]." Forward-looking statements typically can be identified by the use of words such as "aim," "anticipate," "aspire," "believe," "continue," "could," "estimate," "expect," "forecast," "goals," "intend," "may," "objective," "ought to," "outlook," "plan," "potential," "project," "schedules," "seek," "should," "target," "vision," "will," "would" and other similar terms. Forward-looking statements reflect the current views of our Directors with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including those listed in "Risk Factors," which are beyond our control and may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our future business development, financial condition and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our capital expenditure plan;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, suppliers and other partners to conduct our business;
- our planned use of [**REDACTED**];
- future developments, trends and competitive landscape in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates. Should one or more of these risks or uncertainties, among others, materialize, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our H Shares. Our operations and the cross-border e-commerce compliance service industry in which we operate involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

We believe our operations involve certain risks and uncertainties, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the geographic markets in which we operate; and (iii) risks relating to the [**REDACTED**].

Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we currently deem immaterial, could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

If we fail to improve and enhance the functions, performance, reliability, design, security, and scalability of our products to suit our customers' evolving needs, we may lose our customers.

Our products and their market acceptance are essential to our business success. We offer a comprehensive suite of cross-border e-commerce compliance services to meet the diverse needs of global cross-border businesses, helping them navigate complex regulatory environments, mitigate compliance risks, and facilitate their global expansion. Our ability to continue to attract and retain customers and increase sales depends largely on our ability to continue improving and enhancing the functions, performance, reliability, design, security, and scalability of our products. For further information on our products, see "Business — Our Offerings."

The emergence of new e-commerce platforms, business models, regulatory requirements, or marketing channels may create new operational demands from our customers. General market conditions and consumer behaviors may also affect our business. For example, changes in popularity of product categories in the cross-border e-commerce compliance services industry or changes in regulatory requirements may change the way our customers need to operate their business. Failure to capture such industry trends could render our products less attractive to customers and limit our business growth. If we are not able to keep pace with the market dynamics in the cross-border e-commerce compliance services market, our business may be materially and adversely affected.

If we fail to maintain our relationships with e-commerce platforms, tax authorities or other relevant authorities and institutes or adapt ourselves to emerging e-commerce platforms, or if aforementioned platforms otherwise curtail or inhibit our ability to integrate or operate our products therewith, our business and prospects may be materially and adversely affected.

Our success is closely tied to our ability to maintain strong relationships with e-commerce platforms, overseas tax authorities and other relevant authorities and institutes, and the integration of our products with them is key to our success. As of the Latest Practicable Date, we had deployed 36 standardized API interfaces. Our customers use our products to manage their online stores and compliance obligations on e-commerce platforms. If e-commerce platforms, tax authorities or other relevant authorities and institutes, especially the major ones, curtail or inhibit our ability to integrate or operate our products with their platforms, our ability to serve our customers could be materially and adversely affected. For example, certain major e-commerce platforms or their related companies also offer compliance products to cross-border e-commerce sellers. We believe that products offered by e-commerce platforms are more complementary to than competitive with products offered by third-party providers, including us. However, we cannot guarantee that these platforms will not offer competing products in the future and restrict our connectivity therewith.

Furthermore, as e-commerce platforms, tax authorities and other relevant authorities and institutes evolve, diversify and specialize, we must ensure compatibility and connectivity with various types of e-commerce platforms and government interfaces in order to stay competitive. We may need to invest significant resources to adapt to these changes or develop workarounds, which could negatively impact our results of operations and financial performance.

The development of the cross-border e-commerce compliance service industry is subject to various factors beyond our control, including changes in the macro-economy, which may negatively affect the cross-border e-commerce market and the demand for our products.

Since our products are offered to participants mainly in the cross-border e-commerce compliance service industry, our operational and financial performances are subject to the developments of such industry. The development of the cross-border e-commerce compliance service industry is subject to various factors beyond our control, including cross-border trade policies and tariff regimes, global supply chain and logistics conditions, changes in macro-economic conditions, consumers' disposable income and demographics, consumer tastes and preferences, mobile internet penetration and usage, the emergence of alternative channels or business models, seasonality, and public policies. Any negative development or shifting dynamics in this industry could adversely affect our business.

For example, many of our customers are small- and medium-sized cross-border e-commerce sellers who may be more vulnerable to macroeconomic fluctuations than larger companies. In extreme cases, many such small- and medium-sized sellers may experience large-scale shutdowns during economic downturns. The internet and e-commerce market may be affected by factors such as the macro-economy and consumers' disposable income, among others. Any such adverse changes in the macro-economy may negatively affect the e-commerce market, which may in turn affect the demand for our products and our ability to generate profits. In addition, the emergence of new business models or regulatory requirements may create new operational demands. If our offerings fail to match customers' evolving needs or if our business model does not align with such changed dynamics, our business, financial condition, and results of operations may be materially and adversely affected.

We operate in a competitive market and may not be able to compete successfully against our existing and future competitors.

We face competition in various aspects of our business, including research and development capabilities, fulfillment reliability, operational efficiency, customer services and retention, talent, brand awareness, commercial relationships and financial, technical, marketing and other resources. Competitors may develop products that gain greater market acceptance among participants in the cross-border e-commerce compliance service industry, offer superior user experience, or achieve higher fulfillment reliability and operational efficiency. They may be able to respond more quickly and effectively to new opportunities and changing technologies, regulations, and customers' needs. In addition, our existing and future competitors may quickly expand their customer base and sales network by enlarging their sales and support team. This could cause us to lose potential sales, which may have a material adverse impact on our results of operations and financial condition. If we are unable to compete successfully against our current or potential competitors, our business, financial condition, and results of operations may be materially and adversely impacted.

Further developments in laws and regulations related to the cross-border e-commerce compliance service industry may affect the demand for our services and have an impact on our business.

The future success of our business depends upon the continued growth of the cross-border e-commerce compliance service industry, which is influenced by the laws, regulations and policies that govern cross-border corporate and tax compliance, environmental compliance, product testing and certification, and intellectual property. Further developments in these laws or regulations may affect the value of our products and services or require us to modify our products in order to comply with these developments. If we fail to timely and accurately understand, interpret or respond to changes in applicable laws, regulations or regulatory practices, we may be unable to provide compliant services to our customers, or may be required to modify our service offerings, business processes or pricing structure. In addition, we may be exposed to regulatory inquiries, penalties, claims or disputes, or suffer reputational damage, any of which could adversely affect our business operations, financial condition and results of operations. Furthermore, if changes in future laws and regulations alter the regulatory framework under which we operate, or if our business model is deemed non-compliant, our current business model and business relationship with e-commerce platforms, tax authorities and customers may be affected. As a result, we may need to devote additional resources to change our business model and arrangements to ensure compliance. In addition, relevant taxes, fees or other charges may be imposed for accessing the internet, e-commerce or cloud services. These factors may affect the cross-border e-commerce compliance service industry in general and the demand for our products and services.

Our historical growth rates may not be indicative of our future growth, and, if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We experienced rapid growth in our revenue and user base during the Track Record Period. However, we cannot assure you that we are able to sustain our historical growth rate for various reasons, including uncertainty of our continuous launch of new products and intensified competition in our industry. Our revenue, expenses and operating results may vary from period to period due to factors beyond our control, and we cannot assure you that our future revenues will increase or that we will achieve and/or subsequently maintain profitability. Accordingly, [**REDACTED**] should not rely on our historical results as an indication of our future financial or operating performance.

In addition, our anticipated expansion and investment in new products may place a significant strain on our managerial, operational, financial, and human resources. Our current and planned personnel, systems, procedures, and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or implement all such systems, procedures and control measures successfully. If we are not able to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our brands are integral to our success. If we fail to effectively maintain, promote and enhance our brands, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our brands is critical to our business. Maintaining and enhancing our brands depends largely on our ability to continue to provide high-quality, well-designed, useful, reliable, and innovative products, which we cannot guarantee we will always achieve. Errors, defects, disruptions or other performance issues with our infrastructure may harm our reputation and brands, and we may introduce new products or terms of service which may not be well received by our customers. Additionally, if our customers have a negative experience using our products or service, such an encounter may affect our brands and reputation within the industry.

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our products may be perceived as not being secure, customers may reduce the use of or stop using our products, and we may incur significant liabilities.

Cybersecurity challenges, including threats to our own IT infrastructure or those of our customers or third-party providers, are often targeted at companies such as ours and may take a variety of forms ranging from individual and groups of hackers to sophisticated organizations, including state-sponsored actors. Key cybersecurity risks range from viruses, worms, and other malicious software programs to "mega breaches," any of which can result in unauthorized disclosure of confidential information and intellectual property and compromised data. As the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Unauthorized access or use of customer data could expose us to regulatory actions, litigation, investigations, remediation obligations, damage to our reputation and brand, supplemental disclosure obligations, loss of customer confidence in the security of our products, destruction of information, indemnity obligations, and resulting fees, costs, expenses, loss of revenues, and other potential liabilities. In addition, if a high-profile security breach occurs with respect to an industry peer, our customers and potential customers may generally lose trust in the security of compliance products, or in cloud applications for businesses in general. Any or all of these issues could materially and adversely affect our business, financial condition and results of operations.

Our offerings are subject to third-party dependencies. In particular, our suppliers are important to our product delivery.

Our offerings are subject to third-party dependencies, such as suppliers for our products. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded procurement costs of RMB101.3 million, RMB146.4 million, RMB220.9 million, RMB93.4 million and RMB154.8 million, respectively. These suppliers mainly include compliance services providers whom we engage to provide compliance services to our customers. While we believe we maintain good business relationships with them, we cannot assure you that such relationships will not worsen or terminate in the future. In addition, if any of these suppliers were to adjust their business or to encounter operational difficulties, the operation of our products and business as a whole may be affected as a result. According to CIC, there are several suppliers in the market that can provide comparable services to satisfy our business needs, and we do not anticipate significant migration costs. However, we cannot assure you that we will be able to maintain our relationships with our major suppliers. Any material and adverse change in our relationship with major suppliers could impact the availability, reliability, or performance of our platform, which could negatively impact our business and financial performance. We may not have full or effective control over the third-party suppliers to prevent such incidents, and the third-party suppliers may not be willing or be able to provide sufficient indemnification or compensation, if at all, for any loss and expenses that we suffer as a consequence.

R&D is key to our business, and our investment in R&D activities may not generate the results we expect to achieve.

We have committed significant resources to research and development of our products, which are tailored to meet the unique needs of participants in the cross-border e-commerce compliance service industry. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded research and development expenses of RMB28.3 million, RMB30.0 million, RMB32.1 million, RMB15.3 million and RMB18.7 million, respectively. Our research and development efforts may require substantial upfront costs without generating corresponding revenue, which could lead to a decrease in our profitability or even loss. Additionally, there is no guarantee that our research and development efforts will be fruitful. We may spend significant resources on research and development activities that may not result in successful or marketable products or enhancements thereof, or that may require significant additional investment to become commercially viable. Such outcomes could have a negative impact on our financial performance and may limit our ability to compete effectively in the industry in which we operate. If our research and development efforts fail to generate sufficient returns, our ability to attract investors and maintain our market position may be adversely affected.

If we are unable to maintain high-quality customer services consistently, our brand reputation, business, prospects, results of operations and financial condition may be materially and adversely impacted.

We believe our focus on customer service and support is critical to onboarding new customers, retaining our existing customers and growing our business. Therefore, we have invested heavily in improving the quality of customer service and support, such as in training of our support team. If we are unable to maintain high-quality customer services consistently, we may lose our existing customers. In addition, our ability to attract new customers is highly dependent on our reputation and on referrals from our existing customers. Failure to maintain customer services with high quality consistently, or any market perception to the same effect, could adversely affect our reputation and the number of customer referrals that we receive.

Misconduct, unlawful acts, non-compliance or fraud by our employees, customers, suppliers, business partners or other third parties could expose us to liability and harm our business and reputation, which our risk management and internal controls may not fully prevent.

We may not be able to prevent or detect all misconduct, unlawful acts, non-compliance or fraud by our employees, customers, suppliers, professional service providers and other business partners. We rely on our employees to perform their duties in accordance with applicable laws and our internal policies, our customers to provide true, accurate, complete and lawful information, documents and instructions, and our suppliers and other third-party service providers to perform their services in accordance with applicable laws, professional standards and contractual obligations.

Such persons may provide inaccurate, incomplete or misleading information, mishandle confidential, personal or customer data, make unauthorized representations, infringe third-party rights, engage in fraud or other misconduct, or fail to perform the relevant services properly or on time. Because our services, regulatory filings and other deliverables may depend on information or assistance provided by them, their acts or omissions may disrupt our service delivery or expose us to customer complaints or claims, contractual liabilities, regulatory inquiries or actions, fines, penalties, remediation costs, negative publicity or reputational harm, even where the underlying conduct is beyond our control.

For example, we may be subject to legal claims, regulatory actions or liabilities arising from our customers' products in our provision of RsP services, including potential intellectual property infringement or non-compliance with applicable EU regulations. Although such risks primarily stem from our customers' conduct and products, we may still be exposed to legal or regulatory proceedings due to our statutory role as EU authorized representatives. Notably, EU member states must bring into force the laws, regulations and administrative provisions necessary to comply with the Product Liability Directive (EU) 2024/2853 by December 9, 2026, under which, if a manufacturer is established outside the EU, its EU authorized representative may also face product liability for damage caused by defective products. For details, see "Regulatory Overview — Overview of Laws and Regulations Related to Our Business in Germany." In addition, laws, regulations and regulatory requirements applicable to our services in the EU may continue to evolve, and changes in their interpretation or enforcement may expand the circumstances in which we may be held liable in connection with our customers' products or conduct, resulting in new or additional compliance obligations or liabilities for us.

Although we have adopted internal policies, training, risk management and internal control systems and, where applicable, include information accuracy, compliance, confidentiality, data protection and liability provisions in our agreements with customers, suppliers and other third-party service providers, these measures and systems may not be adequate to prevent, or enable us to detect all misconduct, fraud or non-compliance. See "Business — Risk Management and Internal Control." In addition, we cannot assure you that the implementation of these measures and systems will not involve any human errors or mistakes, failures to follow established procedures or attempts to circumvent our controls. Contractual protections, remedies or indemnities available to us may also be unavailable or insufficient to cover the resulting losses. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may not be able to conduct our sales and marketing activities cost-effectively, and our promotion activities may not result in the level of sales we anticipate to achieve.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded selling expenses of RMB52.8 million, RMB65.4 million, RMB93.7 million, RMB43.6 million and RMB62.9 million, respectively. We expect our selling expenses to continue to increase as we plan to further expand our sales and customer support team, enhance brand marketing, and expand our sales network and global service capabilities. If we fail to conduct our sales and marketing activities cost-effectively, we may incur considerable selling expenses, which could adversely affect our business and operating results. Additionally, our brand promotion and marketing activities may not be well received by customers and may not result in the levels of sales that we anticipate. Meanwhile, we need to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and customer preferences. We cannot assure you that we will be able to continue to attract and retain qualified sales personnel. Any failure to manage our sales personnel or introduce new marketing approaches in a cost-effective manner could reduce our market share and materially and adversely affect our business, financial condition, results of operations and profitability.

Our operations and plans for business development overseas are subject to various risks in the relevant regions or foreign countries, the failure to handle which may adversely affect our business, results of operations and financial condition.

We have plans to expand our business into various regions and countries overseas, which exposes us to various risks and challenges. These risks include, but are not limited to, changes in political environment, laws and regulations, economic conditions, and cultural differences. Any failure to handle these risks effectively could result in disruptions to the execution of our business plans and operations, increase in costs, and damage to our reputation. In addition, our plans for business development overseas may require significant investments in marketing, research and development, and human resources, which may not yield the expected return on investment. The timing of our expansion plans may also be affected by factors beyond our control, such as changes in economic conditions, political environment, or delays in obtaining necessary licenses and permits. Furthermore, we may be subject to additional regulatory requirements in foreign countries, which may increase our compliance costs and subject us to legal and regulatory risks. These requirements may also limit our ability to operate in certain regions or countries, which could negatively impact our growth prospects. We may need to allocate significant resources to manage these challenges, which could increase our expenses and negatively impact our financial performance. If we are unable to manage these risks effectively, our business, results of operations, and financial condition may be materially and adversely affected.

Interruptions, performance issues or security issues associated with our technology infrastructure could materially and adversely affect our business, financial condition, results of operations, and prospects.

Our products and related services rely on technology infrastructure and systems, including software, hardware, and network equipment. Any interruption, degradation, or failure of these systems or infrastructure could cause our platform to experience performance issues or become unavailable to our customers, which could lead to lost revenue, increased expenses, and damage to our reputation. In addition, our business depends on the performance and reliability of the internet infrastructure, over which we do not have control. We may not have access to alternative networks in the event of disruptions, failures or other problems with the internet infrastructure.

Defects or errors in our products could reduce demand for our products and adversely affect our business and results of operations.

Our products are subject to potential defects or errors that may arise during development, testing, or deployment. These defects or errors may result in customer dissatisfaction, harm to our reputation, and reduced demand for our products. If our products contain defects or errors, our customers may experience issues with their own systems or operations, which could result in lost revenue, increased expenses, and damage to our reputation. Furthermore, our customers may choose to switch to our competitors' products, which could negatively impact our market share and financial performance. In addition, fixing defects or errors in our products may require significant resources, which could impact our financial performance and ability to deliver new products in a timely manner. Therefore, defects or errors in our products could decrease demand for our products and harm our business and results of operations.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from any unauthorized use of our technologies.

Our trade secrets, trademarks, copyrights, patents, and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, confidentiality agreements, non-compete agreements and other contractual arrangements with our employees and third parties, as well as a combination of patent, trademark, copyright, domain name, trade secrets and other proprietary rights protection laws to protect our intellectual property. However, events beyond our control may pose threats to our intellectual property rights and the integrity of our products and brand. Effective protection of our trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and challenging. We cannot assure you that our efforts to protect our intellectual property rights are adequate to guard against any potential infringement and misappropriation. For details of our intellectual property protection, see "Business — Intellectual Property." In addition, our intellectual property rights may be declared invalid or unenforceable if challenged in the courts or before the related government intellectual property authorities.

To protect our unpatented proprietary information and technology, such as trade secrets, we rely on our agreements with employees and third parties that contain restrictions on the use and disclosure of such information or technology. For example, our employees and third parties are required to keep confidential any unpatented proprietary information and technology during the contract term and after the termination of the employment agreement. These agreements may be inadequate or may be breached, either of which could potentially result in unauthorized use or disclosure of our trade secrets and other proprietary information to third parties, including our competitors. As a result, we may lose our competitive advantages derived from such intellectual property. Significant impairments to our intellectual property rights may result in a material and adverse effect on our business.

We may be subject to intellectual property infringement claims, which may be expensive and time-consuming to defend and may disrupt our business operations by diverting our financial and management resources.

Our competitors and other third parties may, with or without merit, bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights. The intellectual property laws, which cover the validity, enforceability and scope of protection of intellectual property rights, are evolving, and litigation is an increasingly popular means to resolve commercial disputes. Given the foregoing and the increasing competition in the market, we are exposed to heightened litigation risks. Any intellectual property lawsuits against us, whether successful or not, may harm our brand and reputation, and defending intellectual property claims may be costly, imposing a significant burden on our management and resources. Further, we may not be able to successfully defend against all legal claims, and thus we may need to pay damages or be forced to cease using certain technologies or content that is critical to our products. Any consequential liabilities, expenses or any required changes to our products or services, may have a material adverse effect on our business, results of operations, and prospects.

Our use of open-source technology could impose limitations on our business operations.

We use open-source technology in some of our platforms and expect to continue to use open-source software in the future. Although we monitor our use of open-source technology to avoid subjecting our products to conditions we do not intend to be bound, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license, including by demanding release of the open-source technology, derivative works, or our proprietary source code that was developed using such technology. These allegations could also result in litigation. The terms of many open-source licenses may be subject to further interpretation by courts. There is a risk that these licenses could be construed in a way that imposes unanticipated conditions or restrictions on our ability to commercialize our products. In such an event, we may be required to seek licenses from third parties or make our proprietary code available in source code form. We may also need to re-engineer or discontinue our products if such re-engineering cannot be accomplished in a timely manner. In addition, competitors may develop their products using open-source technology, potentially reducing the demand for our products. If we are unable to successfully address these challenges, our business and results of operations may be adversely affected, and our development costs may increase.

Negative publicity and allegations involving us, our shareholders, Directors, officers, employees, associates and business partners may affect our reputation and, as a result, our business, prospects, results of operations and financial condition may be negatively affected.

We, our shareholders, Directors, officers, employees, associates and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could change the market perception that we are a trustworthy service provider. In addition, to the extent our employees and business partners were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our [**REDACTED**] and customers.

We are dependent on the continued services of our senior management and other key employees, the loss of any of whom could adversely affect our business, prospects, results of operations and financial condition.

Our future performance depends on the continued services and contributions of our senior management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our senior management or other key employees can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our senior management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also requires a significant amount of time, training and resources, and may impact our existing corporate culture.

If we are unable to attract, retain and motivate qualified personnel, our growth and prospects may be adversely affected.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel specializing in research and development, product development, and sales and marketing, particularly with experience in the cross-border e-commerce compliance service industry. Meanwhile, the size and scope of our business may require us to hire and retain a wide range of personnel with different portfolios of experiences, expertise and personal traits. Competition for talent and qualified personnel in our industry is intense, and the availability of suitable and qualified candidates is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. In addition, even if we were to offer higher compensation and other benefits, we cannot assure you that these individuals would choose to join or continue working for us. If we fail to attract and retain suitable personnel, or to maintain an adequate labor force on a continuous and sustained basis, our financial position and results of operations could be materially and adversely affected.

Historical dividends are not indicative of our future dividends.

We declared dividends during the Track Record Period. See "Financial Information — Dividends." The value of dividends declared and settled in previous years should not be relied upon by potential [**REDACTED**] as a guide to our future dividend policy or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future at a similar level or at all. The amount of any dividends in the future will be subject to, among other factors, our Directors' discretion, having taken into account our substantial capital requirements in the foreseeable future, the availability of distributable profits, our earnings, working capital, financial position, capital and funding requirements, the applicable laws and other relevant factors. In any event, there is no guarantee that our Company will receive sufficient distribution from our subsidiaries to support any future profit distribution to our shareholders or that the amounts of any dividends declared by our Company in the future, if any, will be of a level comparable to dividends declared and paid by us in the past or by other [**REDACTED**] companies in the same industry as us.

Any discontinuation, reduction or delay of preferential tax treatments would have a material and adverse impact on our business, prospects, results of operations and financial condition.

We have benefited from preferential tax treatments from the PRC government during the Track Record Period. For example, certain subsidiaries of ours in the PRC qualified for tax exemptions or preferential income tax rates, including the "two-year exemption and three-year half deduction (兩免三減半)" policy and the 5% preferential rate for "Small-scaled Minimal Profit Enterprises". See Note 9 to the Accountants' Report included in Appendix I to this document for more details. We cannot assure you that we will continue to enjoy the current preferential tax treatments, in which case our business, financial condition and results of operations may be materially and adversely affected.

Our strategic investments or acquisitions may fail and may result in a material and adverse impact on our business, prospects, results of operations and financial condition.

As part of our business strategy, we have pursued, and intend to continue to pursue, selective strategic investments and acquisitions of businesses and assets that complement our existing business and help us execute our growth strategies. The integration process may be complex, time-consuming and costly, and may divert management's attention from our core operations. If we are unable to effectively integrate acquired businesses in a timely and efficient manner, we may not be able to achieve the anticipated benefits, synergies or operational efficiencies of such acquisitions.

We intend to make other strategic investments and acquisitions in the future if suitable opportunities arise. Investments and acquisitions involve uncertainties and risks, including, but not limited to: (i) failure to achieve the intended objectives, benefits or revenue-enhancing opportunities, or possible unsatisfactory operational or financial performance; (ii) non-occurrence of anticipated or speculative transactions and any resulting negative impact; (iii) costs and difficulties of integrating acquired businesses and managing a larger business; (iv) possible loss of key employees of a target business; (v) potential claims or litigation regarding our Board's exercise of its duty of care and other duties required under applicable law in connection with any of our significant acquisitions or investments approved by our Board; (vi) diversion of resources and management attention; (vii) regulatory requirements and compliance risks, including the anti-monopoly and competition laws, rules and regulations of Chinese Mainland and other jurisdictions and the compliance requirement for outbound acquisitions and investment under relevant PRC laws and regulations; and (viii) in the case of acquisitions of businesses or assets outside of Chinese Mainland, the need to integrate operations across different business cultures and languages and to address the particular economic, currency, political, and regulatory risks associated with specific countries and regions.

Any failure to address these risks successfully may have a material and adverse effect on our financial condition and results of operations. Investments and acquisitions may require a significant amount of capital, which would decrease the amount of cash available for working capital or capital expenditures. In addition, if we use our equity securities to pay for investments and acquisitions, we may dilute the value of our securities. If we borrow funds to finance investments and acquisitions, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Moreover, acquisitions may also generate significant amortization expenses related to intangible assets. Our goodwill increased significantly from nil as of December 31, 2023 to RMB31.5 million as of December 31, 2024, and further increased by 115.2% to RMB67.8 million as of December 31, 2025 and June 30, 2026, primarily due to business acquisitions completed during the year. We are required to test our goodwill for impairment annually or more frequently if events or changes in circumstances indicate that they may be impaired. See Note 18 to the Accountants' Report included in Appendix I to this document for details.

We may be subject to credit risks on our trade and other receivables.

As of December 31, 2023, 2024, 2025 and June 30, 2026, we recorded trade and other receivables of RMB66.8 million, RMB84.8 million, RMB120.0 million and RMB177.9 million, respectively. Our trade receivables represent the amounts due from our customers for the products sold or services performed in our ordinary course of business. Our deposits, prepayments and other receivables consist primarily of value-added tax recoverable, prepayments for suppliers, and receivables from payment platforms. We may not be able to collect all such trade receivables due to a variety of factors that are beyond our control. For example, if any of our customers experience financial difficulties in settling the trade receivables, the recoverability of our trade receivables may be adversely affected. We may be subject to credit risks on our trade and other receivables if the actual recoverability of trade and other receivables is lower than the expected level, which could adversely affect our cash flow and our ability to meet our working capital requirements, thereby adversely affecting our business, financial condition and results of operations.

We are exposed to changes in the fair value of certain financial assets, especially with respect to fair value measurements that involve the use of unobservable inputs.

Our results of operations are affected by changes in the fair value of our financial assets. Specifically, as of December 31, 2023, 2024, 2025 and June 30, 2026, our financial assets at fair value through profit or loss were RMB204.9 million, nil, nil and nil, respectively. See Note 23 to the Accountants' Report included in Appendix I to this document, for more information. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these assets. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results and cause the fair value of our financial assets to fluctuate substantially, which may in turn have a material adverse effect on our financial position and results of operations.

If we cannot fulfill our obligations in respect of contract liabilities, the amount of fees collected from customers and our liquidity position may be adversely impacted.

As of December 31, 2023, 2024, 2025 and June 30, 2026, we had contract liabilities of RMB196.5 million, RMB271.6 million, RMB418.6 million and RMB490.4 million, respectively. Our contract liabilities mainly arise from the advance payments made by customers while the underlying services are yet to be provided. If we cannot fulfill our obligations under these contracts, the amount of contract liabilities will not be recognized as revenue, and we may have to return the advance payment made by our customers. In addition, failing to fulfill our contractual obligations could put us in breach of contract with customers, and we may be required to reimburse or compensate customers for their losses and our agreements could be terminated. As a result, our reputation, results of operations, liquidity and financial position may be materially and adversely affected.

We may not have sufficient insurance coverage to cover our potential liability or loss, and our business, financial condition, results of operations and prospects may be materially and adversely affected should any such liability or loss arise.

We face various risks in connection with our business, and may lack adequate insurance coverage. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurance coverage on commercially reasonable terms render such insurance impractical for our business. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

Legal defects relating to certain of our leased properties, including title defects and non-registration of lease agreements, may affect our right to use such properties and subject us to penalties, which could adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, certain of our leased properties from third parties had title defects. In particular, with respect to five leased properties, the relevant lessors had not provided us with valid title certificates or relevant authorization documents evidencing their rights to lease such properties to us. Such leased properties are used as our offices or staff accommodations, and none of our major fixed assets are located in such leased properties. If the relevant lessors do not have the lawful rights to lease such properties or their rights to do so are challenged by any third party or government authority, the relevant leases may be deemed invalid or unenforceable and we may not be able to continue to occupy and use such properties. In addition, we cannot assure you that we will be able to renew such leases on commercially acceptable terms upon expiry, or at all. If the validity of any such lease is challenged or we fail to renew any such lease upon expiry, we may be required to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, which could adversely affect our business, financial condition and results of operations. See "Business — Properties."

In addition, as of the Latest Practicable Date, eleven of our lease agreements, including those relating to additional properties leased after the Track Record Period and up to the Latest Practicable Date, had not been registered with the relevant PRC government authorities in accordance with applicable PRC laws and regulations, primarily due to the lack of cooperation from the relevant lessors in completing the registration procedures. We have attempted to register such lease agreements and will continue to seek cooperation from the relevant lessors to complete the relevant registrations. Pursuant to applicable PRC laws and regulations, failure to register such lease agreements does not affect the validity of the lease agreements. However, the relevant PRC government authorities may order us to complete the registration within a prescribed time limit and, if we fail to do so within such prescribed time limit, may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease agreement. We cannot assure you that we will not be subject to such penalties or other regulatory actions in connection with the non-registration of our lease agreements. See "Business — Properties."

Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies registered and operating in Chinese Mainland are required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Funds (《住房公積金管理條例》) to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to pay for their employees different social insurance (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds to the extent required by law.

During the Track Record Period, we had not made full contributions to the foregoing employee benefits for our employees. Such non-compliance was primarily because (i) certain employees have relatively high mobility and are typically not willing to participate in the social welfare schemes of the city where they temporarily reside as such contributions are not transferable among cities and (ii) certain employees place more importance on take-home income and are unwilling to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary.

As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Furthermore, in light of the Article 19(1) of the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "New Judicial Interpretation"), promulgated on July 31, 2025 and effective as of September l, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the People's Court shall support such claims, in which case the employer remains liable for paying economic compensation to the employee, notwithstanding any prior agreement to waive social insurance contributions.

During the Track Record Period and up to the Latest Practicable Date, we were not imposed any material administrative penalties as a result of our non-compliance with PRC laws and regulations in relation to social insurance and housing provident fund. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. Our PRC Legal Advisor has advised us that the New Judicial Interpretation does not expand the scope of penalties or repeal the provisions of existing laws and regulations and the risk of us being subject to centralized collection of outstanding historical social insurance and housing provident fund contributions, or material penalties arising from such non-compliance during the Track Record Period, is remote, provided that we pay the outstanding social insurance and housing provident fund contributions and rectify the non-compliance in a timely manner after receiving notices from the relevant PRC authorities.

We cannot assure you that we have complied or will be able to comply with all labor-related laws and regulations including those relating to obligations to make full social insurance payments and contribute to the housing provident funds. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be adversely affected.

We may not be able to obtain the required licenses, permits, filings and approvals to operate our business at all times.

Our failure to obtain requisite approvals, licenses, permits or filings applicable to our business or further amendments or developments in government policies or regulations may have a material and adverse impact on our business, financial condition and results of operation. The government authorities may pass new regulations or new interpretations of existing regulations regulating our business and we may expand into new business operations which may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses, or if we fail to comply with such new requirements, our operation of the types of businesses to which the new requirements apply may be prohibited. In this instance, such new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties and fines. If any of our entities are deemed by governmental authorities to be operating without appropriate permits and licenses or outside of their authorized scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business, financial condition, and results of operations may be materially and adversely affected.

Failure to comply with cybersecurity, data security and privacy and data protection laws and regulations could delay the [REDACTED] and materially and adversely affect our business and operating results.

According to the Regulations on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which provide provisions for the implementation of cross-border data transfer systems including security assessment for cross-border data transfers, standard contracts for outbound transfer of personal information, and personal information protection certification, data processors who provide data abroad and meet any of the following conditions, are required to declare the security assessment of outbound data transfer to the national cyberspace administration authority through the provincial-level cyberspace administration authority where the data processors are located: (A) critical information infrastructure operators providing personal information or important data abroad; (B) data processors other than critical information infrastructure operators providing important data abroad or cumulatively providing abroad personal information (excluding sensitive personal information) of more than one million individuals, or sensitive personal information of more than 10,000 individuals since January 1 of the current year. Separately, data processors other than critical information infrastructure operators have cumulatively provided abroad personal information (excluding sensitive personal information) of more than 100,000 and less than 1,000,000 individuals, or sensitive personal information of less than 10,000 individuals as of January 1 of the current year, shall enter into a standard contract for cross-border transfer of personal information with the overseas recipient or obtain personal information protection certification in accordance with the law.

According to our PRC Legal Advisor as to data compliance, while our business processes involve cross-border data transfers, our Company is not a processor of personal information, in such cross-border data transfer scenarios but merely a trustee thereof, and is not the subject obligated to perform the aforesaid obligations under the law. Accordingly, we are not required to conduct the cross-border data transfer security assessment, enter into standard contracts for the outbound transfer of personal information, or obtain the personal information protection certification. We cannot assure that regulatory authorities will fully recognize our compliance approach. In the event that regulatory authorities determine that we are required to fulfill the relevant legal obligations such as the security assessment for cross-border data transfers, we will carry out the corresponding compliance work in accordance with the requirements of regulatory authorities, which may have an adverse impact on our business operations.

In addition, according to the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "Review Measures"), in the following cases, applications for cybersecurity review shall be submitted to the Cybersecurity Review Office (網絡安全審查辦公室): (i) if a critical information infrastructure operator ("CIIO") purchases network products and services, it shall anticipate the potential national security risks that may arise from the use of such products and services. Those that affect or may affect national security shall be reported to the Cybersecurity Review Office for cybersecurity review; and (ii) an internet platform operator holding more than 1 million users' personal information must apply to the Cybersecurity Review Office for cybersecurity review when seeking to be listed in a foreign country.

Moreover, the relevant PRC governmental authorities may initiate cybersecurity review if they determine certain network products, services, or data processing activities affect or may affect national security. On September 24, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "Data Security Regulations"), which is applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the PRC and took effect on January 1, 2025. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to cybersecurity review in accordance with relevant laws and regulations.

According to our PRC Legal Advisor as to data compliance and our telephone consultations with the China Cybersecurity Review, Certification And Market Regulation Big Data Center, enterprises seeking listing in Hong Kong are not required to take the initiative to apply for a cybersecurity review solely by reason of its listing in Hong Kong per se, as Hong Kong is a part of the PRC and does not belong to the "foreign country" as stipulated in the Review Measures. However, the Review Measures and the Data Security Regulations are subject to further interpretation, application and enforcement. We cannot assure you that we will be able to comply with all such requirements in a timely manner.

In addition, as we operate and provide services in multiple jurisdictions, we are, and may increasingly become, subject to various laws and regulations relating to data privacy and protection in the jurisdictions in which we operate. The regulatory and legal frameworks relating to data privacy and protection continue to evolve and may vary across jurisdictions, potentially resulting in different or conflicting compliance requirements. For example, our operations in Europe may be subject to, where applicable, the European Union General Data Protection Regulation (EU) 2016/679 (the "**GDPR**") and the United Kingdom General Data Protection Regulation (the "**UK GDPR**"). For details, see "Regulatory Overview." Any actual or alleged failure to comply with applicable data privacy and protection laws could result in regulatory inquiries or investigations, corrective orders, restrictions on data processing or transfers, civil claims, fines or other penalties, and could materially and adversely affect our business, financial condition and results of operations.

We may from time to time be involved in disputes or legal and other proceedings arising out of our operations.

In the ordinary course of our business, we may from time to time become involved in litigation, arbitration, regulatory or administrative proceedings, claims or disputes, including matters relating to contracts, intellectual property, employment and compliance with applicable laws and regulations. The outcomes of such proceedings are inherently uncertain and may be difficult to predict.

Even where we believe a claim to be without merit, defending against such proceedings may be time-consuming and costly, divert management attention and other resources, and disrupt our operations. An adverse outcome may result in monetary damages, fines, penalties, injunctive relief or other liabilities or restrictions. Negative publicity associated with such proceedings, regardless of their outcome, may also harm our reputation and customer confidence. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases, which could significantly disrupt our operations.

Our business could be adversely affected by natural disasters or outbreaks of epidemics. These natural disasters, outbreaks of contagious diseases and other adverse public health developments in any market where we operate could severely disrupt our business operations by damaging our network infrastructure or information technology system or impacting the productivity of our workforce, which may adversely affect our financial condition and results of operations.

The current tensions in international trade and rising political tensions may adversely impact our business, financial condition, and results of operations.

As a company operating in Chinese Mainland and seeking to expand our footprint globally, we are exposed to risks arising from geopolitical tensions and international trade disputes. During the Track Record Period, a substantial portion of our revenue was derived from cross-border e-commerce sellers in Chinese Mainland. As a result, our business is highly sensitive to international trade regulations and geopolitical developments affecting Chinese exporters.

In recent years, the United States and Chinese Mainland have imposed tariffs on each other's goods. For example, in early 2025, both countries raised reciprocal tariffs significantly. Despite a subsequent temporary truce and tariff reductions, significant trade barriers remain in place. If global trade tensions intensify, or if relevant countries adopt more restrictive trade policies, our customers may reduce their export activities or require us to adjust our pricing. While the majority of our customers operate in countries other than the U.S., any escalation of such political tensions could adversely affect the demand for our cross-border e-commerce compliance services. Such conflicts may also lead to volatility in financial markets, fluctuations in currency exchange rates, disruptions in cross-border trade and increased procurement costs. Any prolonged or intensified geopolitical conflicts could result in economic downturns that materially and adversely impact our operations.

In addition, we face risks from evolving investment restrictions. On August 9, 2023, the U.S. government issued Executive Order 14105, which was implemented by the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Final Rule**") effective January 2, 2025. The Final Rule restricts investments by U.S. persons in "covered foreign persons" associated with "countries of concern," currently China (including Hong Kong and Macau), that engage in activities relating to semiconductors, quantum information technologies or artificial intelligence. We believe we are not a "Covered Foreign Person" as defined in the Final Rule. However, if we were to be deemed a Covered Foreign Person due to changes in our business operations or amendments to relevant laws and regulations, our ability to raise capital and our stock price may be negatively affected. Furthermore, the U.S. government may introduce new hurdles for China-based issuers. For example, on February 21, 2025, the U.S. President issued the "America First Investment Policy" memorandum, which directs a review of Executive Order 14105 for new or expanded restrictions. Additionally, recent legislative proposals such as the Comprehensive Outbound Investment National Security Act of 2025 aim to further restrict U.S. investment in Chinese technology companies. These measures could increase compliance burdens for U.S. persons, causing them to potentially adopt a more cautious approach and limiting our ability to raise capital.

We cannot assure you that our customers will not engage in the export of goods into the U.S. or other regions that may be subject to restrictive trade conditions. If the export sales of our customers' end products are restricted or prohibited, the demand for our cross-border e-commerce compliance products may drop significantly, and our business, financial condition and results of operations may be materially and adversely affected.

We may be unable to obtain any additional capital required in a timely manner or on acceptable terms, or at all. Moreover, our future capital needs may require us to sell additional equity or debt securities that may dilute our shareholders' shareholdings or subject us to covenants that may restrict our operations or our ability to pay dividends.

To grow our business and remain competitive, we may require additional capital from time to time for our daily operations. Our ability to obtain additional capital is subject to a variety of uncertainties, including: (i) our market position and competitiveness in the industry in which we operate; (ii) our future profitability, overall financial condition, results of operations and cash flows; (iii) general market conditions for capital-raising activities by our competitors; and (iv) economic, political and other conditions in Chinese Mainland and internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to issue additional equity or debt securities, or to obtain an additional credit facility. The issuance of additional equity or equity-linked securities could dilute our shareholders' shareholdings. Any incurrence of indebtedness will also lead to increased debt service obligations, and could result in operating and financing covenants that may restrict our operations or our ability to pay dividends to our shareholders.

RISKS RELATED TO DOING BUSINESS IN THE GEOGRAPHIC MARKETS IN WHICH WE OPERATE

Changes in economic, political or social conditions or government policies in the jurisdictions in which we operate could have a material adverse effect on our business and operations.

During the Track Record Period, a substantial portion of our revenue was derived from cross-border e-commerce sellers in Chinese Mainland. Accordingly, our results of operations, financial condition and prospects are influenced by economic, political and legal developments in Chinese Mainland. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. While these measures will benefit China's macroeconomy as a whole, some of them may result in uncertainties for our Company. In addition, any adverse changes in economic conditions in Chinese Mainland or across the globe may materially and adversely affect our business, financial condition and results of operations.

Filing with the CSRC is required in connection with our future [REDACTED], and we cannot predict whether we will be able to complete such [REDACTED].

On February 17, 2023, the CSRC released Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**" and five relevant guidelines, which became effective on March 31, 2023. Pursuant to the Trial Measures, PRC domestic companies which, after the overseas offering and listing, offers subsequent securities in the same overseas market or conducts offering and listing in other overseas markets (the "**Future [REDACTED]**", shall complete the filing procedures of, and report relevant information to, the CSRC. Based on the foregoing, for the Future Offerings after the proposed [**REDACTED**], we are required to comply with the filing procedures of the CSRC. It is uncertain whether we can, or how long it will take us to, complete filings procedures in connection with the Future Offerings. We may be subject to approval, filing or other requirements by other PRC government authorities under the PRC laws in the future. Any failure to complete the relevant procedures may have an adverse effect on the Future Offerings.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED] in our H Shares.

A substantial portion of our revenues and cost of revenue is denominated in Renminbi. However, we are subject to risks associated with foreign currency exchange fluctuations. Our Group incurred net foreign exchange losses of RMB2.0 million, RMB1.5 million, RMB4.5 million, RMB3.0 million and RMB5.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. We cannot guarantee that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

We could be subject to changes in applicable tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

We principally operate in Chinese Mainland and also conduct certain operations through our subsidiaries in various overseas jurisdictions. We are therefore subject to different taxes and tax rates under the applicable tax regimes in such jurisdictions. Tax regimes differ across jurisdictions, and the laws and regulations governing corporate income tax, withholding tax, value-added tax and other taxes are complex and may change or be subject to different interpretations or enforcement practices. Our effective tax rate may be affected by changes in applicable tax laws, regulations or their interpretation or enforcement, changes in the mix of earnings generated in jurisdictions with different statutory tax rates, and changes in the valuation of our deferred tax assets and liabilities. Addressing such regulatory complexities and changes may require additional management and financial resources and may increase our tax liabilities and compliance costs. In addition, our overseas subsidiaries may from time to time be subject to tax audits, reviews or assessments by the relevant local tax authorities, and we cannot assure you that we will not be subject to additional income tax obligations in such jurisdictions in the future, which could materially and adversely affect our business, financial condition and results of operations.

We have adopted transfer pricing arrangements among companies within our Group in various jurisdictions to govern intragroup transactions. Although we seek to conduct such transactions on an arm's length basis, the relevant tax authorities may review or challenge our transfer pricing arrangements, methodologies, supporting documentation or allocation of income and expenses among companies within our Group. If the relevant tax authorities determine that our transfer pricing arrangements do not comply with applicable requirements, they may make transfer pricing adjustments, which may result in additional tax liabilities, interest, surcharges or penalties.

We are also subject to examinations of our tax returns and other tax matters by the relevant tax authorities. There can be no assurance as to the outcome of any such examination. If our effective tax rate increases, if the ultimate determination of our tax liabilities exceeds the amounts previously accrued, or if we become subject to any transfer pricing adjustments, interest, surcharges or penalties, our business, financial condition, results of operations and cash flows may be materially and adversely affected.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of Hong Kong (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. If there is any change to applicable tax laws and rules, the value of your [**REDACTED**] in our H Shares may be materially affected.

Failure to comply with PRC foreign exchange registration requirements for share incentive plans involving our H Shares may subject the relevant plan participants or us to fines or other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) ("SAFE Circular 7"). Under SAFE Circular 7 and other applicable rules, domestic individuals participating in a share incentive plan of a company listed on an overseas stock exchange, including the Stock Exchange, are required to complete foreign exchange registration and other procedures through a qualified domestic agent. The domestic agent may be the PRC-incorporated overseas-listed company itself or another qualified institution selected by it. An overseas entrusted institution must also be appointed to handle matters relating to the exercise or sale of share-based awards, the purchase or sale of the relevant shares or interests and related fund transfers. The relevant foreign exchange registration must also be updated upon material changes to the share incentive plan, the domestic agent, the overseas entrusted institution or other relevant matters.

Upon [**REDACTED**], our employees and other eligible participants who are domestic individuals for PRC foreign exchange purposes and participate in any share incentive plan involving our H Shares will be subject to SAFE Circular 7 and other applicable rules. Failure to complete or update the required registrations or other procedures may subject the relevant participants or us to fines or other legal or administrative sanctions and may restrict or delay the remittance, conversion or transfer of funds in connection with the exercise, sale or settlement of the relevant awards. This could adversely affect the implementation of our share incentive plans and our ability to attract and retain qualified personnel.

You may have limited recourse in effecting service of legal process or enforcing overseas judgments against us, our Directors and our senior management.

A majority of our Directors and officers reside within Chinese Mainland, and substantially all of our assets are located within Chinese Mainland. Service of process upon us or our management that reside in Chinese Mainland or enforcement against them or us in Chinese Mainland of any judgment obtained from foreign courts by [**REDACTED**] will be subject to PRC laws and regulations and international and regional treaties to which Chinese Mainland is a party. According to the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》), if a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by any PRC court, the party concerned may directly apply for recognition and enforcement to the intermediate PRC court with jurisdiction. Alternatively, the foreign court may, pursuant to the provisions of an international treaty concluded between or acceded to by the foreign state or region and Chinese Mainland or in accordance with the principle of reciprocity, request the PRC court to recognize and enforce the judgment or ruling. Chinese Mainland has not joined international treaties with all countries and regions. However, Chinese Mainland and Hong Kong have signed a series of arrangements for mutual recognition and enforcement of civil and commercial judgments under contractual jurisdiction.

On January 18, 2019, Chinese Mainland and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region, also known as the 2019 Arrangement, which took effect on January 29, 2024, and superseded the previous arrangements, save for contracts containing exclusive jurisdiction agreements signed before January 29, 2024. The new regime no longer limits enforceable judgments to those granting monetary awards and whose parties have written and exclusive choice of forum agreement. However, the interpretation and enforcement of the newly implemented laws in practice continues to evolve.

In addition, on January 9, 2021, the Ministry of Commerce promulgated the Measures for Blocking Improper Extraterritorial Application of Foreign Laws and Measures (《阻斷外國法律與措施不當域外適用辦法》), pursuant to which, where a citizen, legal person, or other organization of Chinese Mainland is prohibited or restricted by foreign legislation and other measures from engaging in normal economic, trade, and other related activities with a third State (or region) or its citizens, legal persons, or other organizations, it must truthfully report such matters to the Ministry of Commerce within 30 days. Upon assessment and confirmation that there exists unjustified extraterritorial application of foreign legislation and other measures, the Ministry of Commerce could issue a prohibition order to the effect that the relevant foreign legislation and other measures will not be accepted, executed, or observed, but such citizen, legal person, or other organization of Chinese Mainland may apply to the Ministry of Commerce for an exemption from compliance with such prohibition order.

Therefore, there remains the possibility that it may be difficult to effect service of process outside of Chinese Mainland upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. Chinese Mainland does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States and many other countries. Consequently, you may experience difficulties in enforcing against us or our Directors or officers in Chinese Mainland any judgments obtained from courts outside of Chinese Mainland.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares prior to the [REDACTED], and you may not be able to resell our H Shares at or above the price you pay, or at all.

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] for our H Shares. There can be no guarantee that an active [**REDACTED**] for our H Shares will develop or be sustained after completion of the [**REDACTED**]. The Company and the [**REDACTED**] negotiate the [**REDACTED**]. This price may not be indicative of the price at which our H Shares will be [**REDACTED**] following the completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

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

The [**REDACTED**] of our H Shares may be volatile and may fluctuate widely in response to factors beyond our control. These factors include general market conditions of the [**REDACTED**] markets in Hong Kong, Chinese Mainland, the United States, and elsewhere in the world. In particular, the performance of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the [**REDACTED**] and [**REDACTED**] of our H Shares. The securities of other PRC-based companies listed in Hong Kong have experienced significant volatility, including substantial price declines, which may affect [**REDACTED**] sentiment towards our H Shares. The trading performance of the securities of these companies may affect the overall [**REDACTED**] sentiment towards PRC-based companies listed in Hong Kong. Consequently, this may impact the [**REDACTED**] performance of our H Shares. These broad market and industry factors may significantly affect the [**REDACTED**] and [**REDACTED**] of our H Shares, regardless of our actual operating performance.

The actual or perceived sale or availability for sale of substantial amounts of our H Shares, especially by our Directors, executive officers, and substantial shareholders, may adversely affect the [REDACTED] of our H Shares.

Future sales of a substantial number of our H Shares, especially by our Directors, executive officers, Controlling Shareholders and Pre-[**REDACTED**] Investors, or the perception or anticipation of such sales, may negatively impact the [**REDACTED**] of our H Shares in Hong Kong. This could also affect our ability to raise equity capital in the future at a time and price that we deem appropriate. The H Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our H Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their H Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any H Shares they may own now or in the future. [**REDACTED**] sale of H Shares by such Shareholders and the availability of these H Shares for future sale may have a negative impact on the [**REDACTED**] of our H Shares.

Our Controlling Shareholders have substantial influence over our Group and their interests may not be aligned with the interests of our other shareholders.

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the Controlling Shareholders will be together entitled to control the exercise of approximately [**REDACTED**]% of the voting rights and thus remain as Controlling Shareholders of our Company. The interests of our Controlling Shareholders might differ from the interests of our other shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other shareholders, our other shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our Shares may experience further dilution of their interest if the [**REDACTED**] exercise the [**REDACTED**] or if we [**REDACTED**] additional Shares in the future to raise additional capital.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return. See "Future Plans and Use of [**REDACTED**]" for details of our intended use of [**REDACTED**]. However, our management will have discretion as to the actual application of our net [**REDACTED**]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the net [**REDACTED**] from this [**REDACTED**].

If securities or industry analysts do not publish, or cease to publish, research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] for our H Shares and [REDACTED] may decline.

The trading [**REDACTED**] for our H Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts covering us downgrade our H Shares or publish inaccurate or unfavorable research about our business, the [**REDACTED**] for our H Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we may lose visibility in the financial markets. This, in turn, may cause the [**REDACTED**] or [**REDACTED**] for our H Shares to decline.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on [REDACTED] appreciation of our H Shares for return on your [REDACTED].

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. Therefore, you should not rely on an [**REDACTED**] in our H Shares as a source for any future dividend income. Our Board has discretion as to whether to recommend the distribution of dividends, subject to our Articles of Association and applicable PRC laws and regulations. Under PRC law, dividends may generally be paid only out of distributable profits determined in accordance with PRC accounting standards, after recovery of accumulated losses and appropriations to statutory and other required reserves. Any declaration of dividends will be subject to the recommendation of our Board and approval by our Shareholders. Even if our Board decides to recommend dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price [**REDACTED**] of our H Shares. There is no guarantee that our H Shares will [**REDACTED**] in value or even maintain the price at which you purchased the H Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider [**REDACTED**] and [**REDACTED**] additional H Shares or other [**REDACTED**] convertible into or exchangeable for our H Shares in the future other than on a pro rata basis to our then existing shareholders. As a result, the shareholdings of those shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may: (i) further limit our ability or discretion to pay dividends; (ii) increase our risks in adverse economic conditions; (iii) adversely affect our cash flows; or (iv) limit our flexibility in business development and strategic plans.

We have no experience operating as a [REDACTED] company [REDACTED] on the Stock Exchange, and we may incur increased costs as a result of becoming a [REDACTED] company.

We have no experience conducting our operations as a [**REDACTED**] company. As a result of the [**REDACTED**] on the [**REDACTED**], we may face enhanced administrative and compliance requirements. These requirements may cause us to incur substantial costs and expenses that we did not incur as a private company. We expect rules and regulations applicable to [**REDACTED**] companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management may be required to devote substantial time and attention to our [**REDACTED**] reporting obligations and other compliance matters. We will evaluate and monitor developments with respect to these rules and regulations, but we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a [**REDACTED**] may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. In addition, since we are becoming a [**REDACTED**], our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to [**REDACTED**]. These include requirements relating to corporate governance, [**REDACTED**] standards, and securities and [**REDACTED**] relations issues. As a [**REDACTED**] company, our management will have to evaluate our internal control system with new thresholds of materiality, and to implement necessary changes to our internal control system. We cannot guarantee that we will be able to do so in a timely and effective manner.

There can be no assurance of the accuracy or completeness of certain facts, forecasts, and other statistics obtained from various government publications contained in this document.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the cross-border e-commerce compliance service industry. Such information and statistics have been derived from official government sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of the [**REDACTED**], any of our or their respective directors, officers, employees, agents, or representatives, or any other parties involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there has been press and media coverage regarding us and the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations, and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Our Company's headquarters, management, business operations and assets are primarily located in the PRC. Our executive Directors are based in the PRC, as our Board believes it would be more effective and efficient for our executive Directors to be based in a location where our Company's significant operations are located. Our executive Directors are not or will not be ordinarily resident in Hong Kong upon the proposed [**REDACTED**]. Our Directors consider that relocation of the executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong.

Accordingly, pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted] our Company, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, our Company has appointed and will continue to maintain two authorized representatives (the "**Authorized Representatives**"), namely Mr. Sun and Ms. Mak Sin Ki (麥善琪) ("**Ms. Mak**"). The Authorized Representatives are authorized to communicate on our Company's behalf and will serve as the principal channel of communication with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact our Directors on any matters, each of the Authorized Representatives will have means to contact all of our Directors promptly at all times. Our Company will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(b) our Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to promptly contact any of our Directors (including the independent non-executive Directors) promptly as and when required, as well as means to communicate with our Directors when they are travelling;

(c) our Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess, or can apply for, valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required; and

(d) our Company has appointed Guoyuan Capital (Hong Kong) Limited as our Compliance Adviser, pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will have access at all times to the Authorized Representatives, Directors and senior management of our Company, and will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the [**REDACTED**] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Adviser will maintain constant contact with the Authorized Representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 11 of Chapter 3.10 of the Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 9 of Chapter 3.10 of the Guide) nor Relevant Experience (as defined under paragraph 9 of Chapter 3.10 of the Guide) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 11 of Chapter 3.10 of the Guide, such waiver, if granted, will be for a fixed period of time (the "Waiver Period") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Ms. Lin Liyi (林麗儀) ("**Ms. Lin**") as one of our joint company secretaries. Ms. Lin joined our Group in October 2022 and possesses relevant understanding and knowledge relating to the business operations and corporate culture of our Group. In her capacity as a senior manager of the enterprise development department and a manager of the supply management center at Shenzhen Oushuitong, Ms. Lin has actively participated in the preparation of the application for the [**REDACTED**] and possesses experience in matters relating to our Board and corporate governance of our Company. By virtue of her position and familiarity with our Group, Ms. Lin has worked closely with our Directors and thus possessed a thorough understanding of matters concerning the Board and its operations. Having considered Ms. Lin's expertise and background, our Directors consider that Ms. Lin is capable of discharging the functions of a company secretary and is suitable to perform such role.

As Ms. Lin currently does not possess the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on her own, our Company has appointed Ms. Mak, who possesses such qualifications, to be a joint company secretary to assist Ms. Lin in the compliance matters for the [**REDACTED**] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [**REDACTED**]. For the biographies of our joint company secretaries, please see "Directors and Senior Management — Joint Company Secretaries." Over such three-year period, we will implement measures to assist Ms. Lin to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

Given Ms. Mak's professional qualification and experience, she will be able to explain to both Ms. Lin and our Company the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Mak will also assist Ms. Lin in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Mak is expected to work closely with Ms. Lin and will maintain regular contact with Ms. Lin, our Directors and the senior management of our Company. In addition, Ms. Lin will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Ms. Lin will also be assisted by our Compliance Adviser and our legal advisors as to Hong Kong laws on matters in relation to our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Ms. Lin's appointment as a joint company secretary pursuant to Chapter 3.10 of the Guide on the following conditions:

(a) Ms. Lin must be assisted by Ms. Mak, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and

(b) the waiver is valid for a period of three years from the [**REDACTED**] and will be revoked immediately if and when Ms. Mak ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Ms. Lin will gain experience with the assistance of Ms. Mak. Before the end of the initial three-year period, we will evaluate the then experience of Ms. Lin in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of and seek the confirmation from the Stock Exchange that Ms. Lin, having had the benefit of Ms. Mak's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

[REDACTED]

[**REDACTED**]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Sun Yutao (孫玉濤)	Room 1801, Building 5 Yaokai Garden, Shangping Futian District, Shenzhen Guangdong Province, PRC	Chinese
Mr. Luo Shimin (羅時民)	Room 7C, Building A Lvjing Hongwan Garden Meilin Street Futian District, Shenzhen Guangdong Province, PRC	Chinese
Mr. Zhang Jian (張劍)	Room 25E, Building 1 Dijingfeng, Maoyecheng Longgang District, Shenzhen Guangdong Province, PRC	Chinese
Ms. Shi Rongyue (石榮月)	Room 30E, Building 3 Bolin Tianrui Garden 4088 Liuxian Road Nanshan District, Shenzhen Guangdong Province, PRC	Chinese
Independent Non-executive Directors		
Dr. Qian Shizheng (錢世政)	Room 401, No. 5, Lane 888 Baoshan Road Hongkou District, Shanghai PRC	Chinese
Dr. Yang Xiaoqiang (楊小強)	Room 1504, Building 4 Yuexiu Xinghui Wenhan 9 Fengmao Street, University Town Panyu District, Guangzhou Guangdong Province, PRC	Chinese
Dr. Liu Hao (劉浩)	Room 201, No. 42, Lane 395 Shuang Yang North Road Yangpu District, Shanghai PRC	Chinese
Ms. Chan Sheung Yu (陳湘迦)	Flat A, 36/F, Block 5 Royal Peninsula, Hung Hom Kowloon, Hong Kong	Chinese (Hong Kong)

For more information on our Directors, please see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **Shenwan Hongyuan Capital (H.K.) Limited** Level 6, Three Pacific Place 1 Queen's Road East Hong Kong

[REDACTED]

Legal Advisors to our Company	*As to Hong Kong and United States laws:* **Paul Hastings (Hong Kong) LLP** 22/F, Bank of China Tower 1 Garden Road Hong Kong *As to PRC laws:* **Beijing Jingtian & Gongcheng Law Firm** 45/F, K. Wah Centre 1010 Huaihai Road (M) Xuhui District Shanghai, PRC
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and United States laws:* **DLA Piper Hong Kong** 25th Floor, Three Exchange Square 8 Connaught Place Central, Hong Kong *As to PRC laws:* **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District Beijing, PRC
Auditor and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F One Pacific Place 88 Queensway Hong Kong

Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B, Jing'an International Center 88 Puji Road Jing'an District Shanghai, PRC
Compliance Adviser	**Guoyuan Capital (Hong Kong) Limited** 17/F, Three Exchange Square 8 Connaught Place Central, Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office	Room 2012, T2 China Resources Qianhai Financial Center 55 Guiwan 4th Road, Nanshan Street Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen Guangdong Province, PRC
Headquarters and Principal Place of Business in the PRC	Room 2012, T2 China Resources Qianhai Financial Center 55 Guiwan 4th Road, Nanshan Street Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen Guangdong Province, PRC
Principal Place of Business in Hong Kong	Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	**www.evatmaster.com** *(The information contained on this website does not form part of this document)*
Joint Company Secretaries	**Ms. Lin Liyi (林麗儀)** No. 603-605, Block B4, Building 12 Shenzhen Bay Science and Technology Ecological Park Nanshan District, Shenzhen Guangdong Province, PRC **Ms. Mak Sin Ki (麥善琪)** *ACG, HKACG* Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Sun Yutao (孫玉濤)** No. 603-605, Block B4, Building 12 Shenzhen Bay Science and Technology Ecological Park Nanshan District, Shenzhen Guangdong Province, PRC **Ms. Mak Sin Ki (麥善琪)** Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Dr. Liu Hao (劉浩) *(Chairperson)* Dr. Qian Shizheng (錢世政) Ms. Chan Sheung Yu (陳湘洳)

Nomination Committee	Dr. Yang Xiaoqiang (楊小強) *(Chairperson)* Ms. Chan Sheung Yu (陳湘洳) Mr. Sun Yutao (孫玉濤)
Remuneration and Appraisal Committee	Dr. Qian Shizheng (錢世政) *(Chairperson)* Dr. Liu Hao (劉浩) Mr. Sun Yutao (孫玉濤)

[REDACTED]

Principal Bank	**China Merchants Bank Co., Ltd.** **Shenzhen Huanggang Branch** 1/F, Tower B, Zhongshen Building Caitian South Road Futian District, Shenzhen Guangdong Province, PRC

OVERVIEW

We are the world's largest cross-border e-commerce compliance service provider in terms of sales value in 2025. Our history can be tracked back to 2019 when our principal operating entity Shenzhen Oushuitong was established under the laws of the PRC, which was founded by, among others, Mr. Sun, and became a wholly-owned subsidiary of our Company in June 2025. For biographical details of Mr. Sun, please refer to the section headed "Directors and Senior Management" in this document.

As we continued to expand our business and gain recognition within the industry, we completed several rounds of Pre-[**REDACTED**] Investments from September 2020. Our company was established as a limited liability company in the PRC under the name "Shenzhen Maidehao Development Co., Ltd. (深圳麥德好發展有限公司)" on December 22, 2020 and converted into a joint stock company with limited liability and renamed as VATAI HOLDINGS LIMITED (深圳歐稅通控股股份有限公司) in July 2026.

BUSINESS DEVELOPMENT MILESTONES

The following table sets out key milestones in our corporate and business development:

Year	Milestones
2019	We established Shenzhen Oushuitong in the PRC and commenced our business in cross-border e-commerce compliance services.
2020	We launched our flagship brand, EVAT MASTER (歐稅通), with VAT services, and subsequently launched our EPR services for the first time for Germany. Our products enabled direct API connection to UK and German tax authorities.
	We completed our Series Angel financing by Shenzhen Bridge Capital Management Co., Ltd. (深圳市架橋資本管理股份有限公司) ("**Bridge Capital**") and Shenzhen Qili Development Partnership (Limited Partnership) (深圳啟利發展合夥企業(有限合夥)) ("**Shenzhen Qili**").
2021	We completed our Series A-1 financing by Gaocheng Capital (高成資本) and Series A-2 financing by Boyu Capital (博裕資本) and Gaocheng Capital.
2022	We became a member of Amazon's Service Provider Network, and our products enabled direct API connection to Amazon with automatic tax calculation.
	We launched IPP MASTER (麥德通) to serve cross-border enterprises for global intellectual property protection and management.
	Our products enabled online tax payment to certain European tax authorities.
2023	Our products enabled direct API connection to Spanish and Italian tax authorities.
	We were recognized as "Shenzhen Specialized and Innovative Small- and Medium-sized Enterprise" (深圳市專精特新中小企業) by the Service Bureau for Small- and Medium-sized Enterprises of Shenzhen Municipality (深圳市中小企業服務局).
	We were certified by Amazon as its AWS (Amazon Web Services) partner and became a member of Amazon's Transparency Service Provider Network.

Year	Milestones
2024	Our products enabled direct API connection to French tax authorities, and we became the first China's compliance service provider achieving full coverage of API connection to tax authorities of the United Kingdom, Germany, France, Italy and Spain.
	We launched XMSAIL (小貿出海) as our cross-border compliance brand focusing on overseas corporate, accounting and tax services.
	We launched several AI-powered applications for product labeling and accurate invoice recognition, one of which was featured as an AWS (Amazon Web Services) case study.
	We became a member of Mercado Libre's Service Provider Network.
	We acquired Shenzhen GoingGreen and expanded our business into the carbon compliance industry.
2025	We launched LinkSafe, the first AI-powered compliance assessment tool within the industry.
	We established the headquarters of our international-facing brand, VATAi, with an overseas team in the United States, commencing serving sellers outside Chinese Mainland.
	We established the testing laboratory for Shenzhen Oushuitong and acquired Guangdong Newbest, expanding into the TIC business.
	We acquired Shenzhen Yisi, thereby strengthening our channel business and overseas supply chains and further increasing our market share.
	We were recognized as "State-recognized Key Software Enterprise" (國家鼓勵的重點軟件企業) by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會).
	We published a comprehensive guide for cross-border compliance, "An Overview of Global VAT and Sales Tax Laws" (《世界各國增值稅法與銷售稅法概覽》) under collaboration with the team from Sun Yat-sen University (中山大學).
	We participated in drafting the national standard "Guidelines of risk prevention and control for cross-border e-commerce merchants" (《跨境電子商務商家風險防控指南》) (GB/T 46702-2025).
	We were certified by TikTok Shop Service Partners as the compliance service provider across all categories.
2026	We launched our proprietary AI agent, Xiao O, which is the first AI agent product for cross-border e-commerce compliance in China.
	Our subsidiary Guangdong Newbest became the first privately-owned TIC service provider to be accredited by Amazon, Temu, AliExpress, SHEIN and Alibaba.com.
	IDG Capital invested in us as a Pre-[**REDACTED**] Investor.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, our Company had a total of 47 subsidiaries. See "— Corporate Structure Immediately Following the Completion of the [**REDACTED**]" for details. The subsidiaries that have made a material contribution to our results of operations during the Track Record Period are set forth below:

Name	Place of Incorporation/ Establishment	Date of Incorporation/ Establishment	Principal Business Activities	Percentage of Interest Held by our Group as of the Latest Practicable Date
Shenzhen Oushuitong	PRC	October 23, 2019	Provision of VAT+, EPR, TIC and RsP services	100%
EVAT Master Limited (歐税通有限公司)	Hong Kong	November 26, 2020	General services	100%
Shenzhen Maidetong	PRC	April 14, 2022	Provision of IPP services	100%
Shenzhen GoingGreen	PRC	December 12, 2022	Provision of carbon compliance services	60%(1)
Shenzhen Xiaomao	PRC	March 17, 2023	Provision of overseas corporate services	100%
VATAI Technology	Belgium	June 14, 2023	Provision of VAT+, EPR, RsP, IPP and overseas corporate services	100%
Guangdong Newbest	PRC	March 4, 2010	Provision of TIC services	60%(1)
Shenzhen Yisi	PRC	October 30, 2025	Provision of VAT+ and EPR services	60%(1)

Note:

(1) For the information of minority shareholders of Shenzhen GoingGreen, Guangdong Newbest and Shenzhen Yisi, please see "— Corporate Structure Immediately Following the Completion of the [**REDACTED**]."

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Early History of our Group

On October 23, 2019, Shenzhen Oushuitong was established under the laws of the PRC as a limited liability company with an initial registered capital of RMB5,000,000. Upon establishment, Shenzhen Oushuitong was wholly owned by DHP Industry Investment Limited ("**DHP Investment**"), which was controlled by Mr. Zhang Baohua (章保華) and held the equity interests in Shenzhen Oushuitong for himself and on behalf of our initial shareholders, including (i) Mr. Sun, (ii) Ms. Zhang Huiru (張慧茹), who is Mr. Sun's sister-in-law, (iii) Mr. Ding Jingfeng (丁敬峰) ("**Mr. Ding**"), our former shareholder and an Independent Third Party, (iv) Mr. Luo Shimin (羅時民) (our executive Director and chief technology officer), and (v) Ms. Mao Meijuan (毛美娟), the spouse of a former supervisor of Shenzhen Oushuitong (the "**Nominee Arrangement**"). Such Nominee Arrangement primarily served the purpose of simplifying the corporate administrative procedures and facilitating the conduct of our business operations and financing activities during our early-stage development.

Our Company was established on December 22, 2020 with the registered capital of RMB5,000,000, held as to approximately (i) 29.87% by Mr. Zhang Baohua (including 22.43% held for Mr. Sun), (ii) 25.00% by Mr. Sun, (iii) 19.53% by Ms. Zhang Huiru, (iv) 18.60% by Mr. Ding, (v) 5.00% by Mr. Luo Shimin and (vi) 2.00% by Ms. Mao Meijuan. To reflect the actual equity interests in Shenzhen Oushuitong, DHP Investment transferred all equity interests it held in Shenzhen Oushuitong at a nominal consideration to our Company in December 2020, and Mr. Zhang Baohua transferred to Mr. Sun the equity interests in our Company he held on behalf of Mr. Sun at a nominal consideration in May 2021, upon completion of which, the Nominee Arrangement was fully terminated and our Company was held as to approximately (i) 47.43% by Mr. Sun, (ii) 19.53% by Ms. Zhang Huiru, (iii) 18.60% by Mr. Ding (all of which was subsequently transferred to Ms. Zhang Na (張娜), Ms. Zhang Huiru's sister and Mr. Sun's sister-in-law, in December 2024), (iv) 7.44% by Mr. Zhang Baohua, (v) 5.00% by Mr. Luo Shimin and (vi) 2.00% by Ms. Mao Meijuan.

Series Angel Financing

(i) On September 11, 2020, Shenzhen Oushuitong and its then shareholder entered into a capital increase agreement with each of Shenzhen Qili and Jinggangshan Bridge Fukai No. 21 Investment Partnership (Limited Partnership) (井岡山架橋富凱二十一號投資企業(合夥企業)) ("**Jinggangshan Bridge**") (formerly known as Shenzhen Bridge Fukai No. 21 Investment Partnership (Limited Partnership) (深圳市架橋富凱二十一號投資企業(合夥企業))), as supplemented on February 11, 2021, pursuant to which each of Shenzhen Qili and Jinggangshan Bridge subscribed for the registered capital of Shenzhen Oushuitong of RMB159,574 at a consideration of RMB1,200,000, and (ii) in January 2021, Shenzhen Oushuitong and its then shareholders entered into a capital increase agreement with Zhejiang Hezi Asset Management Co., Ltd. (浙江和梓資產管理有限公司) ("**Zhejiang Hezi**"), pursuant to which Zhejiang Hezi subscribed for the registered capital of Shenzhen Oushuitong of RMB236,452 at a consideration of RMB1,702,318 (the "**Series Angel Financing**"). The considerations were determined after arm's-length negotiations among the parties taking into consideration the then pre-money valuation and business prospects of our Group and fully settled on January 27, 2021.

Upon completion of the Series Angel Financing, the registered capital of Shenzhen Oushuitong increased from RMB5,000,000 to RMB5,555,600.

To internally adjust the considerations paid by the investors for the Series Angel Financing, on January 28, 2021, Zhejiang Hezi entered into a share transfer agreement with Shenzhen Qili and Jinggangshan Bridge, pursuant to which Zhejiang Hezi transferred the registered capital of Shenzhen Oushuitong of RMB7,106 it held at a nominal consideration to each of Shenzhen Qili and Jinggangshan Bridge.

Capital Increase for Previous Employee Incentive

In May 2021, Maidehao Management, previously serving as an equity incentive platform for Shenzhen Oushuitong, subscribed for the registered capital of Shenzhen Oushuitong of RMB617,289 at a consideration of RMB4,000,000, which was fully settled on November 22, 2024.

Upon completion of such subscription, the registered capital of Shenzhen Oushuitong increased from RMB5,555,600 to RMB6,172,889.

Series A-1 Financing and Equity Transfers in June 2021

On June 19, 2021, Shenzhen Oushuitong and its then shareholders entered into a capital increase and share transfer agreement with GEW Holdings Limited ("**GEW Holdings**"), the then holding company of GC RSV-I (HK) Holdings Limited ("**GC HK**"), pursuant to which GC HK subscribed for the registered capital of Shenzhen Oushuitong of RMB724,193.68 at a consideration of RMB42,000,000 (the "**Series A-1 Financing**"), and Shenzhen Qili and Zhejiang Hezi transferred the registered capital of Shenzhen Oushuitong of RMB34,485.41 and RMB137,941.65 to GC HK at a consideration of RMB2,000,000 and RMB8,000,000, respectively. The considerations were determined after arm's-length negotiations among the parties taking into consideration the then pre-money valuation and business prospects of our Group and fully settled on September 13, 2021.

Upon completion of the Series A-1 Financing, the registered capital of Shenzhen Oushuitong increased from RMB6,172,889 to RMB6,897,082.68.

Equity transfers on our Company in August 2021

On August 19, 2021, (i) Mr. Ding entered into a share transfer agreement with Mr. Lv Hengsheng (呂恆盛), pursuant to which Mr. Ding transferred our Company's registered capital of RMB100,000 to Mr. Lv Hengsheng at a consideration of RMB5,800,000, and (ii) Ms. Zhang Huiru entered into a share transfer agreement with Mr. Zhang Xiaobin (張曉彬), pursuant to which Ms. Zhang Huiru transferred our Company's registered capital of RMB25,000 to Mr. Zhang Xiaobin at a consideration of RMB1,450,000. The considerations were determined after arm's-length negotiations among the parties taking into consideration the then valuation and business prospects of our Group and fully settled on the same day. Each of Mr. Lv Hengsheng and Mr. Zhang Xiaobin is a passive financial investor and an Independent Third Party, and they invested in our Group indirectly through our Company at that time to avoid the dilution of the shareholding of the then Pre-[**REDACTED**] Investors in Shenzhen Oushuitong.

Series A-2 Financing

On September 24, 2021, Shenzhen Oushuitong and its then shareholders entered into a capital increase agreement with Victory Parade Investment Pte. Ltd. ("**Victory Investment**") and GC HK, pursuant to which Victory Investment and GC HK subscribed for the registered capital of Shenzhen Oushuitong of RMB800,061.59 and RMB303,471.65 at a consideration of US$26,000,000 and US$9,862,069.28, respectively, which were determined after arm's-length negotiations among the parties taking into consideration the then pre-money valuation and business prospects of our Group and fully settled on November 12, 2021.

Upon completion of the Series A-2 Financing, the registered capital of Shenzhen Oushuitong increased from RMB6,897,082.68 to RMB8,000,615.92.

Equity Transfers from 2022 to 2023

On January 17, 2022, due to Bridge Capital's internal arrangement, Jinggangshan Bridge entered into a share transfer agreement with Qingdao Bridge Hemei No. 1 Equity Investment Partnership (Limited Partnership) (青島架橋合美壹號股權投資合夥企業(有限合夥)) ("**Qingdao Bridge**") (formerly known as Jinjiang Hemei No. 1 Equity Investment Partnership (Limited Partnership) (晉江合美一號股權投資合夥企業(有限合夥))), pursuant to which Jinggangshan Bridge transferred all equity interests it held in Shenzhen Oushuitong (namely the registered capital of RMB166,680) to Qingdao Bridge at a consideration of RMB5,500,000, which was fully settled on March 11, 2022.

On September 20, 2022, Zhejiang Hezi entered into a share transfer agreement with Mr. Ding, pursuant to which Zhejiang Hezi transferred all equity interests it held in Shenzhen Oushuitong (namely the registered capital of RMB84,298.35) to Mr. Ding at a consideration of RMB13,000,000, which was determined after arm's-length negotiations between the parties taking into consideration Zhejiang Hezi's initial investment cost and the business prospects of our Group and fully settled on September 16, 2022.

On November 1, 2022, our Company entered into a share transfer agreement with Mr. Ding, pursuant to which our Company transferred the registered capital of Shenzhen Oushuitong of RMB159,627.37 to Mr. Ding at a consideration of RMB20,000,000, which was determined after arm's-length negotiations between the parties and fully settled on December 20, 2024.

On April 4, 2023, Mr. Ding entered into a share transfer agreement with GC HK and Victory Investment, pursuant to which Mr. Ding transferred the registered capital of Shenzhen Oushuitong of RMB80,006.16 and RMB80,006.16 to GC HK and Victory Investment both at a consideration of US$2,900,000. The considerations were determined after arm's-length negotiations among the parties taking into consideration the then valuation and business prospects of our Group and fully settled on April 27, 2023.

Offshore Restructuring

In preparation for the [**REDACTED**] through an offshore holding structure, Shenzhen Oushuitong and its then shareholders entered into an offshore restructuring framework agreement (the "**Offshore Restructuring Framework Agreement**," as supplemented on April

28, 2025) on February 24, 2025, and we underwent the following restructuring arrangements ("**Offshore Restructuring**") whereby VATAI Limited, a company incorporated in the Cayman Islands on February 12, 2025, became the offshore holding company of our Group. Pursuant to the Offshore Restructuring Framework Agreement, the shareholding structures of (i) Shenzhen Oushuitong immediately prior to the commencement of the Offshore Restructuring and (ii) VATAI Limited immediately upon the completion of the Offshore Restructuring are set out in the table as follows.

Shareholding Structure of Shenzhen Oushuitong Immediately before the Offshore Restructuring			**Shareholding Structure of VATAI Limited immediately after the Offshore Restructuring**		
Shareholders (the "Pre-Restructuring Shareholders")	**Registered capital held**	**Shareholding percentage**	**Shareholders**	**Number of shares**	**Shareholding percentage**
	(RMB)				
Our Company[(1)]	4,840,372.63	60.50%	Maidehao Investment[(1)]	605,000	60.50%
GC HK	1,280,098.55	16.00%	GC HK	160,000	16.00%
Victory Investment	880,067.75	11.00%	Victory Investment	110,000	11.00%
Maidehao Management[(2)]	617,289	7.72%	Maidetong Holdings[(2)]	77,156	7.72%
Qingdao Bridge[(3)]	166,680	2.08%	Bridgecapital Holdings[(3)(4)]	20,833	2.08%
Shenzhen Qili[(3)]	132,194.59	1.65%	Qili Holdings[(3)]	16,523	1.65%
Mr. Ding[(3)]	83,913.4	1.05%	Uniwin Capital[(3)]	10,488	1.05%
Total	**8,000,615.92**	**100.00%**	**Total**	**1,000,000**	**100.00%**

Notes:

(1) Immediately prior to the commencement of the Offshore Restructuring, our Company had a registered capital of RMB5,000,000 and was held as to approximately (i) 47.43% by Mr. Sun, (ii) 19.03% by Ms. Zhang Huiru, (iii) 16.60% by Ms. Zhang Na, who is Ms. Zhang Huiru's sister and Mr. Sun's sister-in-law, (iv) 7.44% by Mr. Zhang Baohua, (v) 5.00% by Mr. Luo Shimin, (vi) 2.00% by Ms. Mao Meijuan, (vii) 2.00% by Mr. Lv Hengsheng and (viii) 0.50% by Mr. Zhang Xiaobin, which was mirrored by the equity interests ultimately held by them in Maidehao Investment Limited ("**Maidehao Investment**"), a shareholding platform at offshore level.

(2) Maidehao Management was the then equity incentive platform for Shenzhen Oushuitong, which was controlled by Mr. Sun as its general partner, while Maidetong Holdings Limited ("**Maidetong Holdings**") was the then equity incentive platform for VATAI Limited, which was controlled by Mr. Sun.

(3) Each of Bridgecapital Holdings, Qili Bright Holdings Limited ("**Qili Holdings**") and Uniwin Capital Limited ("**Uniwin Capital**") is a nominee at offshore level respectively for Qingdao Bridge, Shenzhen Qili and Mr. Ding, and was either a subsidiary or ultimately controlled by the same beneficial owner of such Pre-Restructuring Shareholders.

(4) For illustrative purposes, Bridgecapital Holdings held the voting rights in VATAI Limited upon the completion of the Offshore Restructuring identical to the voting rights Qingdao Bridge held in Shenzhen Oushuitong prior to the commencement of the Offshore Restructuring pursuant to the relevant shareholders' agreements of VATAI Limited, notwithstanding that 20,833 shares were not alloted to Bridgecapital Holdings since the administrative procedures relating to overseas direct investment had not been completed.

As part of the Offshore Restructuring, Shenzhen Oushuitong repurchased all equity interests held by the Pre-Restructuring Shareholders other than our Company in March and April 2025, after which Shenzhen Oushuitong became a wholly-owned subsidiary of our Company. Following the increase of our Company's registered capital from RMB5,000,000 to RMB10,357,142.86 through the subscription by VATAI HK Limited ("**VATAI HK**"), a then wholly-owned subsidiary of VATAI Limited, our Company repurchased all equity interests held by its then individual shareholders in June 2025, after which the registered capital of our Company decreased to RMB5,357,142.86, and our Company became an indirectly wholly-owned subsidiary of VATAI Limited. In November 2025, the registered capital of our Company increased to RMB10,000,000 through further subscription by VATAI HK.

Share Transfers in December 2025

On December 3, 2025, Maidehao Investment and GCCP Holdings Limited ("**GCCP Holdings**") entered into a share transfer agreement, pursuant to which, Maidehao Investment transferred to GCCP Holdings 25,000 shares of VATAI Limited at the consideration of US$7,500,000, which was fully settled by then and determined after arm's-length negotiations between the parties taking into consideration the then valuation and business prospects of our Group.

On December 13, 2025, among others, Maidetong Holdings, GC HK, Prime Rich Limited ("**Prime Rich**") and VATAI Limited entered into a share transfer agreement, pursuant to which, (i) Maidetong Holdings transferred 20,000 shares of VATAI Limited to Prime Rich at a consideration of US$10,000,000, and (ii) GC HK transferred 50,000 shares of VATAI Limited to Prime Rich at a consideration of US$23,000,000. The considerations were determined after arm's-length negotiations among the parties taking into consideration the then valuation and business prospects of our Group and fully settled on March 3, 2026.

Shareholding Changes at Offshore Level

To establish a share reserve for our then equity incentive at VATAI Limited level, on December 3, 2025, VATAI Limited entered into a share transfer agreement with Qili Holdings, pursuant to which, VATAI Limited repurchased 6,106 shares from Qili Holdings at a consideration of US$1,831,800, which was fully settled by then. The consideration was determined after arm's-length negotiations between the parties taking into consideration the then valuation and business prospects of our Group.

To further enlarge the equity pool reserved for our offshore incentive, VATAI Limited and Mr. Ding entered into a share transfer agreement on December 8, 2025, pursuant to which, VATAI Limited acquired Uniwin Capital from Mr. Ding, making Uniwin Capital become a wholly-owned subsidiary of VATAI Limited, and subsequently Uniwin Capital transferred all 16,594 shares (including 6,106 shares repurchased from Qili Holdings and then issued to it) it held in VATAI Limited to MDT Limited, our previous equity incentive platform at offshore level, on January 29, 2026.

Onshore Restructuring

To further streamline the corporate structure of our Group, an onshore restructuring framework agreement (the "**Onshore Restructuring Framework Agreement**," as supplemented on August 25, 2026) was entered between, among others, our Company, VATAI Limited and the then shareholders of VATAI Limited, on May 12, 2026, pursuant to which, we underwent the following restructuring arrangements (the "**Onshore Restructuring**," together with the Offshore Restructuring, the "**Restructuring**") to unwind the offshore holding structure of our Group and flip down the shareholding in VATAI Limited to the level of our Company. Pursuant to the Onshore Restructuring Framework Agreement, the shareholding structures of (i) VATAI Limited immediately prior to the commencement of the Onshore Restructuring and (ii) our Company immediately upon the completion of the Onshore Restructuring are set out in the table as follows.

Shareholding Structure of VATAI Limited Immediately before the Onshore Restructuring			Shareholding Structure of our Company immediately after the Onshore Restructuring		
Shareholders	**Number of shares**	**Shareholding percentage**	**Shareholders**	**Number of Shares**	**Shareholding percentage**
			Mr. Sun	2,211,811	27.65%
			Ms. Zhang Huiru	887,429	11.09%
			Ms. Zhang Na	774,111	9.68%
Maidehao Investment[(1)]	580,000	58.00%	Mr. Zhang Baohua	346,951	4.34%
			Mr. Luo Shimin	233,166	2.91%
			Ms. Mao Meijuan	93,266	1.17%
			Mr. Lv Hengsheng	93,266	1.17%
GC HK	110,000	11.00%	GC HK	880,000	11.00%
Victory Investment . .	110,000	11.00%	Victory Investment	880,000	11.00%
Prime Rich[(2)]	70,000	7.00%	Tianjin Weite[(2)]	560,000	7.00%

Shareholding Structure of VATAI Limited Immediately before the Onshore Restructuring			Shareholding Structure of our Company immediately after the Onshore Restructuring		
Shareholders	**Number of shares**	**Shareholding percentage**	**Shareholders**	**Number of Shares**	**Shareholding percentage**
Maidetong Holdings[(3)]	57,156	5.72%	Maidehao Management[(3)]	457,248	5.72%
GCCP Holdings	25,000	2.50%	GCCP Holdings	200,000	2.50%
Bridgecapital Holdings	20,833	2.08%	Qingdao Bridge	166,664	2.08%
MDT Limited[(3)]	16,594	1.66%	Maidetong Business[(3)]	132,752	1.66%
Qili Holdings	10,417	1.04%	Shenzhen Qili	83,336	1.04%
Total	**1,000,000**	**100.00%**	**Total**	**8,000,000**	**100.00%**

Notes:

(1) Immediately prior to the commencement of the Onshore Restructuring, Maidehao Investment was ultimately held as to approximately (i) 47.67% by Mr. Sun, (ii) 19.13% by Ms. Zhang Huiru, (iii) 16.68% by Ms. Zhang Na, (iv) 7.48% by Mr. Zhang Baohua, (v) 5.03% by Mr. Luo Shimin, (vi) 2.01% by Ms. Mao Meijuan and (vii) 2.01% by Mr. Lv Hengsheng, which was mirrored by the equity interests directly held by them in our Company immediately upon the completion of the Onshore Restructuring.

(2) Tianjin Weite Management Consulting Partnership (Limited Partnership) (天津唯特管理諮詢合夥企業(有限合夥)) ("**Tianjin Weite**") is a nominee at onshore level for Prime Rich, which holds 100% equity interests in Prime Rich.

(3) Each of Maidetong Holdings and MDT Limited was our previous equity incentive platform at offshore level, while each of Maidehao Management and Maidetong Business is currently an Equity Incentive Platform for our Company under the Pre-[**REDACTED**] Equity Incentive Scheme. For further details, see "— Equity Incentive Platforms" in this section.

Capital Increase and Repurchase at our Company level

In May 2026, the registered capital of our Company increased from RMB10,000,000 to RMB119,230,000 through (i) the capital reserve conversion to the registered capital of RMB104,000,000 issued to its then sole shareholder VATAI HK and (ii) the equity subscriptions by Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua, Mr. Luo Shimin, Ms. Mao Meijuan, Mr. Lv Hengsheng, Maidehao Management and Maidetong Business for the registered capital of RMB2,211,811, RMB887,429, RMB774,111, RMB346,951, RMB233,166, RMB93,266, RMB93,266, RMB457,248 and RMB132,752. Other than the consideration paid by Maidetong Business equal to par value of its subscribed registered capital, the considerations for such subscriptions were respectively identical to the repurchase considerations to be paid by VATAI Limited to Maidetong Holdings and the individuals indirectly through Maidehao Investment after deducting applicable taxes, for further details of which, see "– Repurchase at VATAI Limited level and De-registration of Offshore Entities" in this subsection. The considerations were fully settled as of June 23, 2026.

Immediately following such capital increase, our Company repurchased all equity interests held by VATAI HK, upon the completion of which, the registered capital of our Company decreased to RMB5,230,000.

Conversion into a Joint Stock Company with Limited Liability

On July 20, 2026, the general shareholders' meeting of our Company passed resolutions approving, among others, the conversion of our Company from a limited liability company to a joint stock company with limited liability (the "**Conversion**"). Upon the completion of the Conversion on July 23, 2026, our Company had a total share capital of RMB5,230,000 divided into 5,230,000 Shares with par value of RMB1.0 each.

Repurchase at VATAI Limited level and De-registration of Offshore Entities

In August 2026, VATAI Limited repurchased all its equity interests held by the Pre-Restructuring Shareholders or their nominees at the considerations equal to the subscription cost of such shares respectively acquired by them, apart from one share retained and held by Maidehao Investment. Each of VATAI Limited and Maidehao Investment has been resolved to voluntary de-registration pursuant to local laws and regulations.

Subscription for Shares of our Company by Pre-[REDACTED] *Investors*

In August 2026, GC HK, Victory Investment, Tianjin Weite, GCCP Holdings, Qingdao Bridge and Shenzhen Qili respectively subscribed for 880,000 Shares, 880,000 Shares, 560,000 Shares, 200,000 Shares, 166,664 Shares and 83,336 Shares of our Company, at the considerations equal to the repurchase considerations respectively paid by VATAI Limited to such Pre-[**REDACTED**] Investors after deducting applicable taxes, for further details of which, see "— Repurchase at VATAI Limited level and De-registration of Offshore Entities" in this subsection. The considerations were fully settled on August 21, 2026.

Upon the completion of such subscription, the registered capital of our Company increased to RMB8,000,000, and the offshore holding structure of our Group was fully unwound. For further details on the shareholding structure of our Company as of the Latest Practicable Date, see "— Capitalization" in this section.

As advised by our PRC Legal Advisor, in respect of each of the incorporation and equity subscription and transfer of our Company and our PRC subsidiaries as described in this section, our Company has complied with, and legally completed and obtained all requisite governmental approvals or filings in accordance with, the then effective and applicable PRC laws and regulations, in all material respects.

Share Subdivision

Pursuant to the resolutions of our Shareholders dated August 26, 2026, each of our Shares with par value of RMB1.00 will be subdivided into 25 Shares with par value of RMB0.04 each immediately prior to the [**REDACTED**]. Upon completion of the Share Subdivision, the registered capital of our Company, which is RMB8,000,000, will be divided into 200,000,000 Shares with par value of RMB0.04 per Share.

PRE-[REDACTED] INVESTMENTS

Overview

Since our establishment, we had several rounds of Pre-[**REDACTED**] Investments from the Pre-[**REDACTED**] Investors through subscriptions for our share capital and certain equity transfers. For details, see "— Corporate Development and Major Shareholding Changes" in this section.

Principal Terms of the Pre-[REDACTED] Investments

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments(1) involving subscriptions by the relevant Pre-[**REDACTED**] Investors for the increased share capital of Shenzhen Oushuitong:

	Series Angel(2)	Series A-1	Series A-2
Date of agreement	September 11, 2020 and January 2021	June 19, 2021	September 24, 2021
Date of completion(3)	January 27, 2021	September 13, 2021	November 12, 2021
Amount of consideration	RMB4,102,318	RMB42,000,000	US$35,862,069.28
Pre-money valuation	RMB37 million	RMB358 million(4)	US$224 million(5)
Post-money valuation(6)	RMB41 million	RMB400 million	US$260 million
Cost per Share(7)	RMB0.3	RMB2.3	US$1.3
Discount to the [REDACTED](8)	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%
Basis of the consideration	The considerations for the Pre-[**REDACTED**] Investments were determined after arm's-length negotiations taking into consideration our pre-money valuation and the prospect of our business. See "— Corporate Development and Major Shareholding Changes" in this section for more details.		

	Series Angel[(2)]	Series A-1	Series A-2
Use of proceeds from the Pre-[REDACTED] Investments	As of the Latest Practicable Date, all proceeds from the Pre-[**REDACTED**] Investments have been utilized for the principal business of our Group.		
Lock-up period	Pursuant to the applicable PRC laws, within one year from the [**REDACTED**], all current Shareholders (including the Pre-[**REDACTED**] Investors) could not dispose of any of the Shares they hold.		
Strategic benefits of the Pre-[REDACTED] Investments	At the time of the Pre-[**REDACTED**] Investments, our Directors believed that our Group could benefit from additional funds raised from the Pre-[**REDACTED**] Investments as well as the Pre-[**REDACTED**] Investors' knowledge and experience. In addition, with the introduction of the Pre-[**REDACTED**] Investors, the management team of our Group has become increasingly experienced in corporate governance and shareholder communications. Our Directors also believed that we could benefit from the Pre-[**REDACTED**] Investments, as the Pre-[**REDACTED**] Investors' investments demonstrated confidence in our operations and development and served as an endorsement of our performance, strength and prospects.		

Notes:

(1) For the Pre-[**REDACTED**] Investments involving equity transfers to the Pre-[**REDACTED**] Investors, for which we were not a party to such Pre-[**REDACTED**] Investments and received no proceeds from such Pre-[**REDACTED**] Investors, see "— Corporate Development and Major Shareholding Changes" in this section.

(2) After investment in us through the Series Angel Financing, Zhejiang Hezi transferred all equity interests it held in Shenzhen Oushuitong to Mr. Ding in September 2022 and ceased to be the shareholder of Shenzhen Oushuitong, which is thus not regarded as our Pre-[**REDACTED**] Investor.

(3) Date of completion represents the date on which the consideration for each investment had been irrevocably settled in full.

(4) The increase in our pre-money valuation from the Series Angel Financing to the Series A-1 Financing was primarily driven by (i) a surge in our user numbers and our average monthly sales for the first quarter of 2021 exceeding RMB9 million, (ii) the market recognition of our business model and (iii) the then valuation of comparable companies in the industry.

(5) The increase in our pre-money valuation from the Series A-1 Financing to the Series A-2 Financing was primarily driven by (i) a surge in our user numbers and our average monthly sales for the second quarter of 2021 exceeding RMB18 million, (ii) the market recognition of our business model and (iii) the then valuation of comparable companies in the industry.

(6) In December 2025, Prime Rich acquired equity interests in VATAI Limited based on our then valuation of approximately US$471 million.

(7) The cost per Share is calculated based on the amount of consideration paid in the respective round of the Pre-[**REDACTED**] Investments divided by the number of Shares issued to the respective Pre-[**REDACTED**] Investors as if the Restructuring and the Share Subdivision had been completed.

(8) The discount to the [**REDACTED**] is calculated based on the midpoint of the indicative [**REDACTED**] range.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has obtained all necessary approvals from competent authorities and made all necessary registration or filings with the relevant local branch of the SAMR in respect of the Pre-[**REDACTED**] Investments set out above in all material aspects.

Special Rights of the Pre-[REDACTED] Investors

Pursuant to the relevant agreements entered prior to the completion of the Restructuring, certain Pre-[**REDACTED**] Shareholders had been granted certain special rights at the level of Shenzhen Oushuitong or VATAI Limited. On June 26, 2026, our Company and the Pre-[**REDACTED**] Investors entered into a shareholders agreement (the "**Shareholders Agreement**"), which has replaced all special rights arrangements stipulated in the previous shareholders agreements in connection with Shenzhen Oushuitong or VATAI Limited.

Under the Shareholders Agreement and the Onshore Restructuring Framework Agreement, our Pre-[**REDACTED**] Investors have, including but not limited to, information rights, drag-along rights, redemption rights, liquidation preference, most favored nation treatment and tax indemnities. Save for rights in connection with tax indemnities which shall be irrevocably terminated prior to the [**REDACTED**], pursuant to the Shareholders Agreement, such special rights of the Pre-[**REDACTED**] Investors have been terminated prior to the first submission of our Company's [**REDACTED**] to the Stock Exchange (the "**First** [**REDACTED**]"), and shall be reinstated if (i) our Company voluntarily withdraws the [**REDACTED**]; (ii) our Company fails to get the approval in respect of the [**REDACTED**] from the Stock Exchange or other applicable regulatory authorities within 18 months from the date of the First [**REDACTED**]; or (iii) our Company fails to consummate the [**REDACTED**] and the [**REDACTED**] within 12 months after obtaining the filing notice from the CSRC.

Joint Sponsors' Confirmation

On the basis that (i) the [**REDACTED**], being the first day of [**REDACTED**] of the Shares on the Stock Exchange, will take place no earlier than 120 clear days after the consideration for the Pre-[**REDACTED**] Investments was irrevocably settled; and (ii) the special rights granted to the Pre-[**REDACTED**] Investors shall be terminated as disclosed in "— Special Rights of the Pre-[**REDACTED**] Investors" above, the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide.

Information about our Pre-[REDACTED] Investors

Background information on the institutional Pre-[**REDACTED**] Investors that were our Shareholders as of the Latest Practicable Date is set out below. To the best knowledge of our Directors, save as disclosed below, each of our Pre-[**REDACTED**] Investors and their respective ultimate beneficial owner (where applicable) is an Independent Third Party.

Gaocheng Capital (being GC HK and GCCP Holdings)

GC HK is a limited liability company incorporated in Hong Kong and GCCP Holdings is an exempted company with limited liability incorporated in the Cayman Islands, both of which are investment entities of Gaocheng Capital. GC HK is wholly owned by GED Holdings Limited, a wholly-owned subsidiary of Gaocheng Fund I, L.P., whose sole general partner is Gaocheng Holdings GP, Ltd ("**Gaocheng Holdings**"), with no limited partner holding 30% or more therein. GCCP Holdings is wholly owned by Gaocheng Fund II, L.P., whose sole general partner is Gaocheng Holdings GP II, Ltd ("**Gaocheng Holdings II**"), with no limited partner holding 30% or more therein. Each of Gaocheng Holdings and Gaocheng Holdings II is ultimately controlled by Jing Hong.

Victory Investment

Victory Investment is a company incorporated in Singapore with limited liability, which is an investment entity of Boyu Capital and wholly owned by Boyu Capital Growth Fund I, L.P. ("**Boyu Fund**"). Boyu Fund is managed by its sole general partner, Boyu Capital Growth GP I, Ltd., a wholly-owned subsidiary of Boyu Group, LLC ("**Boyu Group**"), with no limited partner holding 30% or more partnership interests therein. Save for XYXY Holdings, none of other shareholders holds 30% or more in Boyu Group. XYXY Holdings Ltd is wholly owned by Tong Xiaomeng (童小幪).

Tianjin Weite

Tianjin Weite is a limited partnership established in the PRC as an investment platform under IDG Capital. Tianjin Weite is managed by its general partner, Shenzhen Jingchuang Zhizao Enterprise Management Partnership (Limited Partnership) (深圳精創智造企業管理合夥企業(有限合夥)) ("**Jingchuang Zhizao**"), which is in turn managed by its general partner, Tibet Zhizao Enterprise Management Co., Ltd. (西藏智造企業管理有限公司). Tibet Zhizao Enterprise Management Co., Ltd. is wholly owned by Hexie Aiqi Investment Management (Beijing) Co., Ltd. (和諧愛奇投資管理(北京)有限公司) ("**Hexie Aiqi**"). Hexie Aiqi is ultimately owned and controlled by Zhuhai Hexie Zhiyuan Management Consultancy Co., Ltd. (珠海和諧致遠管理諮詢有限公司), which is owned as to 40% by LI Jianguang (李建光), 30% by NIU Kuiguang (牛奎光) and 30% by WANG Jingbo (王靜波).

The only limited partner of Tianjin Weite is Shenzhen Harmonious Growth Phase III Technology Development Equity Investment Fund Partnership (Limited Partnership) (深圳和諧成長三期科技發展股權投資基金合夥企業(有限合夥)) ("**Harmonious Growth**"), holding 99.9963% interest therein, whose general partner is Jingchuang Zhizao. None of the limited partners of Harmonious Growth holds 30% or more partnership interest therein.

Qingdao Bridge

Qingdao Bridge is a limited partnership established in the PRC mainly engaged in private equity investment. Qingdao Bridge is held as to approximately (i) 0.07% by its sole general partner, Shenzhen Bridge Asset Management Co., Ltd. (深圳市架橋資產管理有限公司) ("**Shenzhen Bridge**"), a wholly-owned subsidiary of Bridge Capital, (ii) 66.67% by Mr. Zhang Baohua, and (iii) 33.26% by other three limited partners, none of whom holds 30% or more. Bridge Capital is held as to approximately (i) 86.57% by Mr. Xu Bo (徐波) and (ii) 13.43% by other ten shareholders.

Shenzhen Bridge, as the sole general partner of Qingdao Bridge, is responsible for its management and is entitled to exercise the voting rights attached to the Shares indirectly held by Qingdao Bridge in accordance with the partnership agreement, while the remaining limited partners of Qingdao Bridge, including Mr. Zhang Baohua, are only entitled to economic interests therein.

Shenzhen Qili

Shenzhen Qili is a limited partnership established in the PRC, which mainly engages in equity investment and is controlled by its general partner, Mr. Xu Xianliang (許先亮), who holds 99.9% partnership interests therein.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Pursuant to an equity transfer agreement (the "**Equity Transfer Agreement**") entered into in December 2025 by, among others, Shenzhen Oushuitong, Ms. Liao Xiaoting (廖小婷) ("**Ms. Liao**") and Ms. Zhang Yiwei (張怡薇) ("**Ms. Zhang**"), each an Independent Third Party, Shenzhen Oushuitong acquired 60% equity interests in each of Shenzhen Yisi and its two affiliates (the "**Targets**") from Ms. Liao and Ms. Zhang (the "**Acquisition**") at an aggregate consideration of RMB35,463,000, subject to performance-related adjustments. The consideration was determined through arm's length negotiations with reference to an aggregate valuation of the Targets and the performance commitments as specified in the Equity Transfer Agreement. The primary purpose of the Acquisition is to leverage the Targets' strengths as the provider of compliance services for cross-border e-commerce. Upon completion of the Acquisition on December 31, 2025, each of the Targets became a direct or indirect subsidiary of Shenzhen Oushuitong.

As of the Latest Practicable Date, the Acquisition has been properly and legally completed, and all approvals required from the relevant authorities have been obtained. As none of the applicable percentage ratios as defined under the Listing Rules in respect of the Acquisition exceeds 25%, the Acquisition does not constitute an acquisition of a material subsidiary or business during the Track Record Period and the pre-acquisition financial information of the Targets is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

EQUITY INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, we adopted the Pre-[**REDACTED**] Equity Incentive Scheme in July 2026, under which Maidehao Management and Maidetong Business serve as our Equity Incentive Platforms. As of the Latest Practicable Date, Maidehao Management and Maidetong

Business respectively held approximately 5.72% and 1.66% of our issued share capital. All awards under the Pre-[**REDACTED**] Equity Incentive Scheme are in the form of partnership interests of the Equity Incentive Platforms, all of which have been granted as of the Latest Practicable Date.

As of the Latest Practicable Date, the general partner of each of Maidehao Management and Maidetong Business was Mr. Sun, who is responsible for the management of the Pre-[**REDACTED**] Equity Incentives Scheme and entitled to exercise the voting rights attached to the Shares held by the Equity Incentive Platforms.

As of the Latest Practicable Date, Maidehao Management was held as to 79.6% by Mr. Sun and 20.4% by Shenzhen Maidehao Technology Consulting Partnership (Limited Partnership) (深圳麥德好技術諮詢合夥企業(有限合夥)) as its limited partner, which was held as to approximately 95.1% by Mr. Sun as its general partner and 4.9% by Mr. Luo Shimin as its limited partner; Maidetong Business was held as to 99% by Mr. Sun and 1% by Mr. Su Hongying as its limited partner. The partnership interests of our Equity Incentive Platforms will be subscribed for upon vesting of the granted awards under the Pre-[**REDACTED**] Equity Incentive Scheme. For further details of the Pre-[**REDACTED**] Equity Incentive Scheme, see "Pre-[**REDACTED**] Equity Incentive Scheme" in Appendix VI to this document.

ACTING-IN-CONCERT ARRANGEMENT

On December 3, 2024, Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin entered into an acting-in-concert agreement (the "**Acting-in-Concert Agreement**"), pursuant to which the parties irrevocably confirmed and agreed that, (i) they have acted and will continue to act in concert when exercising their rights and/or voting power as shareholders of our Group until the last day of five years after our [**REDACTED**] on domestic or overseas stock exchanges, including the Stock Exchange, and (ii) in the event they are unable to reach consensus, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin shall act in concert with Mr. Sun and follow Mr. Sun's decisions when exercising their rights and/or votes.

PUBLIC FLOAT

Upon completion of the [**REDACTED**] and taking into account the Share Subdivision, [**REDACTED**] Shares held by our Shareholders will not be counted towards public float for the purpose of Rule 19A.13A of the Listing Rules, as these Shares are Unlisted Shares which will not be converted into H Shares, representing approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**] assuming the [**REDACTED**] is not exercised.

Additionally, upon completion of the [**REDACTED**] and taking into account the Share Subdivision, [**REDACTED**] H Shares to be converted from the Unlisted Shares held by our Controlling Shareholders and Qingdao Bridge, will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules, representing approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**] assuming the [**REDACTED**] is not exercised.

Immediately upon completion of the [**REDACTED**] (taking into account the Share Subdivision) and assuming that the [**REDACTED**] is not exercised, the market value of our Shares in issue will range from HK$[**REDACTED**] million to HK$[**REDACTED**] million, calculated based on the low end and the high end of the indicative [**REDACTED**] range. Pursuant to Rule 19A.13A of the Listing Rules, the minimum percentage of the H Shares to be held by the public at [**REDACTED**] shall be higher of: [(i) the percentage that would result in the expected market value of such securities held by the public to be HK$[**REDACTED**] billion at the time of [**REDACTED**], which is [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% (calculated based on the low-end, the mid-point and the high-end of the indicative [**REDACTED**] range, respectively, taking into account the Share Subdivision and assuming that the [**REDACTED**] is not exercised); and (ii) [**REDACTED**]%]. Immediately upon completion of the [**REDACTED**] (taking into account the Share Subdivision) and assuming that the [**REDACTED**] is not exercised, [**REDACTED**] Shares will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules, representing approximately [**REDACTED**]% of our total issued share capital, which is higher than the prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A of the Listing Rules.

FREE FLOAT

Under Rule 19A.13C(1) of the Listing Rules, a PRC issuer with no other listed shares at the time of Listing must ensure that the portion of H shares for which listing is sought that are held by the public and that are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of listing (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value of not less than HK$600,000,000.

Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low-end of the indicative [**REDACTED**] range, we believe that there will be a free and open [**REDACTED**] for our H Shares immediately upon the completion of the [**REDACTED**] in compliance with the requirements under Rule 19A.13C of the Listing Rules.

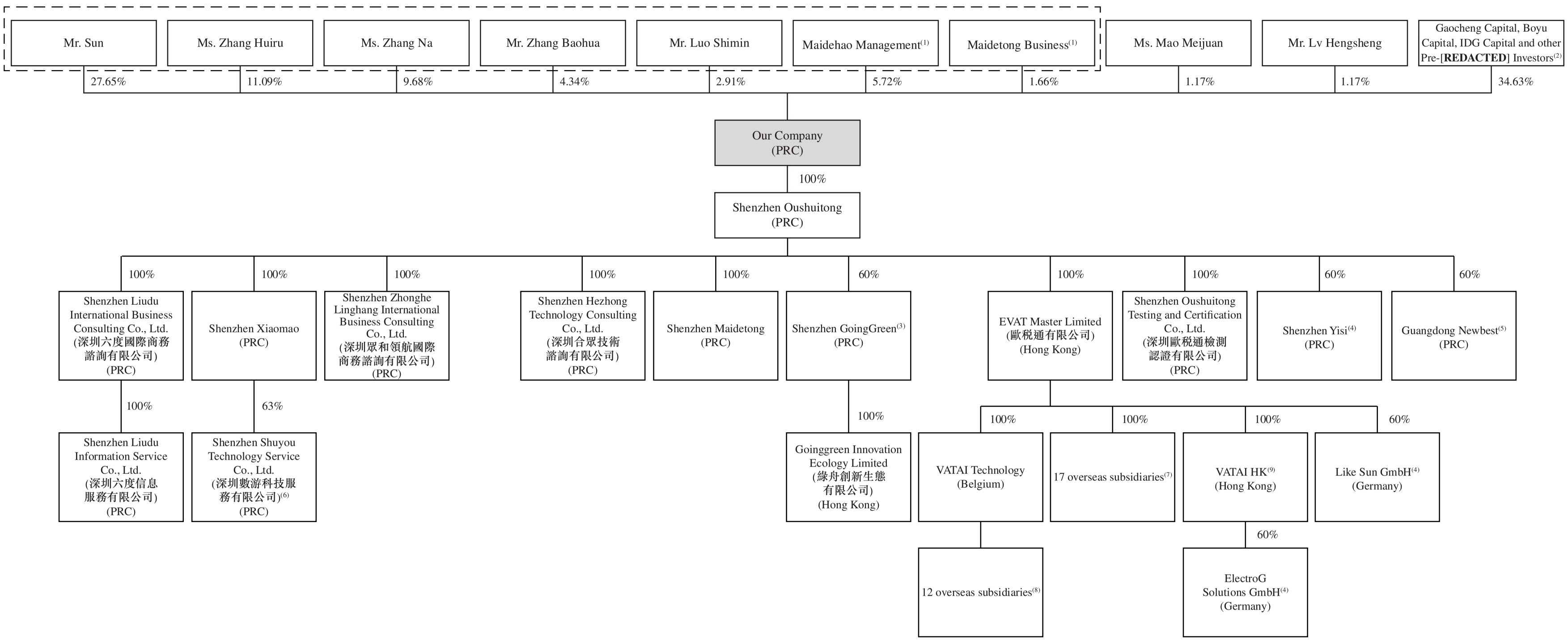
CAPITALIZATION

The table below sets forth the capitalization of our Company as of the Latest Practicable Date and the [**REDACTED**] (taking into account the Share Subdivision and assuming the [**REDACTED**] is not exercised):

	As of the Latest Practicable Date		As of the [REDACTED]		
Shareholders	**Number of Shares**	**Approximate shareholding percentage**	**Number of Unlisted Shares**	**Number of H Shares**	**Approximate shareholding percentage**
Controlling Shareholders					
Mr. Sun	2,211,811	27.65%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Zhang Huiru	887,429	11.09%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Zhang Na	774,111	9.68%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhang Baohua	346,951	4.34%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Luo Shimin	233,166	2.91%	[REDACTED]	[REDACTED]	[REDACTED]
Maidehao Management	457,248	5.72%	[REDACTED]	[REDACTED]	[REDACTED]
Maidetong Business	132,752	1.66%	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	**5,043,468**	**63.04%**	[REDACTED]	[REDACTED]	[REDACTED]
Gaocheng Capital					
GC HK	880,000	11.00%	[REDACTED]	[REDACTED]	[REDACTED]
GCCP Holdings	200,000	2.50%	[REDACTED]	[REDACTED]	[REDACTED]
Sub-total	**1,080,000**	**13.50%**	[REDACTED]	[REDACTED]	[REDACTED]
Victory Investment	880,000	11.00%	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Weite	560,000	7.00%	[REDACTED]	[REDACTED]	[REDACTED]
Qingdao Bridge	166,664	2.08%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Mao Meijuan	93,266	1.17%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Lv Hengsheng	93,266	1.17%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Qili	83,336	1.04%	[REDACTED]	[REDACTED]	[REDACTED]
[**REDACTED**] ***Shareholders***	–	–	[REDACTED]	[REDACTED]	[REDACTED]
Total	**8,000,000**	**100.00%**	[REDACTED]	[REDACTED]	**100.00%**

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately before the completion of the [**REDACTED**]:



Notes:

(1) Each of Maidehao Management and Maidetong Business is our Equity Incentive Platform.

(2) See "— Pre-[**REDACTED**] Investments — Information about our Pre-[**REDACTED**] Investors" above for details.

(3) As of the Latest Practicable Date, the remaining equity interests of Shenzhen GoingGreen were held as to (i) 24% by Wang Junhao (王俊浩) and (ii) 16% by Li Zhiyuan (李智圓), each of whom, to the best knowledge of our Directors, is an Independent Third Party.

(4) As of the Latest Practicable Date, the remaining equity interests of each of Shenzhen Yisi, Like Sun GmbH and ElektroG Solutions GmbH were ultimately held as to (i) 20% by Zhang Yiwei (張怡薇) and (ii) 20% by Liao Xiaoting (廖小婷), each of whom, to the best knowledge of our Directors, is an Independent Third Party.

(5) As of the Latest Practicable Date, the remaining equity interests of Guangdong Newbest were held as to 40% by Lin Qianting (藺錢廷), who, to the best knowledge of our Directors, is an Independent Third Party.

(6) As of the Latest Practicable Date, the remaining equity interests of Shenzhen Shuyou Technology Service Co., Ltd. were held as to approximately (i) 27.00% by Li Rongzhi (李容旨), (ii) 5.26% by Shenzhen Shuyou Consulting Partnership (Limited Partnership) (深圳數遊諮詢合夥企業(有限合夥)) ("**Shuyou LP**") and (iii) 4.74% by Piao Zequan (朴澤權). Shuyou LP is held as to (i) 70% by Mr. Sun as its sole general partner and (ii) 30% by Li Rongzhi as its limited partner. To the best knowledge of our Directors, each of Li Rongzhi and Piao Zequan is an Independent Third Party.

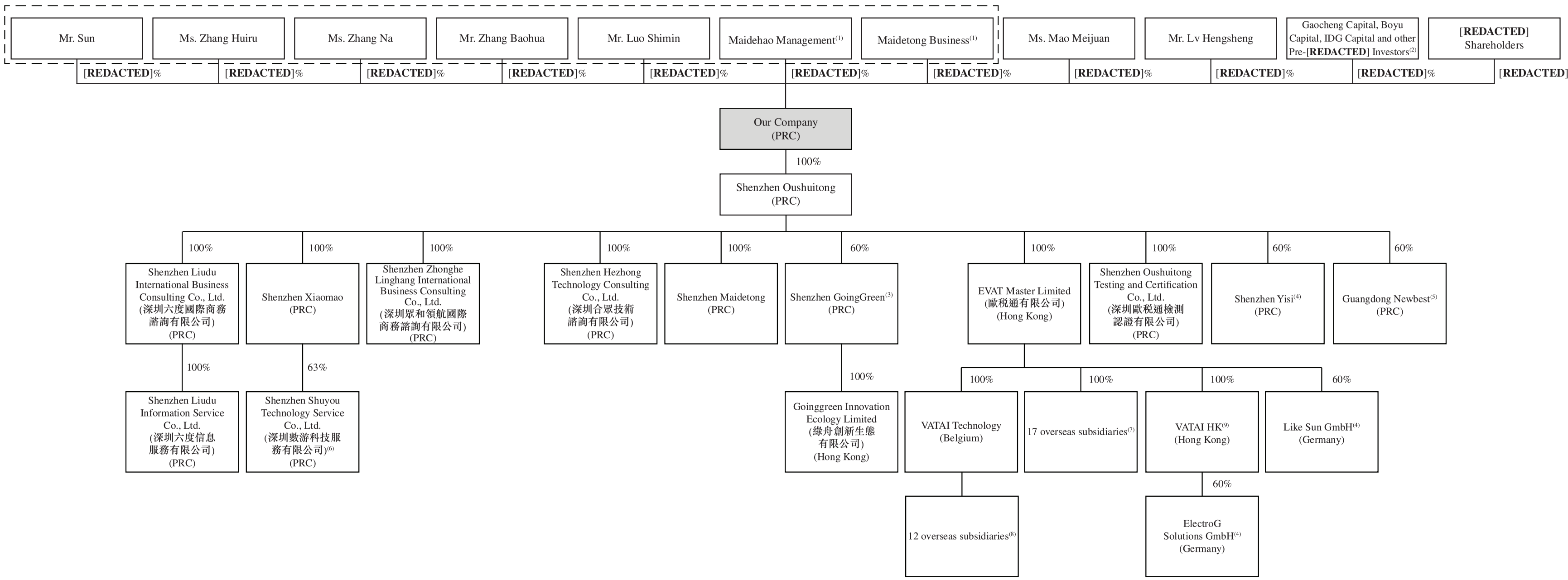
(7) As of the Latest Practicable Date, all other 17 overseas subsidiaries were wholly owned by EVAT Master Limited.

(8) As of the Latest Practicable Date, except for E-SERVICE NAVIGATEUR, which was held as to (i) 99.9% by VATAI Technology and (ii) 0.1% by Chen Bofu, who, to the best knowledge of our Directors, is an Independent Third Party, all other 11 overseas subsidiaries were wholly owned by VATAI Technology.

(9) After the Onshore Restructuring, VATAI HK was acquired by EVAT Master Limited and became a wholly-owned subsidiary of our Company in June, 2026.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised):



Note: For notes (1) to (9), please see "— Corporate Structure Immediately Before the Completion of the [**REDACTED**]" above.

OVERVIEW

Pursuant to the Acting-in-Concert Arrangement, Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin, acknowledged and confirmed that, among other things, (i) they have acted and will continue to act in concert when exercising their rights and/or voting power as shareholders of our Group, and (ii) in the event they are unable to reach consensus, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin shall act in concert with Mr. Sun and follow Mr. Sun's decisions when exercising their rights and/or votes. For details, see the section headed "History, Development and Corporate Structure — Acting-in-Concert Arrangement." As of the Latest Practicable Date, Mr. Sun acted as the general partner of each of Maidehao Management and Maidetong Business, our Equity Incentive Platforms.

As of the Latest Practicable Date, by virtue of the Acting-in-Concert Arrangement, Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin, together with Mr. Sun's controlled entities, namely, Maidehao Management and Maidetong Business, collectively controlled approximately 63.04% of the voting rights at the general meetings of our Company. Immediately after the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), they will, directly and indirectly, be able to control in aggregate approximately [**REDACTED**]% of the voting rights at the general meetings of our Company. Therefore, Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua, Mr. Luo Shimin, Maidehao Management and Maidetong Business will constitute a group of Controlling Shareholders of our Company for the purpose of the Listing Rules.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, they did not have any interest in other business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Taking into consideration the following factors, our Directors believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

Operational Independence

Our Group operates independently from our Controlling Shareholders and their close associates.

We have full rights to make all decisions regarding, and carry out, our business operations independently. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of all assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are satisfied that our Group is able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function, and an audit committee comprising solely of non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

Based on the above, our Directors are satisfied that from a financial perspective, we are capable of carrying on our business independently from members of the group of Controlling Shareholders and their close associates after the [**REDACTED**].

Management Independence

Upon [**REDACTED**], our Board will consist of eight Directors: four executive Directors and four independent non-executive Directors. For more details, see "Directors and Senior Management" in this document.

Our management and operational decisions are made by our Board and senior management collectively, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise. Other than Mr. Sun, none of the Directors or members of the senior management of our Company holds any directorships and/or other senior management roles in our Controlling Shareholders and their respective close associates (excluding members of our Group).

Our Directors are of the view that our Board and the senior management members are able to function independently from our Controlling Shareholders and their close associates for the following reasons:

(i) each of the Directors is aware of his or her fiduciary duties, which, among other things, require them to act in the best interest of our Company and the Shareholders as a whole, and should not allow any conflict of interests between his or her duties as a Director and his or her personal interests;

(ii) our daily management and operations are carried out by the senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management team, see "Directors and Senior Management" in this document;

(iii) we have appointed four independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole;

(iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his or her close associates, he or she shall abstain from voting and shall not be counted towards the quorum; and

(v) we have adopted a series of corporate governance measures to manage conflict of interest, if any, between our Group and the Controlling Shareholders, which would support our independent management. For details, see "— Corporate Governance Measures" in this section.

Based on the above, our Directors are satisfied that our Board as a whole and together with our senior management members are able to perform their respective managerial roles in our Group independently from members of the Controlling Shareholders and their respective close associates after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

In order to further safeguard the interest of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflict of interest with members of our Controlling Shareholders and their respective close associates:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which any of our Controlling Shareholders or any of their respective associates has a material interest, such Controlling Shareholder(s) will not vote on the resolutions and shall not be counted towards the quorum;

(ii) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [**REDACTED**]. In particular, our Articles of Association provide that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest and nor shall such Director be counted in the quorum present at the relevant Board meeting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their respective associates, our Company will comply with the applicable requirements under the Listing Rules;

(iv) our Company is committed that the Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). Our Company has appointed four independent non-executive Directors and believes that the independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and (iii) will be able to provide an impartial and external opinion to protect the interest of our Shareholders as a whole. For details of the biographies of our independent non-executive Directors, see "Directors and Senior Management" in this document;

(v) where our Directors reasonably request for the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(vi) our Company has appointed Guoyuan Capital (Hong Kong) Limited as our compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage existing and potential conflict of interest, and to protect minority Shareholders' interests after the [**REDACTED**].

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by CIC (the "CIC Report"). We engaged CIC to prepare the CIC Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Joint Sponsors, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**] *and the* [**REDACTED**], *the* [**REDACTED**] *and the* [**REDACTED**], *any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

OVERVIEW OF THE GLOBAL AND CHINA'S CROSS-BORDER E-COMMERCE INDUSTRY

Market Overview

According to the State Administration for Market Regulation, cross-border e-commerce refers to business activities wherein trading entities in different customs territories conduct transactions and make payments and settlements through the internet, and deliver goods and complete transactions through cross-border logistics. Unless otherwise specified, all references to "cross-border e-commerce" herein refer to "B2C cross-border export e-commerce," which is a trade method where enterprises sell goods directly to individual consumers overseas through cross-border e-commerce platforms.

Cross-border e-commerce addresses issues such as information asymmetry and lengthy transaction chains in traditional foreign trade. With the maturing of e-commerce technology, the cross-border e-commerce market has undergone rapid development and has gradually become a mainstream global trade model. The number of global cross-border e-commerce sellers was approximately 2.1 million in 2020, reaching approximately 3.4 million in 2025, and is projected to reach nearly 4.4 million by 2030. In terms of GMV, the global cross-border e-commerce market size grew from RMB6.9 trillion in 2020 to RMB14.0 trillion in 2025, and is expected to achieve a compound annual growth rate (CAGR) of 9.6% between 2025 and 2030, reaching RMB22.2 trillion by 2030.

An increasing number of Chinese brands are looking overseas with the aim of entering the broader global market. The number of Chinese cross-border e-commerce sellers grew from approximately 0.8 million in 2020 to approximately 1.6 million in 2025, and is projected to reach nearly 2.6 million by 2030. As awareness of "Made in China" and Chinese brands strengthens among overseas consumers, Chinese sellers have significantly enhanced overall operational efficiency in cross-border e-commerce by leveraging their accumulated innovation experience and technological advantages from the internet industry. Against this backdrop, China's cross-border e-commerce market has experienced rapid growth rate, outpacing the global average. In terms of GMV, the market size of China's cross-border e-commerce grew from RMB2.2 trillion in 2020 to RMB5.1 trillion in 2025, with a CAGR of 18.3%. It is projected to achieve a CAGR of 12.8% between 2025 and 2030, reaching RMB9.3 trillion by 2030.

Drivers and Future Development Trends

The primary drivers and future trends of the global cross-border e-commerce industry are as follows:

– *Online shopping is becoming a global consumption trend and AI is unlocking new growth momentum.* Online shopping has become a mainstream consumption habit and cross-border e-commerce is increasing its percentage of overall e-commerce. According to eMarketer, the number of global online shoppers reached 2.8 billion in 2025, representing approximately one-third of the global population, and consumers worldwide can access goods and services through 24-hour online shopping platforms. In addition, the percentage of cross-border e-commerce in the global e-commerce market increased from 23.4% in 2020 to 26.3% in 2025. Compared with local e-commerce and offline sellers, cross-border e-commerce sellers, with integrated global supply chain advantages, attract consumers with more competitive prices and diverse product lines, demonstrating stronger market appeal and development potential. To further fuel this growth, leading cross-border e-commerce platforms are increasingly integrating AI technologies across both the buyer and seller sides, enhancing personalized shopping experiences for consumers while empowering sellers with automated, intelligent operations.

– *Growth potential from developed and emerging markets.* Developed markets such as Europe and North America continue to contribute through mature infrastructure, stable demand, and higher purchasing power. Meanwhile, emerging markets like Latin America and the Middle East are unlocking consumption potential, supported by favorable demographics, economic growth, and rising internet penetration. Together, developed and emerging markets are shaping a more balanced and multi-polar global growth dynamic.

– *The competitive landscape of cross-border e-commerce platforms is being reshaped.* Leading traditional platforms, such as Amazon, are accelerating their penetration into lower-tier markets, while emerging platforms, represented by TikTok Shop and Temu, are rising rapidly. These platforms reconstruct consumption scenarios, enabling rapid scaling and driving the continuous evolution of the global industry.

– *Professional compliance services are becoming essential.* As business operations deepen in various markets, cross-border sellers face increasingly complex regulatory environments in different countries. Against the backdrop of tightening government and platform policies, the demand for compliance continues to increase, transforming compliance into a core competitive advantage. Increasingly complex compliance requirements and higher delivery expectations are expected to accelerate the industry's upgrade toward AI-enabled intelligent compliance platforms, supporting more efficient, accurate, traceable and scalable service delivery.

– *Demand for sustainable consumption is increasing.* Globally, especially in mature European and American markets, rising consumer demand for sustainable products is accelerating the green transformation of cross-border e-commerce. Companies can actively respond to market demands and regulatory requirements by adopting environmentally friendly packaging, carbon footprint labeling, and environmental certifications, thereby enhancing their brand premium capabilities.

Notably in China, a key driver and future development trend in China's cross-border e-commerce industry is as follows:

– *Continued development of the "Chinese Brands Going Global" strategy supported by strong local manufacturing and supply chain advantages.* According to the National Bureau of Statistics of China and the World Bank, China's manufacturing value added reached RMB34.7 trillion in 2025, accounting for approximately 30% of the global total. China is the world's largest manufacturing economy with a comprehensive industrial system and supply chain network. As domestic demand slows, expanding into global markets has become a critical strategic trend for the majority of domestic enterprises. These advantages enable cross-border e-commerce to achieve extensive product coverage, cost competitiveness, and rapid response capabilities, supporting steady growth in China's goods exports and maintaining its position as the world's largest goods trader. With the continuous improvement of cross-border export industrial clusters, the strategic transition from "Made-in-China Going Global" to "Chinese Brands Going Global" is accelerated. Overseas consumers' perception of Chinese products has evolved from price-based acceptance to comprehensive recognition of quality and brand value.

OVERVIEW OF THE GLOBAL AND CHINA'S CROSS-BORDER E-COMMERCE COMPLIANCE SERVICE INDUSTRY

Market Overview

Cross-border e-commerce compliance services refer to professional service systems designed to address the multifaceted regulatory and compliance requirements encountered by cross-border e-commerce sellers operating in overseas markets. These services ensure that transactions are conducted in a lawful, compliant, and sustainable manner in the local markets. These services can be categorized by type, including corporate and tax compliance (such as VAT and overseas corporate services), environmental compliance (such as extended producer responsibility (EPR) and carbon compliance), product testing and certification (such as responsible person, testing, inspection and certification), intellectual property protection (IPP) compliance (such as trademarks and patents), and other emerging compliance services (such as platform account compliance, data privacy, customs and clearance, logistics and warehousing, and foreign exchange settlement compliance).

Pain Points

The primary pain points faced by cross-border e-commerce sellers under various compliance requirements are as follows:

– *Dual challenges of global tax system differences and frequent policy updates.* Tax systems vary significantly and are characterized by high complexity and volatility, requiring sellers to simultaneously handle tax registration and filing in multiple countries. For instance, VAT rates differ across EU member states. Any filing errors or delays can result in varying degrees of penalties, undermining operational stability. Overseas business registration processes are equally complex. Due to linguistic and cultural barriers, small- and medium-sized sellers often lack local resource support and face significant difficulties in managing compliance matters. These information barriers further increase the complexity of compliant operations.

– *Sales disruption and missed growth opportunities due to non-compliance with environmental standards.* As EU environmental policies tighten, EPR mandates that cross-border e-commerce sellers assume responsibility for waste management across the product cycle. Sellers who fail to complete registrations in a timely manner will face risks such as mandatory tax withholding, fines, or sales bans. Achieving carbon compliance certification and obtaining Amazon's Climate Pledge Friendly (CPF) badge can enhance a brand's environmental profile and secure platform traffic incentives, further driving sales. Green certification has emerged as a critical identifier for attracting environmentally conscious consumers.

– *Complex and diverse product testing and certification*. Product entry standards in various countries are continuously upgrading and the certification systems are complex. In the EU market, the CE mark is a mandatory certification. However, obtaining it requires compliance with specific sub-directives based on a product's functionality and usage. For example, electrical products require Electromagnetic Compatibility (EMC) certification; devices with wireless communication capabilities are subject to the Radio Equipment Directive (RED); and high-voltage electrical equipment requires Low Voltage Directive (LVD) certification. Sellers must continuously monitor the latest regulatory updates in target markets, as any incomplete or expired documentation may result in customs detention or mandatory product removal.

– *High risks of IP infringement involving trademarks and patents.* The cross-border e-commerce sellers are mainly small- and medium-sized enterprises (SMEs) that lack professional legal teams. It is difficult for these sellers to systematically monitor global IP infringements, making them susceptible to unintentional violations involving product designs or technical solutions. Such infractions often lead to legal disputes and severe penalties. According to the 2025 Investigation of Overseas Intellectual Property Disputes involving Chinese Enterprises, Chinese enterprises were involved in 2,018 cross-border e-commerce cases in the U.S. in

2025. Among them, Chinese enterprises were the defendants in 1,782 cases, representing 88.3% of the total. Trademark litigation and patent litigation cases involving Chinese e-commerce entities in the U.S. totaled 1,447 and 685, respectively.

– *Prevalence of high costs and low efficiency in overseas compliance services.* Many overseas cross-border e-commerce service providers continue to rely heavily on manual operations, leading to core pain points such as long response cycles, error-prone manual judgments, low efficiency in manual data processing, incomplete professional expertise, and loose management of compliance data. Their fee structures are generally higher than those in the Chinese market. For the cross-border export community, which consists primarily of small- and medium-sized sellers, these service providers can hardly meet rapidly evolving business requirements and significantly inflate overall compliance costs.

– *Increased product compliance complexity.* Compliance needs for cross-border e-commerce sellers are expanding from single-platform to multi-platform, while the dimension of compliance is shifting from store-level to product-level, which demands a systematic approach covering the entire product life cycle. For example, according to CIC, the number of active sellers on Amazon reached approximately 1.7 million in 2025, with over 350 million products listed for sale, indicating an average of over 200 products per seller on Amazon. This creates significant operational pressure for sellers, as they need to manage compliance for a growing number of products simultaneously.

Industry Chain

With service providers as the core hub, the industry chain of the cross-border e-commerce compliance service industry establishes connections between cross-border e-commerce sellers and various e-commerce platforms and regulatory bodies. Sellers are classified into two major categories including cross-border e-commerce platform sellers (sellers on third-party platforms such as Amazon) and independent site sellers (such as brand owners with their own e-commerce sites). Sellers submit their requirements and relevant business documentation to compliance service providers, who subsequently verify the content by leveraging intelligent platforms and professional teams. Upon successful verification, service providers submit the documentation to the relevant authorities and requesting parties, obtain key documents, such as official acceptance receipts and certificates, and ultimately deliver them back to the sellers.

Business and Monetization Models

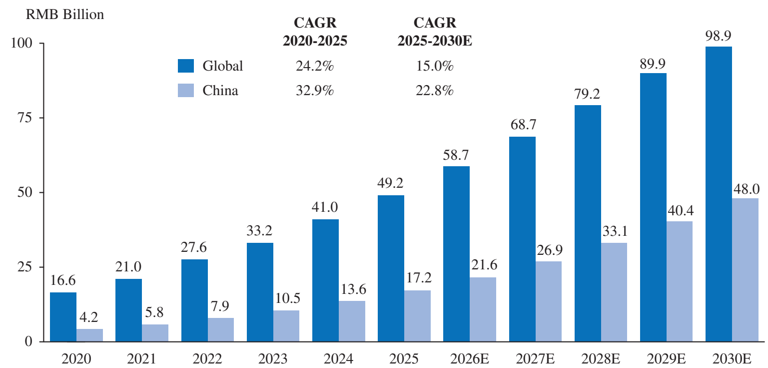
Based on the depth of cooperation with overseas firms, compliance service providers are categorized into three models: partnership, joint venture, and self-operated. Most providers adopt the partnership model, establishing business relationships with overseas firms and outsourcing local filings to these partners. The joint venture model involves forming a community of shared interests with an overseas firm through equity investment or the establishment of a joint venture. The self-operated model involves directly establishing their own service entities and professional teams directly within target markets.

Monetization models for cross-border e-commerce compliance service providers primarily include: periodic subscriptions, charging fixed long-term service fees for ongoing managed compliance services such as annual VAT filings; one-off service purchases, charging for specific items such as individual trademark registrations or VAT registration; and professional service fees charging for customized solutions provided based on clients' specific needs.

Market Size

In 2025, the global cross-border e-commerce compliance service market reached RMB49.2 billion, of which the Chinese market accounted for approximately 35.0%, reaching RMB17.2 billion. The global cross-border e-commerce compliance service market is projected to grow at a CAGR of 15.0% over the next five years, reaching RMB98.9 billion by 2030. The Chinese market is expected to account for approximately 48.6% of the global market, reaching RMB48.0 billion.

Global and China's Cross-border E-commerce Compliance Service Market Size, in Terms of Sales Value, 2020-2030E

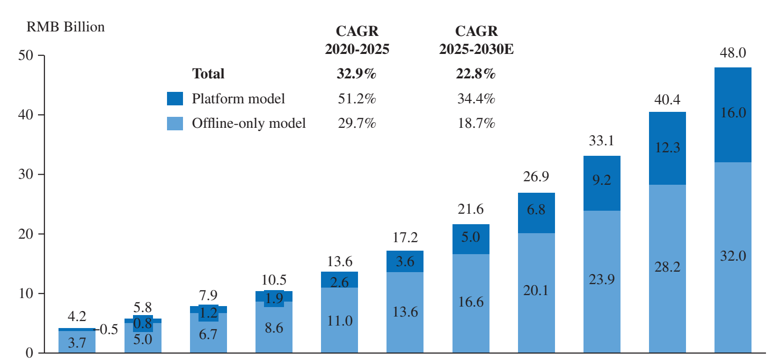


Source: National Bureau of Statistics of the PRC, State Administration for Market Regulation, China Insights Consultancy

In terms of service and delivery, China's cross-border e-commerce compliance service industry is gradually transitioning from early offline manual agency models toward platform models, which refer to services processed and delivered through online platforms, and is increasingly evolving into intelligent platforms empowered by AI. The platform model significantly reduces labor costs for sellers through process standardization and automation, achieving a leap in service accuracy and efficiency. Leading enterprises have further achieved cost reduction and efficiency gains through technological breakthroughs such as direct API connections, Robotic Process Automation (RPA), multilingual OCR recognition, and automated mail processing. Building on this foundation, AI agents are applied across core service scenarios, including compliance status checking, invoice recognition, trademark naming, accounting and tax filing, and intelligent translation, supporting high-accuracy task execution and continuously improving performance through ongoing optimization, thereby enabling an intelligent upgrade of the entire cross-border e-commerce compliance service value chain.

The market size of China's cross-border e-commerce compliance platform market grew from RMB0.5 billion in 2020 to RMB3.6 billion in 2025, representing a CAGR of 51.2%. It is projected to grow at a CAGR of 34.4% over the next five years, reaching RMB16.0 billion by 2030. The platform penetration rate of China's cross-border e-commerce compliance market is expected to increase from 21.2% in 2025 to 33.4% in 2030.

China's Cross-border E-commerce Compliance Service Market Size, by Business Model, in Terms of Sales Value, 2020-2030E



Source: China Insights Consultancy

By 2030, the number of cross-border e-commerce sellers in China and globally is projected to reach approximately 2.6 million and 4.4 million, respectively. Assuming a 100% penetration rate for compliance services, and taking into account historical industry average service fees by service category and the expected expansion of compliance service categories used by sellers, the average service fee per seller for China and global cross-border e-commerce compliance services is estimated at nearly RMB55,000 and over RMB60,000, respectively. Accordingly, the TAM for China and global cross-border e-commerce compliance services could reach RMB141.0 billion and RMB267.3 billion in 2030, respectively.

Drivers and Future Development Trends

The primary drivers and future development trends of the cross-border e-commerce compliance service industry are as follows:

– *Rapid development of global cross-border e-commerce.* The global cross-border e-commerce market continues to expand as online consumer demand strengthens. Taking the Chinese market as an example, transaction volumes maintain high-speed growth driven by the increasing maturity of the e-commerce ecosystem and the rising recognition of "Made in China" and "Chinese Brands" among overseas consumers. In 2025, China's cross-border e-commerce market reached RMB5.1 trillion and is projected to grow at a CAGR of 12.8% from 2025 to 2030, reaching RMB9.3 trillion by 2030, further fueling the demand for compliance services.

– *Increasingly stringent and diverse regional policies across different jurisdictions.* Sellers may face compliance obligations across multiple jurisdictions, with frequent updates in these requirements. This creates significant pain points for sellers, such as substantial increase in compliance costs and information barriers. Consequently, enterprises are shifting from aggressive growth toward refined and compliant operations. The AI capabilities of compliance service providers are increasingly embedded across policy monitoring, regulatory interpretation, compliance matching and obligation identification, enabling overseas sellers to identify and fulfill applicable regulatory requirements more efficiently, while reducing compliance costs and operational risks.

– *Continuous expansion of seller client base.* Cross-border e-commerce compliance services will continue to penetrate a broader range of seller client groups, including those in diverse target country markets and industries. At present, the client base for this industry consists primarily of domestic sellers. However, it is expected to expand to global sellers in the future.

– *Expansion of compliance services.* On the one hand, compliance service providers are expanding their reach across traditional e-commerce platforms, social e-commerce platforms, and independent sites to address clients' compliance needs. On the other hand, compliance is shifting from store-level to product-level, with growing demand for one-stop platforms to meet increasingly diverse compliance requirements. This trend is expected to enhance customer stickiness and position compliance service providers as one-stop cross-border e-commerce compliance infrastructure builders.

– *AI-driven intelligent upgrade of compliance platforms.* As the needs of cross-border e-commerce sellers become increasingly complex, compliance platforms will evolve toward greater intelligence, more verticalized capabilities and more outcome-oriented delivery models within an ecosystem supported by the widespread application of AI. By deploying AI agent networks and agent harnesses across the full compliance service workflow, platforms can coordinate resources to rapidly generate precise execution plans for sellers' multi-platform and multi-product compliance needs. Furthermore, AI agents enable swift alignment with the evolving requirements of global regulatory authorities and e-commerce platforms by leveraging direct API integrations and real-time policy tracking to continuously update compliance rules, helping sellers efficiently verify and meet product entry requirements to keep pace with the rapid expansion of global cross-border e-commerce. As a result, compliance platforms can evolve from single-point tools into one-stop platform models embedded in sellers' business processes. With ongoing investment in advanced information technologies, the industry is expected to continue its intelligent development, which may further enhance efficiency and optimize costs for clients, suppliers, and service providers.

Industry Challenges

While the cross-border e-commerce compliance service industry is developing rapidly, it still faces challenges. The primary challenges are as follows:

– *Volatile international trade policy environment.* Regulatory policies in global markets are characterized by frequent updates and regional differentiation. Such policy uncertainty compels compliance service providers to establish global policy monitoring systems to help clients manage chain reactions, such as potential tax filing restructurings and product certification updates. Any delay in response to policy changes can result in significant operational risks for clients.

– *Increased supervision and penalties by e-commerce platforms.* To align with various national government policies, cross-border e-commerce platforms are continuously strengthening their scrutiny of sellers, establishing stricter mechanisms to make compliance reviews more proactive and detailed. Taking Amazon as an example, from 13 July 2025, the platform required that product compliance test reports submitted by sellers must originate from its officially recognized laboratories. Sellers must inspect all previously submitted reports or resubmit them for review within a short timeframe to prevent product removals and ensure business continuity. Compliance service providers must help clients establish an end-to-end compliance system, and provide rapid responses to maintain stable operations.

– *High requirements for technology and data management capabilities.* With the full implementation of global data privacy regulations, compliance service providers must build more sophisticated data security protection systems. This includes obtaining international standard certifications such as ISO 27701 and applying technologies such as cloud encryption and firewalls to ensure 24/7 data security and zero data loss. Additionally, extensive research and coordination are required to connect to the official systems and platform data APIs of various countries. Technologies must continuously evolve to adapt to the diverse API specifications.

IMPACT OF AI ON THE GLOBAL AND CHINA'S CROSS-BORDER E-COMMERCE COMPLIANCE SERVICE INDUSTRY

AI Agents and Underlying Technology Infrastructure

AI agents are intelligent systems with autonomous perception, memory, decision-making, interaction and execution capabilities, and represent an important form of AI products and services. Based on user inputs, they orchestrate the entire end-to-end workflow, seamlessly coordinating intent understanding, step planning, intelligent scheduling, security control, and final outcome delivery. With reference to the AI agent maturity framework proposed by the China Academy of Information and Communications Technology, AI applications can be classified into five levels from L1 to L5 based on interaction methods, degree of autonomy and task complexity. Such levels generally range from L1 basic intelligence, which mainly supports low-complexity and repetitive tasks through traditional AI-embedded software, to L5 super intelligence, which is capable of self-iteration, self-learning and autonomous completion of unknown cross-domain tasks. Key infrastructure capabilities supporting AI agents generally include: (i) *Perception and reasoning capabilities.* Foundation models, including LLMs (large language models) and multimodal models, provide natural language understanding, multimodal perception, reasoning, planning and generation capabilities; (ii) *Planning and execution capabilities.* Complex business workflows can be decomposed into executable steps and encapsulated into reusable AI-enabled capabilities, while scheduled tasks and rule-based triggers support recurring monitoring, information capture, status updates and alerts; (iii) *Knowledge and intelligent coordination capabilities.* Intelligent coordination capabilities enable AI agents to coordinate agentic skills, APIs (application programming interfaces), RPA (robotic process automation), and enterprise systems, while domain-specific knowledge and memory provide contextual information and execution details to support complex workflows with high precision; and (iv) *Security control and outcome delivery capabilities.* AI agents implement multi-layered guardrails throughout execution to ensure operational safety and deliver reliable, traceable outcomes. Furthermore, user feedback, retry mechanisms, and end-to-end audit trails continuously refine workflows to improve future deliveries.

AI Agents in Cross-border E-commerce Compliance Services

Cross-border e-commerce compliance services are characterized by high complexity, strong knowledge intensity, outcome oriented delivery, with high requirements for regulatory expertise and service reputation. As service delivery typically involves coordinated processes across demand assessment and service matching, supplier coordination and quotation where relevant, document processing and filing, and post-filing tracking and outcome delivery, leading service providers have established robust enterprise-level AI capabilities with unified agent harnesses to significantly improve operational efficiency, expand their competitive edge, and capture new market growth. Under this framework, externally, leading service providers usually offer a single unified interface to simplify the user journey, enabling sellers to easily submit requests, identify compliance obligations, and obtain outcomes. Internally, leading service providers deploy enterprise-level AI agent networks to drive seamless coordination and end-to-end automation across core business scenarios, including regulatory monitoring, product development, supplier sourcing, document review, declaration generation, exception handling, and progress tracking. Representative AI application scenarios in the cross-border e-commerce compliance service industry include:

- *Information processing and compliance workflow automation.* By continuously scanning updated regulatory policies, AI agents help build domain-specific knowledge bases and interpret compliance requirements across different platforms, countries, and product categories. Powered by these insights, AI agents can extract, classify, verify and structure compliance documents for downstream compliance workflows, while automating recurring and rules-based compliance workflows, such as tax calculation, filing preparation, service order review, EPR registration and product compliance submission. For example, in tax filing scenarios, AI agents can identify invoice information relating to deductible items, automatically extract key data and populate the relevant filing fields. Such applications support the standardization of tax filing workflows, reduce reliance on manual data entry and enable service providers to deliver filing services with greater traceability and reliability.

- *Business development and decision support.* Compliance service providers must constantly monitor regulatory shifts, market demands, and competitive dynamics to identify new service opportunities and evaluate their commercial feasibility. AI agent network can help systematically accelerate regulatory research, supplier mapping, and preliminary feasibility analysis. For example, when expanding global EPR compliance services, especially across complex jurisdictions such as the EU, US, and Canada, service providers can deploy specialized AI agents to assist in regulatory research, supplier inquiry and preliminary service feasibility analysis, and in selected use cases have shortened new compliance service research and document organization. Such applications help sales teams respond more quickly to customer requests, reduce potential order loss caused by gaps in service coverage, and support service providers in expanding coverage across markets, platforms and compliance categories.

COMPETITIVE LANDSCAPE OF THE GLOBAL AND CHINA'S CROSS-BORDER E-COMMERCE COMPLIANCE SERVICE INDUSTRY

Competitive Landscape

According to the CIC Report, the competitive landscapes of the global and China's cross-border e-commerce compliance service industry are relatively fragmented, with the top five players accounting for approximately 4.4% and 7.8%, respectively. The Company is the largest cross-border e-commerce compliance service provider both globally and in China, with market shares of 1.7% and 4.6%, respectively (by 2025 sales value). In China's cross-border e-commerce compliance service market, the Company's 2025 sales value exceeded the combined total of the players ranked second to eighth. Among service providers operating under the platform model, the Company also ranks first in China's cross-border e-commerce compliance platform market, with a market share of 21.5% (by 2025 sales value).

Ranking and Market Share of the Global Cross-border E-commerce Compliance Service Market by Sales Value, 2025

Rank	Company Name	2025 Sales Value (RMB100 million)	2025 Market Share
1 . . .	**The Company**	**8.2**	**1.7%**
2 . . .	Company A	4.9	1.0%
3 . . .	Company B	3.7	0.7%
4 . . .	Company C	2.6	0.5%
5 . . .	Company D	2.0	0.4%

Source: China Insights Consultancy

Notes:

Company A is a privately held company founded in 2004. Headquartered in Washington, USA, it primarily provides cross-border e-commerce compliance services.

Company B is a privately held company founded in 2012. Headquartered in Southampton, UK, it primarily provides cross-border e-commerce compliance and logistics services.

Company C is a privately held company founded in 2018. Headquartered in Budapest, Hungary, it primarily provides cross-border e-commerce compliance services.

Company D is a privately held company founded in 2017. Headquartered in Shenzhen, China, it primarilyprovides cross-border e-commerce compliance services.

Ranking and Market Share of China's Cross-border E-commerce Compliance Service Market by Sales Value, 2025

Rank	Company Name	2025 Sales Value (RMB100 million)	2025 Market Share
1 . . .	**The Company**	**7.8**	**4.6%**
2 . . .	Company D	2.0	1.2%
3 . . .	Company E	1.6	0.9%
4 . . .	Company F	1.0	0.6%
5 . . .	Company G	1.0	0.6%

Source: China Insights Consultancy

Notes:

Company D is a privately held company founded in 2017. Headquartered in Shenzhen, China, it primarily provides cross-border e-commerce compliance services.

Company E is a privately held company founded in 2007. Headquartered in Manchester, UK, it primarily provides cross-border e-commerce compliance, warehousing, and logistics services.

Company F is a privately held company founded in 2013. Headquartered in Shenzhen, China, it primarily provides cross-border e-commerce compliance, warehousing, logistics, and cross-border insurance services.

Company G is a privately held company founded in 2008. Headquartered in London, UK, it primarily provides cross-border e-commerce compliance services.

Key Success Factors

China's cross-border e-commerce compliance service industry has high entry barriers. The key success factors are as follows:

– *One-stop compliance service capabilities.* Cross-border e-commerce sellers face complex compliance requirements across multiple platforms, jurisdictions, product types and compliance categories, including tax, environmental compliance, product testing and certification, and intellectual property protection. Leading service providers with broad service coverage and integrated fulfillment capabilities are better positioned to provide one-stop compliance services, enabling sellers to manage cross-country, cross-platform and cross-product compliance needs through a single platform. Such capabilities are increasingly important as compliance requirements expand from store-level to product-level and sellers require more comprehensive support across their business operations.

- *Enterprise-level AI capabilities.* Leading service providers with large-scale service experience, established technology infrastructure and accumulated industry know-how are better positioned to build enterprise-level AI capabilities through AI agent networks and agent harnesses. Internally, they can support automated task decomposition, document processing, workflow execution, exception handling and progress tracking, enabling service providers to handle more complex scenarios and higher order volumes with greater standardization and scalability. Externally, customer-facing AI agent interfaces provide a highly simplified user experience, enabling sellers to easily submit requests, identify compliance obligations, and track progress through streamlined interactions. By transforming fragmented compliance tasks into coordinated, traceable, and outcome-oriented workflows, service providers with these enterprise-level AI capabilities can significantly improve operational efficiency, accelerate delivery, and strengthen their long-term competitive advantage.
- *Good customer reputation and strong customer accumulation capabilities.* China's cross-border e-commerce compliance service market is still developing, and service providers with a good market reputation are more likely to gain client trust and achieve continuous customer acquisition. As compliance services become more deeply embedded in sellers' business processes, service providers that retain historical compliance records, filing data and workflow records can better support service continuity for sellers. Sellers may also face higher switching costs relating to system adaptation, data migration and continuity of ongoing compliance matters. Strong customer reputation and accumulation capabilities therefore help reduce customer acquisition costs, improve customer stickiness and support long-term repurchase.
- *Excellent customer service quality and delivery reliability*. Chinese cross-border e-commerce sellers increasingly prioritize the quality and reliability of compliance services, including metrics such as response speed, application success rates, and the breadth of compliance coverage. Leading providers focus on client needs, assisting them in achieving overseas compliance with greater efficiency, more predictable service delivery and at a lower cost compared to smaller competitors. Consequently, top-tier providers generally achieve higher customer stickiness and repurchase rates.
- *Long-term advantages in overseas supply-side resources, connectivity and qualifications.* Some leading compliance service providers have operated in this sector for many years, and have accumulated extensive overseas resources, including local service teams, professional partners, supplier networks, and relevant qualifications in key target markets. They can directly and efficiently interconnect with regional compliance resources, tax authorities, other regulatory bodies and major e-commerce platforms through API integrations, thereby reducing manual intervention, improving data accuracy and traceability, and shortening service delivery cycles. New entrants find it difficult to accumulate sufficient overseas resources, connectivity and qualifications within a short timeframe.

SOURCE OF THE INDUSTRY INFORMATION

We engaged CIC, an independent market research consultant, to analyze the global and China's cross-border e-commerce compliance service industries and prepare a report for use in this document at a fee of RMB614,800. CIC prepared the report based on data published by government agencies and non-governmental organizations, as well as its primary and secondary research. CIC utilized various resources for its primary and secondary research. Primary research involved conducting interviews with key industry experts and leading market participants. Secondary research involved analyzing data from multiple publicly available sources.

The forecasts and assumptions provided in the CIC Report are inherently uncertain due to events or combinations of events that cannot be reasonably foreseen, including, but not limited to, actions by governments, consumers, competitors, and other third parties. Specific factors that may cause actual results to differ materially include, among others, the inherent risks of the cross-border e-commerce compliance service market, social and economic factors, supply risks, regulatory risks, environmental issues, labor risks, financing risks, and force majeure or unforeseeable events. Unless otherwise stated, all data and forecasts contained in this section are derived from the CIC Report. After reasonable and careful consideration, our Directors confirm that there has been no material adverse change in the overall market information since the date of the CIC Report which would constitute a material limitation, contradiction, or impact on such information.

OVERVIEW OF LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN PRC

Overview

Our business activities are comprehensively regulated by applicable PRC laws, administrative regulations, and departmental rules at multiple levels, covering company law, foreign investment, online trading, value-added telecommunications services, cybersecurity, personal information protection, intellectual property, labor and social security, foreign exchange & offshore investment, and taxation.

The summary of key PRC legal and regulatory requirements applicable to our business operations are outlined below:

Legal Supervision over Company Law

The Company Law of the PRC was recently revised on December 29, 2023 and became effective on July 1, 2024. It governs the establishment, organization, governance, and dissolution of companies in the PRC, introducing reforms including a five-year capital contribution deadline for limited liability companies, authorized capital system for joint stock companies, and enhanced shareholder rights protection. As the Company is a PRC-incorporated joint stock company seeking H-share [**REDACTED**], the Company Law is directly applicable.

Legal Supervision over Foreign Investment

PRC's foreign investment regulation centers on the Foreign Investment Law of the PRC (effective January 1, 2020), which establishes a negative list regime governing foreign investors' market access into PRC. Under this regime, the State adopts the management system of pre-establishment national treatment and negative list for foreign investment, foreign investors shall comply with the negative list as promulgated and amended from time to time for market access purposes, and shall submit investment information to the commerce authorities in accordance with the reporting requirements. Cross-border e-commerce compliance service industry is generally a permitted foreign investment industry.

Legal Supervision over Securities and Overseas Listing

The Securities Law of the PRC (2019 Revision) and the Overseas Listing Trial Measures establish a filing-based regime for domestic companies seeking overseas listing. As an H-share [**REDACTED**], the Company is subject to direct overseas [**REDACTED**] regulations, including CSRC filing requirements and the H-share "Full Circulation" mechanism for converting domestic unlisted shares to overseas [**REDACTED**] shares. As a PRC-incorporated joint stock company directly [**REDACTED**] on the Hong Kong Stock Exchange, the Company's H-share [**REDACTED**] constitutes a "direct" overseas [**REDACTED**] under the Overseas Listing Trial Measures.

Legal Supervision on Online Trading and Internet Advertising

PRC's e-commerce sector is primarily governed by the E-commerce Law of the PRC. This law establishes a comprehensive regulatory framework for e-commerce activities. It mandates that self-operated platforms fulfill obligations including business registration, truthful advertising, and compliance with consumer protection and data security rules.

Legal Supervision over Value-added Telecommunications Services

The Telecommunication Regulations of the PRC and related rules require licenses for operation of value-added telecommunications services in China. China's value-added telecommunications regulations generally impose a 50% foreign equity cap on Sino-foreign joint ventures with exception such as e-commerce. Pursuant to the April 2024 pilot program launched in Beijing, Shanghai, Hainan, and Shenzhen, foreign ownership restrictions have been lifted for IDC, CDN, ISP, and certain information services, permitting wholly foreign-owned operations upon obtaining approval of MIIT. The current business of Shenzhen Oushuitong does not subject to the 50% foreign equity cap requirement.

Legal Supervision over Inspection, Testing and Certification

The inspection and testing agencies in China are regulated by the Metrology Law of the PRC and relevant regulations. SAMR oversees national CMA accreditation, with provincial departments handling regional approvals. Inspection and testing agencies must meet legal, technical, facility, and management requirements to ensure independent, fair testing services.

Legal Supervision over Cyber Security

China's cybersecurity regulatory framework is anchored in the Cyber Security Law of the PRC, which collectively impose obligations on network operators concerning multi-tiered security protection, data classification and categorization, restrictions on cross-border data transfers, and lawful processing of personal information.

Legal Supervision over Internet Personal Information Protection

China's personal information protection framework centers on the Civil Code and Personal Information Protection Law of the PRC, supplemented by the Regulation on Cyber Data Security Management. It mandates lawful processing based on a legitimate basis, distinguishes sensitive personal information, imposes cross-border transfer restrictions, and establishes strict enforcement mechanisms.

Legal Supervision over Intellectual Property Rights

Patent, trademark, copyright (including computer software) and domain names in PRC are regulated by dedicated laws and regulations. The first-to-file principle applies to patents, trademarks and domain names, each with corresponding protection periods, competent authorities and right exercise rules. Computer software is also entitled to special industrial support policies issued by the State Council, and unauthorized use of such intellectual property constitutes an infringement.

Legal Supervision over Labor Protection and Social Insurance

Laws and regulations are enacted in PRC to regulate labor protection and employee benefits including social insurance and housing provident fund. Employers shall establish workplace safety and health systems, sign written labor contracts with employees, and pay statutory wages and overtime remuneration in accordance with the law. They shall make full and timely payment of social insurance premiums and housing provident fund, with fines and compulsory enforcement applicable for non-compliance. Social insurance premiums have been collected by tax authorities since 2019, implemented on a provincial basis.

Legal Supervision over Foreign Exchange

China's foreign exchange regime is governed by the Foreign Exchange Administration Regulations and SAFE rules, subjecting cross-border capital flows to registration and approval requirements. For payment of current account items, RMB can be converted into foreign currency without the approval of the SAFE, subject to certain procedural requirements, the conversion of RMB into foreign currencies and the remittance of foreign currencies out of the PRC for capital account items shall be approved by or registered with the SAFE or its local authorities or its designated banks in advance.

For H-share companies, foreign exchange regulations governing overseas listing proceeds, cross-border capital flows, and employee stock incentive plans remain applicable. The Company, as a PRC-incorporated entity [**REDACTED**] overseas, is subject to foreign exchange registration and reporting requirements with SAFE or its local branch.

Legal Supervision over Overseas Investment

The PRC has formulated rules to regulate enterprises' outbound investments, with MOFCOM and NDRC governing approval/filing for sensitive/non-sensitive projects and issuing relevant certificates. Domestic entities' overseas reinvestment via subsidiaries without financing support from PRC entities requires post-completion reporting to MOFCOM. Upon securing investment approval, enterprises shall complete foreign exchange registration with local banks per SAFE's provisions.

Regulations Relating to Stock Incentive Plans

Under the SAFE rules, PRC citizens and non-PRC citizens who reside in China for certain period and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE.

Legal Supervision over the Tax in PRC

PRC tax laws govern EIT, VAT and transfer pricing with specific rules. Resident enterprises pay 25% EIT on global income, non-residents 25% or 10% on PRC-sourced income, with reduced withholding tax under tax treaties, and tax-avoiding indirect asset transfers by non-residents are deemed direct transfers. VAT applies to PRC goods and services at 13%, 9% and 6% after multiple adjustments, and the new VAT Law takes effect in 2026 replacing interim regulations. Related-party transactions must comply with the arm's length principle; tax authorities may adjust non-compliant deals and qualified enterprises need to prepare contemporaneous documentation.

Overseas Listing Regulations

In 2023, the CSRC launched a filing-based regime for domestic enterprises' direct/indirect overseas listing, with explicit prohibitions on listing in five specific circumstances; the CSRC also issued confidentiality rules requiring approval/filing for disclosing state secrets and onshore retention of relevant working papers.

For details of the legal requirements in the above sectors, as well as other general sectors including labor and intellectual property protection, please refer to Appendix IV to this document.

OVERVIEW OF LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN SPAIN

General Regulations

The main regulation applicable to Spanish subsidiaries of our Company are (i) the Spanish Corporate law (which includes all the regulatory rules of a corporate company, liability and rights of shareholders and directors, among others) and (ii) Royal Decree 1784/1996, of July 19, approving the Commercial Registry Regulations, which establish the bases and requirements for them to be duly constituted, registered, and operational from a commercial perspective.

EU Authorized Representative

An EU Authorised Representative (EU-REP) is a natural or legal person based in the European Union who has received a written mandate or agreement from a manufacturer based outside the European Union, authorising them to act on their behalf before the competent authorities of EU Member States. The application and regulation of this role vary depending on the specific sector, and could be at EU and/or local level. The main rules, as example, are EU Regulation 2023/988 on General Product Safety (GPSR) and Directive 2006/42/EC and Regulation 2023/1230 on machinery safety.

At the local level, Spain incorporates the regulation of the authorized representative through the direct application of EU Regulations in sectors where such a representative is mandatory (e.g., CE marking or GPSR).

Main General Tax Obligations

As Spanish resident company, it is important to comply with Spanish tax regulations such as being register at census declaration, corporate tax and comply with Spanish VAT regulation. If the company also carries out transactions with other European Union member states, it must submit form 349 (Informative Declaration. Recapitulative statement of intra-Community transactions) and have an intra-Community operator registration number (ROI).

Real Estate: Leasing and Subleasing

As a general rule, the leasing of offices and premises is subject to the principle of freedom, unless the law states otherwise.

Urban leases are currently governed by the revised text of the Urban Lease Law (LAU), approved on 24 November 1994. In particular, Title III deals with leases for purposes other than housing.

Employment

In Spain, labour relations are generally regulated by Royal Legislative Decree 2/2015 of October 23, which approves the Workers' Statute, without prejudice to collective bargaining agreements that may regulate important issues relating to labour relations for employees: This is done through collective agreements, i.e., agreements signed between employees' representatives and employers to regulate employment conditions in the chosen area (sub-company, company, or sector).

Data Protection

The general data protection regime for companies in Spain is governed by the European GDPR (General Data Protection Regulation) and the Spanish LOPDGDD (Organic Law 3/2018, of December 5, on Personal Data Protection and Guarantee of Digital Rights), which complements the GDPR, requiring companies to protect the personal data of their customers, employees, and suppliers, and to comply with the laws and regulations. Spanish companies must implement adequate security measures to protect the personal data they collect, process, and store.

In general, all individuals have the right to know what personal data is being collected and how it is being used, as well as the right to access, rectify, delete, object to the processing of, and limit the use of their personal data. Spanish companies must respect these rights and facilitate their exercise.

For details of the relevant principal legal and regulatory provisions relevant to our business in Spain, please refer to Appendix IV to this document.

OVERVIEW OF LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED KINGDOM

Overview

The Group conducts its UK operations through six subsidiaries incorporated in the United Kingdom (the "UK Subsidiaries"), which are subject to applicable UK laws including corporate, financial services, anti-money laundering and data protection legislation.

Legal Supervision over Corporation

Each UK Subsidiary of our Company is incorporated as a private limited company under the Companies Act 2006, the principal legislation governing companies in the United Kingdom. The Act regulates corporate governance, directors' duties, shareholder rights, financial reporting and filing obligations. Foreign shareholders may establish and hold interests in UK companies without prior governmental approval.

Legal Supervision over Data Protection and Privacy

Personal data processing by the UK Subsidiaries is governed primarily by the UK General Data Protection Regulation ("UK GDPR") and the Data Protection Act 2018, which set out principles governing lawful processing, data security requirements, and restrictions on cross-border transfers. The UK Subsidiaries must implement appropriate technical and organisational measures to protect personal data and may face fines of up to the higher of €20 million or 4% of annual worldwide turnover for serious infringements. Following the United Kingdom's withdrawal from the European Union, transfers of personal data to countries outside the UK (including Hong Kong) require appropriate safeguards.

Legal Supervision over Product Safety and Product Liability

To the extent that the UK Subsidiaries manufacture, import, distribute or supply products in the United Kingdom, they are subject to UK product safety legislation and to civil liability for defective products.

Product safety in Great Britain is governed principally by the General Product Safety Regulations 2005 (the "GPSR 2005"), which require producers to place only safe products on the market and impose duties of due care on distributors, supplemented by product-specific legislation covering, among other matters, electrical and electronic equipment, machinery, toys and batteries. Products must, where the applicable regime so requires, undergo conformity assessment and bear the UKCA marking, although CE marking continues to be recognised in Great Britain on an indefinite basis for most product categories. Separate rules apply in Northern Ireland under the Windsor Framework. Enforcement is undertaken by the Office for Product Safety and Standards and local authority trading standards services, whose powers include requiring the withdrawal or recall of unsafe products, and non-compliance may constitute a criminal offence.

The Product Regulation and Metrology Act 2025 confers broad powers to make secondary legislation reforming this regime, and consultations published in March 2026 propose a new framework to replace the GPSR 2005, including express duties for online marketplaces.

Civil liability arises principally under Part I of the Consumer Protection Act 1987, which imposes strict liability, without proof of fault, on producers, own-branders and importers into the United Kingdom for death, personal injury or damage to private property caused by a defective product, and which cannot be excluded or limited by contract or notice. Claims may also be brought in contract, principally under the Consumer Rights Act 2015, and in negligence.

Regulatory Risk

The UK regulatory environment applicable to corporate governance, financial services, payment services, anti-money laundering and data protection is complex and subject to change. Regulatory developments, including those arising from the United Kingdom's withdrawal from the European Union and the UK government's review of retained EU law, may result in additional compliance obligations or costs for the UK Subsidiaries. Changes to the scope of regulated activities, amendments to AML/CTF legislation, divergence between UK and EU data protection standards, or changes to corporate governance requirements could adversely affect the Group's business, financial condition and results of operations.

For details of the relevant principal legal and regulatory provisions relevant to our business in the UK, please refer to Appendix IV to this document.

OVERVIEW OF LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN GERMANY

Legal Supervision over Product

The relevant product safety law consists of the Market Surveillance Regulation (EU) 2019/1020, the German Market Surveillance Act (Marktüberwachungsgesetz — MüG), the General Product Safety Regulation (GPSR) ((EU) 2023/988), the German Product Safety Act (Produktsicherheitsgesetz — ProdSG, as amended with effect from February 19, 2026), and product-group-specific regulations, e.g. Directive 2012/19/EU of July 4, 2012, for electronics, the Battery Regulation of July 12, 2023 (Regulation (EU) 2023/1542) and the Battery Law

Implementation Act (BattDG), and for packaging, Regulation (EU) 2025/40 (which repealed and replaced the former Packaging Directive (94/62/EC) with effect from August 12, 2026) together with its German implementing act, the Verpackungsrecht-Durchführungsgesetz (VerpackDG), which likewise entered into force on August 12, 2026. These rules are compulsory and cannot be excluded or modified by contractual agreement.

Whilst the Market Surveillance Regulation applies to harmonized products, the GPSR applies to non-harmonized products. It replaces the former General Product Safety Directive (Directive 2001/95/EC). Products placed on the market before December 13, 2024 are subject to old law.

To place products on the market, it is mandatory that there is at least one economic operator established in the EU (Article 16(1) of the GPSR; Article 4(1) of the MSR). Hence the need for EU representatives in e-commerce and direct B2C business. The representatives are required to acquire, retain, and provide documentation about the products, so authorities can easily gain access to product information. Generally, it remains the duty of the manufacturer to ensure the products comply with safety regulations and are non-hazardous. However, the law aims at ensuring that all operators have some form of onboard product controlling. A breach of legal obligations by representatives may lead to an administrative fine of up to EUR 100,000.

The Product Liability Directive (EU) 2024/2853 establishes a harmonised regime for liability caused by defective products within the EU. It replaces the earlier Directive 85/374/EEC. EU Member States will bring into force the provisions necessary to comply with this Directive by December 9, 2026. In Germany, a government bill (the "Entwurf eines Gesetzes zur Modernisierung des Produkthaftungsrechts," Bundestag Drucksache 21/4297) to replace the current Product Liability Act (ProdHaftG) in its entirety had its first reading in the Bundestag on March 4, 2026 and, following a committee hearing in April 2026, remains before the Committee for Legal Affairs and Consumer Protection. It has not yet been enacted, with entry into force intended on December 9, 2026, in line with the Directive's transposition deadline.

Once Germany completes the transposition of the provisions of this Directive into national law, authorized representatives will be held liable for damages caused to third parties by products. This will significantly increase the operational risk.

Furthermore, liability can arise from German law of tort, primarily codified in Sections 823—853 of the German Civil Code (BGB). Representatives can be exposed to liability as an accessory pursuant to Section 830 BGB if they knowingly or negligently assist a manufacturer in providing a faulty, hazardous, or non-compliant product to the EU market.

Legal Supervision over Data Protection

Relevant data protection law is the EU General Data Protection Regulation (EU) 2016/679 (GDPR), which applies directly and with priority. The German Federal Data Protection Act (BDSG) and the Telecommunications and Digital Services Data Protection Act (TDDDG).

Non-EU companies subject to the GDPR pursuant to Article 3(2) GDPR are required to designate a representative in accordance with Article 27 GDPR. EU representatives assume a legally distinct function under EU data protection law, subject to the limited statutory exceptions set out in Article 27(2) GDPR.

Legal Supervision over Other Matters

Relevant IP law is codified in the German Patent Act (PatG), the European Agreement on a Unified Patent Court, and the German Design Act (DesignG). Further relevant legislation can be found in competition law, provided by the German Unfair Competition Act (UWG), and brand law, codified within the European Union Trade Mark Regulation (EUTMR) and the German Trademark Act (MarkenG)

For details of the relevant principal legal and regulatory provisions relevant to our business in Germany, please refer to Appendix IV to this document.

Tax Laws

The German tax system comprises two basic categories, namely direct and indirect taxes. For direct taxes, the taxable entities bear the ultimate tax burden, e.g. income tax, corporation tax and trade tax. For indirect taxes, the tax debtor transfers the tax burden to another party.

Direct tax

The taxation of German companies depends on the entity's legal form. Corporations are treated as non-transparent for tax purposes, i.e. that the taxable profit is subject to taxation at the level of the corporation itself. Profits of corporations are subject to corporation tax (*Körperschaftssteuergesetz*; "**KStG**"), solidarity surcharge and trade tax (*Gewerbesteuergesetz*; "**GewStG**").

(a) Corporation Tax Act (KStG)

Corporation tax is the income tax for corporations such as a liability limited company (*Gesellschaft mit beschränkter Haftung*; "**GmbH**") or a stock corporation (*Aktiengesellschaft*, "**AG**"). The tax is calculated based on the taxable income earned during the calendar year. Corporation tax is levied at the rate of 15% on taxable profits. In addition, a solidarity surcharge of 5.5% is applied to the corporation tax, resulting in an effective total tax rate of 15.825%.

(b) Trade Tax Act (GewStG)

All commercial businesses operating in Germany are also subject to trade tax (*Gewerbesteuer*). A business is considered to operate in Germany if it maintains a permanent establishment, i.e. a place of business, in the country. The activities of a corporation such as a GmbH are always regarded as commercial business operations. Trade tax is assessed and collected by the relevant local authority, which also sets the applicable tax rate. Consequently, rates vary by municipality, ranging from approximately 13% to 18% of taxable business income, with smaller towns generally applying lower rates and larger cities higher rates.

Indirect tax, Value Added Tax

In addition, all sales of goods and services are subject to value-added tax (VAT). Standard VAT under the Value Added Tax Act (*Umsatzsteuergesetz*; "**UStG**") in Germany is 19%, with a reduced rate of 7% applicable to certain goods and services. Intra-EU deliveries and exports are subject to special VAT rules to ensure proper tax treatment across borders.

OVERVIEW OF LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN FRANCE

The Company's activities in France are subject to a range of legal and regulatory frameworks primarily relating to corporate law, employment and labor regulations, taxation, and fiscal representation requirements. These frameworks are mainly governed by the French Commercial Code, the Civil Code, the Labor Code, the General Tax Code and related administrative guidance, as well as applicable secondary regulations and established administrative practice.

From a corporate law perspective, business entities incorporated or operating in France must comply with statutory requirements concerning their legal form, governance structure, shareholder liability, capital organization and ongoing filing and disclosure obligations. Companies are generally required to maintain up-to-date constitutional documents, register with the relevant commercial registry, file annual financial statements within statutory deadlines and notify authorities of significant corporate changes. Failure to comply with such obligations may result in administrative sanctions, civil liability of management and, in serious cases, judicial measures affecting the company's legal standing.

Employment relationships in France are governed by mandatory labor law provisions designed to ensure employee protection and social stability. Employers may be required to comply with rules concerning employment contracts, minimum wage, working time, paid leave entitlements, occupational health and safety standards, and collective bargaining agreements applicable to their sector of activity. In addition, employers are subject to social security registration and periodic declaration obligations covering pension, unemployment, health and family benefit contributions. Non-compliance may lead to financial penalties, reassessments of contributions and, in certain circumstances, criminal liability.

Taxation of corporate and business activities in France is principally governed by the General Tax Code and related administrative doctrine. Companies operating in France may be subject to corporate income tax on their profits, value added tax on taxable transactions, and local business taxes based on property occupancy and value added. Compliance obligations typically include tax registration, invoicing in accordance with statutory requirements, periodic tax filings and payment of assessed taxes within prescribed deadlines. Failure to comply with tax obligations may result in reassessment procedures, late payment interest and administrative penalties.

Where applicable, entities engaging in fiscal representation activities in France, particularly in relation to value added tax compliance for taxable persons established outside the European Union, are subject to specific eligibility, solvency and compliance conditions. Fiscal representatives may act in the name and on behalf of foreign entities for tax purposes and may be held jointly liable for certain tax obligations and compliance failures. Authorities retain discretionary powers to refuse or withdraw representative status where statutory conditions are not satisfied. Overall, the French regulatory environment applicable to the Company is comprehensive and subject to ongoing legislative and administrative developments, which may affect compliance obligations and operational costs.

For details of the relevant principal legal and regulatory provisions relevant to our business in France, please refer to Appendix IV to this document.

OVERVIEW OF LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN ITALY

Legal Supervision over Data Protection and GDPR Compliance

Organizations established in the EU, or operating outside the EU while offering goods or services to, or monitoring the behavior of, individuals in the EU, are subject to the GDPR. In Italy, GDPR is complemented by the Italian Privacy Code (Legislative Decree No. 196/2003, as amended by over time). Key provisions include a minimum age of 14 for minors' consent, strict rules on unsolicited marketing communications, and detailed requirements for cookies and tracking tools under the 2021 Garante Guidelines. Supervision is carried out by the Italian Data Protection Authority (Garante), which can impose administrative fines up to EUR 20 million or 4% of global turnover, corrective measures, and, in some cases, trigger criminal liability.

Individuals who suffer material or non-material damage due to GDPR violations may seek compensation through civil courts. Administrative proceedings may also be initiated by supervisory authorities, potentially leading to inspections, fines, or processing bans that could significantly affect business operations.

Legal Supervision over Civil Liability of Directors and Management

Under Italian law, directors and senior management must act with diligence, comply with legal and corporate obligations, and apply principles of sound corporate governance. They may be held personally liable for damages caused to the company, shareholders, creditors, or third parties due to willful misconduct or gross negligence. Liability may also arise from inadequate supervision or unfair competition practices.

Legal Supervision over Corporate Administrative (Legislative Decree No. 231/2001)

Italian law establishes corporate liability for specific crimes committed in the interest or to the advantage of a company by its directors, managers, or employees. Companies may avoid liability by adopting and effectively implementing appropriate organizational and compliance models. Sanctions include fines, confiscation of proceeds, and disqualification measures, and may apply to foreign entities for offenses committed in Italy.

Legal Supervision over VAT Tax Representative

Resident representative holding an Italian VAT number through a formal deed or registered agreement. The purpose of this mechanism is to ensure that Italian tax authorities have a domestic point of contact for VAT compliance obligations of foreign entities.

The relationship between the non-resident entity and the VAT tax representative qualifies as a mandate with representation under Italian civil law. The representative acts in the name and on behalf of the foreign principal and is jointly and severally liable with the principal for VAT obligations arising from the transactions entrusted to them. Such liability does not stem from the mere existence of the mandate, but from the actual execution of irregular or non-compliant transactions carried out in the interest of the principal.

In practice, the VAT tax representative must comply with all core VAT obligations, including maintaining purchase and sales registers, performing periodic VAT settlements and payments, filing the annual VAT return, issuing invoices, and handling VAT-related data communications. The Italian tax authorities may notify assessment notices and penalties directly to the representative, and the Revenue Agency is entitled to recover penalties from the representative within the scope of joint and several liability.

Joint and several liability extends to unpaid VAT, penalties, and interest, and may also give rise to criminal liability under Legislative Decree No. 74/2000, including offenses related to failure to pay VAT. To mitigate tax risks, the law requires the provision of guarantees covering unpaid VAT, although such guarantees generally exclude penalties and interest unless expressly extended by contract or surety policy.

From a civil law perspective, the representative must perform the mandate with professional diligence and in accordance with the principal's instructions. While the substantive VAT position remains with the foreign principal, the representative may be liable towards the principal for damages resulting from improper performance of the mandate and remains fully liable in cases of willful misconduct or gross negligence.

For details of the relevant principal legal and regulatory provisions relevant to our business in Italy, please refer to Appendix IV to this document.

OVERVIEW

Our Mission

To safeguard the sustainable international expansion of global cross-border businesses.

Our Vision

To be part of every cross-border transaction worldwide.

Who We Are

We are an AI-empowered global platform for cross-border e-commerce compliance services. According to CIC, we were the largest cross-border e-commerce compliance service provider both globally and in China in terms of sales value in 2025, with our sales value exceeding the combined total of the second- to eighth-ranked market players in China in the same year. Additionally, we held the leading market share of 21.5% in China's cross-border e-commerce compliance platform market in terms of sales value in 2025.

As of June 30, 2026, we had served over 264,000 paying users cumulatively. We have experienced rapid and continuous business growth during the Track Record Period. Our revenue increased by 45.9% year-over-year to RMB350.5 million in 2024, and increased by 50.8% year-over-year to RMB528.5 million in 2025. Our revenue further increased by 65.6% to RMB385.9 million from the six months ended June 30, 2025 to the same period in 2026. As of the Latest Practicable Date, we had established four business segments, comprising corporate and tax compliance, environmental compliance, product testing and certification, and intellectual property protection ("**IPP**"). As of the same date, we managed over 6,000 active service SKUs in these segments across complex compliance scenarios in 121 countries and regions.

Cross-border sellers must continuously meet tax, environmental and other compliance obligations across jurisdictions. Complex regulations, differing standards and the need for specialist expertise make these obligations difficult to manage independently. Our global platform begins with EVAT MASTER, which we launched in 2020 to address this recurring demand through standardized services and subscription arrangements. EVAT MASTER brings previously fragmented offline services into a single online process that delivers quantifiable and verifiable compliance outcomes, allowing customers to devote more time and resources to their core operations. As our platform evolved to encompass a wider range of products, we became the first company globally to develop a full-stack cross-border e-commerce compliance platform, according to CIC.

Our primary objective is to deliver high-quality compliance outcomes through the most effective process. Since our inception, we have tracked changes in regulatory requirements across jurisdictions, platform compliance requirements, technology and customer needs and continuously incorporated cutting-edge AI technologies into our core infrastructure to achieve this objective.

Our AI technologies have transformed our operations and customer experience. In August 2026, we launched our proprietary AI agent, Xiao O, the first cross-border e-commerce compliance AI agent product in China to cover the full process from enquiry and order placement through to fulfillment and delivery, according to CIC. Xiao O enables customers to request services and interact with our platforms through a single natural language interface, significantly reducing the learning curve and usage barriers for our customers.

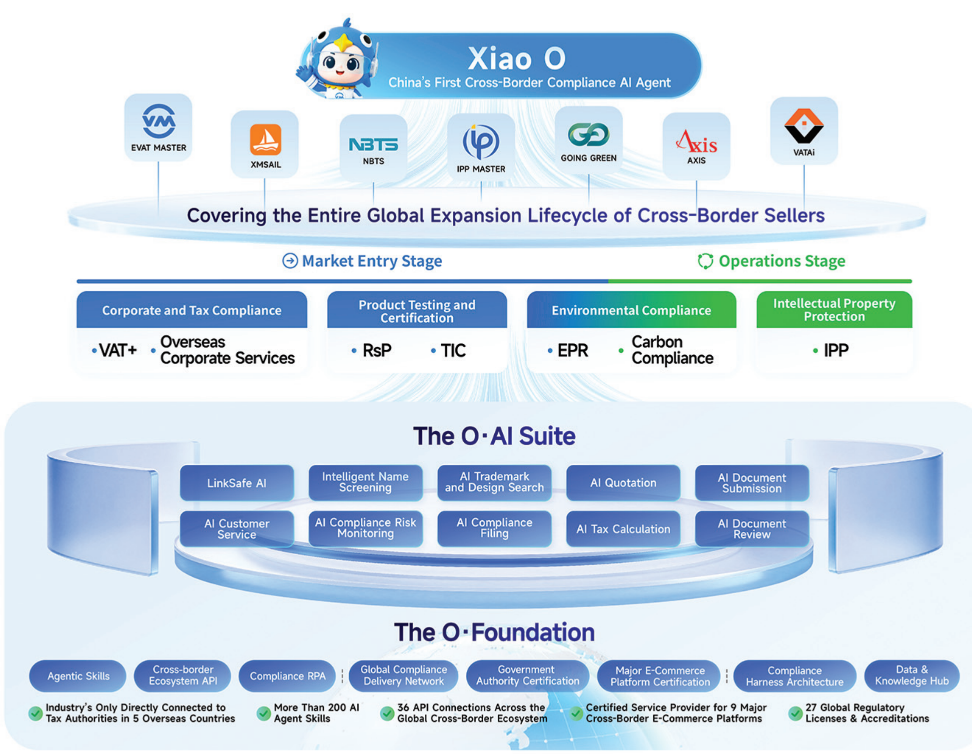
As our offerings cover numerous jurisdictions, and encompass more business segments and service lines, the knowledge and know-how required to deliver them are extensive and jurisdiction-specific. Historically, when such knowledge and know-how were first developed through lengthy inter-department collaboration and then dispersed across teams and individuals, it was difficult to scale service categories and capacity with consistent quality without adding research and execution staff. We have changed this paradigm through agentic AI: building an enterprise-grade agentic AI network comprising Xiao O, specialized AI agents in the O·AI Suite, over 200 reusable agentic skills, 36 integrated industry APIs and various Robotic Process Automation bots ("**RPAs**"), supporting swift product development and customer services. Xiao O is the primary agent that turns a customer's request into coordinated tasks and orchestrates the O·AI agents. Xiao O's core functions include AI-assisted pre-sales enquiries, order placement, submission and review of materials, service delivery, and after-sales customer support. The O·Foundation provides shared resources used by the O·AI agents.

Our enterprise-grade agentic AI network supports policy tracking, product development, supply chain expansion, document review, filing document preparation, exception handling and progress tracking. This supports continued business growth without a corresponding increase in headcount. For example, our delivery teams have used AI tools to reduce repetitive work and manual processing time. From April to June 2026, we achieved a 77% increase in workforce efficiency in processing orders for value-added tax and related tax compliance services ("**VAT+**") and extended producer responsibility ("**EPR**") services compared with the same period in 2025, supporting our ability to handle business growth. In the same period, VAT+ and EPR service orders represented 82% of our total service orders.

We believe that the complexity of compliance obligations across numerous jurisdictions supports strong competitive barriers in building a one-stop cross-border compliance platform. Our qualifications for direct system connections with regulators and for certain qualification-gated and platform-certified services in our principal markets, long-standing compliance credibility, global delivery network and experience in complex compliance matters form a foundation that is difficult to replicate. Our standardized one-stop platform builds on this foundation by delivering quantifiable compliance outcomes on an ongoing basis, supporting high customer retention and repurchase rates. Our enterprise-grade agentic AI network further strengthens these advantages by enabling the same teams and networks to handle more types of, and more complex, compliance matters.

Our Global Cross-border Compliance Platform

We operate a one-stop global cross-border compliance platform through seven brands with different propositions: EVAT MASTER, IPP MASTER, XMSAIL, GOING GREEN, VATAi, AXIS and NBTS. Through these brands, we focus on the four business segments, covering seven service lines: VAT+, overseas corporate services, EPR, carbon compliance, responsible person ("**RsP**"), testing, inspection and certification ("**TIC**"), and IPP. Xiao O, our proprietary cross-border compliance AI agent, provides an intuitive, interactive entry point to the platform. The illustration below presents an overview of our business:



Our seven service lines include:

- VAT+ services assist with tax registration, filing, and payment in target markets.
- Overseas corporate services assist with company incorporation, annual accounting and tax filings, and overseas bank account opening.
- EPR services support registration and periodic reporting under product and packaging recycling requirements in the EU and certain other markets.
- Carbon Compliance services cover carbon accounting and reporting, support for environmental certifications and disclosures, and preparation of EU carbon border adjustment declarations.
- RsP services help sellers meet local responsible-person requirements by maintaining compliance documents and assisting with inspections, rectification, and recalls.
- TIC covers product testing, inspection, and certification against applicable safety, quality, technical, and regulatory requirements to support market access.
- IPP services assist with the registration, maintenance, monitoring and protection of trademarks, design and invention patents, copyrights, and other intellectual property rights. Features include targeted search for trademarks and design patents, and temporary restraining order ("**TRO**")-related services.

As of June 30, 2026, we had cumulatively served over 264,000 paying users in Chinese Mainland and other markets worldwide. As of the Latest Practicable Date, we held 27 categories of global regulatory licenses and accreditations required or recognized to conduct our business, such as VAT certifications held by our local entities and EPR authorized representative qualifications across key European markets.

Our Business Performance

Our key businesses and financial performance are illustrated in the following chart:

Notes:

(1) In terms of sales value in 2025.

(2) Calculated based on the sales value of services provided through our global platform as a percentage of the total sales value of China's cross-border e-commerce compliance platform market in 2025.

(3) As of June 30, 2026.

(4) As of the Latest Practicable Date.

(5) In 2025.

(6) NDR refers to net dollar retention rate, defined as revenue from existing users in the current year divided by revenue from the same cohort in the prior year; ARR is defined as recurring revenue from our products in December of a given year multiplied by 12; ARR growth rate represents the year-over-year percentage change in such ARR; and GMV refers to gross merchandise value.

(7) Measured by the number of VAT+ and EPR service orders processed per delivery staff member in the second quarter of 2026, compared to the same period in 2025. In the second quarter of 2026, VAT+ and EPR service orders accounted for 82% of our total service orders.

Our Market Opportunities

Global consumer demand is driving the rise of new forms of cross-border e-commerce

Growing global demand for diverse, high-quality and cost-effective products is transforming traditional trade and e-commerce and supporting the growth of cross-border e-commerce. Efficient global supply chains and direct-to-consumer digital channels have increased both cross-border e-commerce GMV and market penetration, making cross-border e-commerce an increasingly important part of the global retail market. According to CIC, the global cross-border e-commerce market reached RMB14.0 trillion in 2025 and is expected to reach RMB22.2 trillion in 2030.

Stringent and evolving regulations that differ by jurisdiction create sustained demand for cross-border compliance services

Cross-border sellers face increasingly stringent regulation, complex compliance policies, differing standards and cumbersome procedures. The expertise required to manage these obligations increases the difficulty, cost and risk of doing so independently. This has increased demand for professional, one-stop cross-border compliance services that help sellers convert uncertain compliance requirements into predictable operating costs and support sustainable growth.

As a result, the cross-border compliance services market has exhibited strong growth momentum in recent years. Compliance requirements are also extending from stores to products throughout their lifecycle. They cover specific environmental requirements for materials, batteries and packaging, together with corresponding product testing, certification, and market-access requirements. We expect this broader scope to drive significant growth in compliance demand. According to CIC, the number of active sellers on Amazon reached approximately 1.7 million in 2025, with an average of over 200 products listed per seller, demonstrating substantial demand for compliance services at both the store and product levels.

In addition, a single seller or product may face compliance obligations across multiple jurisdictions involving different compliance areas, resulting in annual compliance expenditure of up to several million Renminbi for mid- to large-sized sellers in some cases, which in turn creates demand for systematic, one-stop and continuously delivered cross-border compliance products.

Benefiting from these trends, cross-border compliance service providers that can improve efficiency through technology and navigate global regulatory regimes through professional expertise will be well positioned to continue expanding their presence in the cross-border compliance services industry.

How We Continue to Lead in the AI Era

Deep and evolving industry insight

As one of the earliest platforms in Chinese Mainland to focus on cross-border compliance, we have built a team of experienced compliance professionals, a policy knowledge base and know-how covering our principal markets. Such knowledge and know-how are drawn from the compliance matters we have actually handled over the years, including how regulators in different jurisdictions apply rules in practice and where exceptions arise. Such practical experience is not readily available from public sources. With the support of LLMs and AI agents, we are able to convert this experience into enterprise knowledge that can be reused and called upon by our systems. We have implemented AI-powered automated tracking and structured analysis of policy changes in our principal markets, consolidating updated compliance requirements into a reusable knowledge base, which supports timely service adaptation and risk alerts following a regulatory change. AI technology enables us to convert these industry insights into executable rules and workflows more quickly and to keep our services continuously updated.

An extensive, hard-to-replicate partner ecosystem

We have built an extensive ecosystem covering major e-commerce platforms, regulatory authorities and third-party service providers, and we believe the barrier it creates cannot be replicated by competitors. We are officially certified as a service provider by nine world-leading e-commerce platforms, namely Amazon, TikTok, Temu, SHEIN, AliExpress, Walmart, Mercado Libre, Coupang and Shopify, and have established a localized service network with over 500 third-party service providers globally, together with wholly owned local subsidiaries or localized service teams in 13 markets across four continents, such as the United Kingdom, Germany, France, Spain, Italy, the United States, Australia and Hong Kong.

Our commercial network is further fortified by deep regulatory integration. As of the Latest Practicable Date, we were the only tax reporting software platform globally to obtain official direct API connection certifications from tax authorities in the United Kingdom, Germany, France, Italy and Spain, according to CIC, and we had cumulatively achieved automated processing of compliance workflows through 73 government and official agency portals. We intend to expand this network to reach more sellers and coordinate service delivery across more markets.

Deep integration of AI into complex compliance scenarios

In the cross-border e-commerce compliance service industry, AI is increasingly serving as an operating infrastructure that upgrades how service providers manage knowledge, coordinate workflows and deliver compliance services. By supporting intent recognition, task decomposition, decision support and continuous learning from service records, AI helps service providers transform case-by-case execution into more systematic, standardized and scalable service capabilities.

Cross-border compliance spans numerous service categories and jurisdictions, while policies change frequently and relevant knowledge is highly dispersed. These characteristics make the sector well suited to AI. It is a highly complex, knowledge-intensive field in which service providers must deliver compliance outcomes and maintain strong regulatory credibility. By deeply embedding AI in our products and workflows and combining it with the offline service network and compliance credibility we have built over many years, we can extend our leadership, capture incremental market opportunities, and reinforce our technology moat in the AI era.

We have built Tianheng architecture, our group-level AI operating infrastructure for cross-border compliance, to support the development and deployment of AI applications both within and beyond the Group. In August 2026, we formally launched Xiao O, our customer-facing conversational AI agent, aiming to reshape the customer experience through AI. According to CIC, Xiao O is the first cross-border e-commerce compliance AI agent product in China to cover the full process from enquiry and order placement through to fulfillment and delivery. Xiao O converts the traditional fulfillment process into coordinated tasks that can be orchestrated automatically and respond in real time, covering the process from customer enquiry and order intake to service delivery. Internally, our AI-powered technology framework turns dispersed policy interpretations, operating experience and risk-control rules into knowledge that can be retrieved, updated and reused, enabling the same team to handle more types of, and more complex, orders. These reusable capabilities also shorten the development cycle for new products and help us expand our service lines. For customers, this means a shorter wait between submitting a request and receiving a compliance outcome, with a process that can be tracked and a result that can be verified.

A virtuous cycle between AI investment and financial returns

We expect the broader use of AI to convert operating efficiencies into financial benefits. On the fulfillment cost side, AI can reduce average fulfillment costs per order by improving the efficiency of our delivery teams and suppliers. On the expense side, AI can also reduce the management burden created by additional business lines and service SKUs. Higher order-processing capacity per employee helps us manage our expense ratios while maintaining lean operations. If our operating data continues to support these efficiencies, lower fulfillment costs and better expense management could improve profitability while reducing costs and improving efficiency for customers, creating a virtuous cycle in which technology investment and financial returns reinforce each other. At present, our AI applications have begun to produce results in our business operations.

OUR STRENGTHS

The Global Leader in the Cross-Border Compliance Services Market, with Strong Brand Momentum and Hard-to-Replicate Barriers

We were the world's largest cross-border e-commerce compliance service provider in terms of sales value in 2025 and have ranked first in terms of market share among cross-border e-commerce compliance service providers in Chinese Mainland for four consecutive years from 2022 to 2025, according to CIC. Additionally, we held the leading market share of 21.5% in China's cross-border e-commerce compliance platform market in terms of sales value in 2025, according to CIC. We also held the top market share in each of corporate and tax compliance services, environmental compliance services, product testing and certification platform services, and intellectual property protection services in terms of sales value in 2025, according to CIC. The dual trends of cross-border e-commerce market expansion and increasingly stringent global regulation have brought us sustained business growth.

We were the first company globally to develop a full-stack cross-border e-commerce compliance platform, according to CIC, consolidating various compliance needs. As the market leader, we benefit from strong brand equity and well-established offerings, which together have enabled us to attract and retain a substantial and growing customer base. At the same time, we have earned the trust of third-party partners, obtaining official certifications from nine world-leading e-commerce platforms, namely Amazon, TikTok, Temu, SHEIN, AliExpress, Walmart, Mercado Libre, Coupang and Shopify. These established relationships with e-commerce platforms provide us with greater support and allow us to better serve cross-border sellers. The trust embedded in these established relationships would be difficult for new market entrants to replicate.

In addition, we have received multiple governmental recognitions, such as National Key Software Enterprise in 2025 and National High-Tech Enterprise in 2025. We have also won multiple awards, including Cross-Border E-commerce Practice Case at the World Internet Conference in 2024 and 2025, and Leading Enterprise for High-Quality Development of Cross-Border E-commerce in 2023.

Transforming Traditional Service Delivery through Our Tianheng Architecture and Standardized, Intelligent Compliance Workflows

Our primary objective is to deliver high-quality compliance outcomes through the most effective process, and technology is central to achieving it. We have pursued standardization and automation since our founding. Our one-stop compliance platform unified previously fragmented service processes, allowing service data to be shared and updated in real time within an integrated compliance workspace. We also connected our platform to major e-commerce platforms and regulators through APIs to standardize data exchange. To improve efficiency and delivery stability, we developed automated workflows in-house, including RPAs to perform repetitive tasks with fixed rules and procedures automatically. Together, our one-stop compliance platform, APIs and RPAs provided the technology and operating experience on which we have built our AI capabilities.

We have built Tianheng architecture, our group-level AI operating infrastructure, to support our cross-border compliance applications. It combines three sets of technical capabilities: the controls that route tasks and govern their execution, a shared hub for data and knowledge, and the model services, computing, storage and cloud systems on which the applications run. This supports the reuse of tools and information across our service lines, with controls over access, execution and audit trails. See "— Our Technology."

In August 2026, we launched Xiao O, the first cross-border e-commerce compliance AI agent product in China to cover the full process from enquiry and order placement through to fulfillment and delivery according to CIC. Its core functions include AI-assisted pre-sales enquiries, order placement, submission and review of materials, service delivery, and after-sales customer support. Xiao O transforms traditional workflows into automated, real-time task chains. Using a conversational interface, users can easily manage the entire process from initial consultation and ordering to final delivery. This creates a fast, accurate, and fully automated AI agent-driven experience that typically requires no human intervention. Additionally, Xiao O is designed with an open agentic architecture to allow users to fully automate their compliance workflows through API integrations. Paired with Xiao O, they meet the diverse automation needs of our clients. We believe that using AI agents for automated fulfillment is key to revolutionizing the customer experience in the AI era. This approach maximizes our technical expertise and industry insights, ensuring we maintain a lasting technological edge.

Furthermore, our enterprise-grade agentic AI network substantially facilitates our internal operations. Customer-facing teams use approved low-code tools to develop applications for the business scenarios they understand well, while our R&D team provides the underlying architecture, technical support and stability controls. This shortens the time from identifying a need to deploying a tool. It also allows a lean R&D team to support the operation and upgrading of our cross-border compliance platform. In normal conditions, AI agents follow business needs closely and improve delivery and operating efficiency. When demand or supply fluctuates sharply, the agent network can absorb peaks in fulfillment workloads without a corresponding increase in headcount. When we launch a new product, we can reuse or extend existing agent capabilities, shortening development cycles while maintaining coverage across our product matrix. See "— Research and Development — Cross-functional, Agile and Governed R&D Process."

For review of submitted materials on EVAT MASTER, as of the Latest Practicable Date, our AI-enabled review process handled 22,520 service orders involving submitted materials, representing 97% of such orders since we launched the review system, with an accuracy rate of 95% or above. For after-sales customer support, as of the Latest Practicable Date, our AI-assisted online customer service system had handled 20,230 customer inquiries. Since August 15, 2026, it has covered 100% of incoming inquiries.

Moreover, through our Tianheng architecture and enterprise-grade agentic AI network, we have turned product compliance risk assessment from a traditional manual process into an AI-powered one, reducing completion time from hours to seconds, meeting our customers' demand for efficient compliance and expanding our value proposition from standalone basic services to full-chain compliance products.

According to CIC, referencing the AI Agent maturity grading standard (Levels 1 through 5) published by the China Academy of Information and Communications Technology ("**CAICT**"), the AI Agents we have deployed have attained Level 3, ranking among the small number of AI agents in our industry to achieve this level. As of June 30, 2026, our R&D team comprised 111 members, accounting for 13.7% of our workforce. As of the same date, we had obtained 18 invention patents and 81 registered software copyrights in Chinese Mainland.

A Dynamic Knowledge Network Built on Deep Industry Insight and Compliance Practice, Providing Precise and Timely Compliance Decision-Making Support

Regulatory policies for cross-border e-commerce across global markets and platforms continue to evolve, resulting in complex compliance processes with significant jurisdictional differences and causing difficulties for cross-border sellers to navigate the international regulatory regimes independently. As one of the first platforms in Chinese Mainland focusing on the cross-border compliance industry, we have assembled a cross-border compliance team with extensive industry expertise and exclusive know-how. We can assess and interpret global e-commerce compliance and regulatory trends and turn evolving regulatory requirements into executable compliance products. Based on sellers' operational data on e-commerce platforms, business structures and risk profiles, we accurately assess their needs and map out clear compliance pathway. We then provide products aligned with the respective compliance stages of different seller groups, helping them continuously comply with local regulations amid an increasingly dynamic and evolving regulatory environment.

Using our Tianheng architecture and the professional judgment of our cross-border compliance team, we are converting years of service data into a knowledge network and know-how that our systems can use repeatedly. The industry insights underlying the knowledge network and know-how are grounded in our long-standing interpretation of evolving regulatory requirements and hands-on experience accumulated through the execution of complex compliance engagements. We have compiled a cross-border compliance policy database covering over 150 countries and regions and more than 2,200 rules and regulations (the coverage of the policy database is broader than the countries and regions we have actually served). This database enables us to support compliance decisions for sellers across different countries, platforms and transaction sizes. Our AI agents track policy changes in real time and convert new rules into adjustments to our fulfillment workflows within hours. We have accumulated business data and exclusive know-how through years of operations providing different compliance services, which have been turned into reusable knowledge that can be updated and applied at scale. During the Track Record Period, we had accumulated such data from millions of service orders, including in progress orders and completed ones. Our model combines data-driven services, expert review and AI. As our delivery network and customer reach expand, we gain more operating experience, know-how and service records. These feed into our knowledge network, helping improve delivery quality and speed.

We have been closely involved in establishing national industry standards. In 2023, we served as a major participant in developing the recommended national standard program of "Guidelines of Risk Prevention and Control for Cross-Border E-Commerce Merchants" (《跨境電子商務商家風險防控指南》), which was intended to define compliance benchmarks of the cross-border e-commerce industry. We also collaborated with a renowned tax law expert in Chinese Mainland in the publication of the "Overview of Value-Added Tax Laws and Sales Tax Laws Worldwide" (《世界各國增值稅法與銷售稅法概覽》).

A Full-Cycle, Standardized Product Matrix Enabling Efficient Delivery at Scale Across Diverse Scenarios, with a Strong Ecosystem That Continues to Create Value for Customers

We provide one-stop cross-border compliance services across the four business segments, including VAT+, overseas corporate services, EPR, carbon compliance, RsP, TIC and IPP services. According to CIC, we are one of the most comprehensive compliance platforms globally by the number of compliance products covered. Building on our VAT+ services, we continue to expand our service lines and products. This allows us to support customers throughout their business life cycle and develop relationships beyond one-off transactions.

We have built an extensive partner ecosystem covering major e-commerce platforms, regulatory authorities and more than 500 third-party service providers globally. We believe these relationships would be difficult for competitors to replicate. Our long-standing relationships with third-party service providers form a localized service network that allows us to respond promptly, obtain updated information and implement customers' compliance requirements in key markets. We manage this network through our supply chain management system ("**SCM**"), which keeps supplier records, communications, approvals and risk events structured and traceable, supporting consistent delivery quality as we scale. See "— Our Suppliers — Supplier Management and Quality Control."

We have built strong ecosystem connectivity through API technology. As of the Latest Practicable Date, we had cumulatively deployed 36 standardized API interfaces covering major e-commerce platforms and government portals. According to CIC, as of the Latest Practicable Date, we were the only tax reporting software platform globally to obtain official direct API connection certifications from tax authorities in the United Kingdom, Germany, France, Italy and Spain. We were also the only cross-border e-commerce compliance service provider globally able to provide official API-enabled online tax filing and payment services in these five countries as of the Latest Practicable Date. We have cumulatively achieved automated processing of compliance workflows through 73 government and official agency portals, including systems operated by environmental authorities and intellectual property offices, covering registration, filing and cancellation in these areas, reflecting strong recognition of our technical capabilities and partnership ecosystem by the relevant institutions.

We have also established wholly owned local subsidiaries or teams in 13 markets across four continents, such as the United Kingdom, Germany, France, Spain, Italy, the United States, Australia and Hong Kong. These local operations complement our partner ecosystem and help us maintain consistent service quality and response times. They also help us operate more efficiently and deliver greater value to customers.

Our dual advantages in product coverage and ecosystem coverage, combined with our localized operating strategy and the standardized nature of our products, have enhanced our economies of scale and continue to create value for our customers.

Flywheel Effect Under a Scalable Commercial Model: a Virtuous Cycle Between Business and Financial Growth

Our business has demonstrated robust growth and profitability, which in turn has funded our product R&D investments. This has strengthened our technology foundation, expanded our offerings, enhanced our comprehensive competitiveness, and driven sustained improvement in our financial performance, forming a flywheel effect that we expect to continue.

Our business model has shown strong growth momentum. Our revenue increased by 45.9% from RMB240.3 million in 2023 to RMB350.5 million in 2024, and further increased by 50.8% to RMB528.5 million in 2025. Our revenue increased by 65.6% from RMB233.1 million for the six months ended June 30, 2025 to RMB385.9 million in the same period in 2026. Our ARR increased by 47.0% from RMB286.1 million in 2023 to RMB420.6 million in 2024, and further increased by 49.5% to RMB628.8 million in 2025. We have also demonstrated stable and substantial profitability in our operations. In 2023, 2024, 2025, and the six months ended June 30, 2026, our adjusted net profit (non-HKFRS measure) reached RMB37.1 million, RMB83.0 million, RMB102.1 million, and RMB74.1 million, respectively. For 2023, 2024, 2025, and the six months ended June 30, 2026, our adjusted net profit margin (non-HKFRS measure) was approximately 15.4%, 23.7%, 19.3%, and 19.2%, respectively, remaining at a relatively high level throughout the Track Record Period.

During the Track Record Period, our operations generated positive operating cash flows that exceeded our profit before tax in each year. Our products also demonstrated strong repurchase performance. In 2023, 2024 and 2025, our NDR was 104%, 118% and 126%, respectively.

This sustained growth reinforces our flywheel effect and allows us to continue improving our product quality and strengthening our market position.

An Experienced Management Team with Strategic Vision and Industry Expertise, Building a Solid Foundation for Sustained Leadership

Our founder, Mr. Sun Yutao, has over ten years of experience in the cross-border e-commerce compliance services industry and was an early pioneer of the cross-border compliance platform model. Drawing on his industry insight and practical experience, he advanced the view that "compliance is a core competitive advantage for cross-border sellers, not merely a cost" and built our core team with compliance expertise, industry resources and comprehensive execution capabilities to support our sustainable and compliant operations.

Our core team applies its compliance expertise and technology capabilities to help clients operate in compliance and address complex issues as they expand globally. Guided by our values of "professionalism, innovation, integrity, and mutual success," we continue to expand the scope of our services and create value for clients.

Our operations have validated management's early view that AI could materially change cross-border compliance. We anticipated that AI would be particularly well suited to cross-border compliance and have used it to reshape the respective roles of automated fulfillment and expert judgment. We are progressing from manual agency workflows to system automation and then to a network of AI agents. Throughout this progression, our platform continues to deliver quantifiable and verifiable compliance outcomes, with expert review at key decision points to support accuracy and compliance. This model also provides a scalable foundation for future business growth and ecosystem expansion.

OUR STRATEGIES

Deepening Our AI-Driven Strategy to Broaden and Fortify Our Technology Moat

Technology-driven execution is our core strategy. As AI advances, we expect demand for the autonomous execution of cross-border compliance workflows to increase substantially. We also expect service delivery to shift toward execution by AI Agents, and that demand for API and MCP connectivity will increase over time. We will strengthen our Tianheng architecture and our enterprise-grade agentic AI network dedicated to cross-border compliance, aiming to provide customers with a highly automated compliance experience. We will continue to invest in advanced AI technologies and deepen our use of AI across the full product life cycle to reduce costs, improve efficiency and create value for both our clients and our business.

- **We will focus R&D and technology deployment on key operational areas**. We plan to advance R&D in three areas: (i) enhancing Xiao O and the O·AI agents to improve service coverage, delivery reliability and the customer experience; and (ii) strengthening our Tianheng architecture to optimize computing power support, model capabilities and auditability to further enhance the use of AI across our business; and (iii) developing structured compliance knowledge and strengthening data governance to improve the accuracy and traceability of our AI outputs and automated services.

- **We will strengthen our R&D talent base**. We plan to recruit experienced professionals in AI, big data and cloud computing while continuing to recruit junior engineers. We will also improve technical training and mentoring, clarify internal promotion paths and increase medium- and long-term incentives, including equity incentives, to retain core employees. In addition, we will maintain incentives for departments to develop AI products for practical business needs. We will continue to expand and refine our enterprise-grade agentic AI network across our business.

- **We will expand our technology and industry ecosystem**. We will continue to invest in API integrations and direct system connections with tax authorities, other regulators, major e-commerce platforms and payment service providers globally. These connections support data exchange and workflow automation. At the appropriate time, and subject to appropriate security and controls, we plan to make selected API capabilities available to other participants in the cross-border compliance ecosystem. This will support broader digitization and automation across the industry and strengthen our technology position.

Enriching Our Product Coverage and Building a Cross-border Compliance Ecosystem

The global regulatory environment for cross-border e-commerce is becoming increasingly complex and detailed. An expanding set of EU product-sustainability rules, including new requirements on product information and environmental claims, is imposing additional compliance requirements on cross-border businesses, such as the obligation to make an EU Digital Product Passport available for certain product groups, beginning with batteries in 2027.

Similarly, the rollout of the EU Packaging and Packaging Waste Regulation ("**PPWR**") will shift packaging compliance from single-country registrations to multi-country, ongoing obligations, such as EPR authorized representation, periodic reporting, and recycling fulfillment. Leveraging our established local entities, service networks, and customer base across key European markets, we are well-positioned to deliver one-stop, multi-country services. The mandatory nature of these annual requirements will generate highly sticky and predictable recurring revenue, with the value per customer steadily increasing as their packaging volumes grow. Additionally, PPWR's stricter standards on packaging recyclability, recycled content, and hazardous substance control will continuously drive demand for our related testing and certification services.

We see opportunities to expand our products and services in existing and emerging fields such as testing compliance, environmental compliance, integrated domestic and overseas tax compliance for cross-border e-commerce and intellectual property. We plan to extend our service coverage to a broader range of product-level compliance needs, with the aim of providing full life-cycle compliance management for our customers' products.

Specifically, we will prioritize the growth of our TIC business to strengthen our service coverage and delivery capabilities in more regions in China and across overseas markets, thereby meeting customers' increasingly diverse testing needs as well as mandatory compliance requirements imposed by governments, e-commerce platforms and other relevant parties on cross-border products. We plan to grow our TIC business organically and through acquisitions, expand the premises and capabilities of our existing testing laboratories, and upgrade their systems and technologies to increase testing capacity and delivery efficiency. We will also improve product standardization, process automation and AI capabilities as we expand service volume. Regular policy tracking and market research will help us identify demand created by changes in overseas regulations and platform rules and develop products for emerging compliance needs.

Through sustained investment over the coming years, we will continue to develop and introduce new products in response to evolving cross-border compliance regulations, thereby further enriching our product coverage.

Increasing Service Penetration and Expanding into Global Markets

We see substantial opportunities to scale our business through increasing service penetration and expanding into more markets. We can increase the use of our EPR, RsP and TIC services among existing customers. We believe Germany, France, Italy, Spain, Poland, the Middle East and the United States offer broad growth potential, and we can address the largely underserved compliance needs of overseas sellers while continuing to serve primarily cross-border sellers based in Chinese Mainland. We will pursue the following initiatives to achieve more balanced and sustainable development:

For customers in Chinese Mainland, we will increase the penetration of high-potential products and expand delivery capacity in high-potential markets. We will direct additional marketing investment to service lines with lower penetration, such as EPR, RsP, and TIC, to acquire new customers and meet demand from existing customers. By cross-selling one-stop cross-border compliance services as our customers scale, we aim to become integral to their operations, underpinned by our commitment to customer success. We will also expand delivery capacity in Germany, France, Italy, Spain, Poland, the Middle East, the United States and other high-potential markets so that customers in Chinese Mainland can receive timely, high-quality support for their operations in these markets.

For overseas customers, we will strengthen the VATAi brand and accelerate the development of local sales and service networks. We will increase brand and digital marketing investment in target overseas markets to build awareness and trust among local sellers and improve the services available to them. Building on our existing overseas delivery teams, we will establish local sales and service teams in the United States, the United Kingdom, Germany, Spain and other key markets, and recruit professionals with relevant local experience and networks.

We expect to achieve the following objectives: (i) to increase the use of non-VAT+ services, such as EPR, RsP and TIC, among our existing customers to a level approaching that of our VAT+ services; and (ii) to establish VATAi as a well-recognized and reputable international compliance brand among local sellers in overseas markets.

Strengthening Our Supply Chain and Delivery System to Improve Quality, Increase Efficiency, and Reinforce Our Core Advantages

Our network of more than 500 suppliers supports the cost-effective delivery of our services. We plan to improve the effectiveness of our supply chain in the following areas:

We will improve our supplier selection and cooperation system. We will evaluate our existing suppliers based on their cooperation history, service quality and responsiveness. We will deepen cooperation with reputable core suppliers that provide consistent service, while developing a larger pool of back-up suppliers in our principal target markets to make our supply chain more flexible and resilient.

We have digitized supply chain management to improve operational efficiency and control by launching SCM. Where appropriate, we will also make selected technology capabilities available to suppliers to improve their fulfillment efficiency and capacity, benefiting both our suppliers and us. See "— Supplier Management and Quality Control."

During the Track Record Period, our in-house delivery team, supported by our technical infrastructure, completed approximately 70% of our product delivery. Compared with delivery through suppliers, in-house delivery gives us greater control over costs, registration and filing efficiency, response times and risk management. We plan to further integrate our 34 overseas entities that provide compliance services, extend our coverage to emerging markets including Latin America, the Middle East and Australia, and expand our in-house delivery teams. These measures will strengthen our control and professional standards across the service chain and improve the customer experience and overall operating efficiency. We also plan to deploy more personnel overseas to develop local supply chain capabilities, so that technology-driven efficiency gains, talent development and global expansion reinforce one another.

OUR OFFERINGS

Overview

We offer a comprehensive suite of cross-border compliance products to meet the diverse needs of global cross-border businesses, primarily cross-border e-commerce sellers, helping them navigate complex regulatory environments, mitigate compliance risks, and facilitate their global expansion. We provide cross-border compliance services through a platform that combines standardized products, a proprietary enterprise-grade agentic AI network, including Xiao O powered by our O·AI Suite and O·Foundation, and a global delivery network. Through this platform, we serve customers across their compliance journey, from identifying requirements to completing filings and handling follow-up enquiries. As of the Latest Practicable Date, we had cumulatively provided compliance services in 121 countries and regions worldwide.

We operate a one-stop global cross-border compliance platform through seven brands with different propositions: EVAT MASTER, IPP MASTER, XMSAIL, GOING GREEN, VATAi, AXIS, and NBTS. Through these brands, we focus on the four business segments, covering seven service lines: VAT+, overseas corporate services, EPR, carbon compliance, RsP, TIC, and IPP.

Each of our compliance products applies one of our service lines to a specific jurisdiction or compliance scenario, such as UK VAT. Each product is further broken down into standard service SKUs with clearly defined scope, deliverables and pricing, such as UK VAT registration and UK VAT agency transfer. Operated through our enterprise-grade agentic AI network, these products can be efficiently constructed, iterated and scaled to address the distinct pain points of cross-border sellers at different development stages. This allows our users, ranging from small sellers to large companies, to access professional compliance services at a lower cost and with greater efficiency than services offered by traditional offline service providers.

Tianheng architecture provides technical infrastructure supporting these services. Its Compliance Harness Architecture coordinates tasks and controls execution, its Data & Knowledge Hub organizes the information used by our applications, and its AI-Powered Infrastructure provides model access, computing, storage and cloud services. See "– Our Technology" for details.

The table below sets forth our revenue breakdown by business segment for the years indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Environmental compliance	94,823	39.5	141,917	40.5	235,290	44.5	101,635	43.7	172,508	44.7
Corporate and tax compliance	109,638	45.6	146,914	41.9	185,732	35.1	81,669	35.0	139,393	36.1

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Product testing and certification	17,137	7.1	32,487	9.3	72,219	13.7	32,743	14.0	55,928	14.5
Intellectual property protection	18,725	7.8	29,151	8.3	35,235	6.7	17,067	7.3	18,086	4.7
Total	**240,323**	**100.0**	**350,469**	**100.0**	**528,476**	**100.0**	**233,114**	**100.0**	**385,915**	**100.0**

Performance of our business

We monitor the performance and scalability of our business using a set of key operating metrics, including our paying user base, ARR and NDR. These metrics help us assess the quality of our growth and the sustainability of our business model.

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

	As of/For the year ended December 31,		
	2023	2024	2025
Total Accumulated Paying Users[(1)]	87,117	167,113	246,254
ARR (in RMB thousands)[(2)]	286,137	420,600	628,758
NDR[(3)]	104%	118%	126%

Notes:

(1) Defined as the number of accumulated paying users (users who have placed and settled purchase orders on our platform) as of the relevant date.

(2) Defined as recurring revenue from our products in December of a given year multiplied by 12.

(3) Defined as revenue from existing users in the current year divided by revenue from the same cohort in the prior year.

How our platform delivers compliance outcomes

Our AI-powered workflow begins when a customer describes a compliance need to Xiao O in natural language. Xiao O then identifies the objective, breaks it into tasks and orchestrates the relevant O·AI agents for specialized handling. Xiao O can coordinate all five stages of the customer journey: pre-sales enquiries, order placement, submission and review of materials, service delivery, and after-sales customer support.

Among these O·AI agents, LinkSafe assesses compliance requirements from product or store information, and other O·AI agents assist with trademark naming and availability checks, trademark and design searches, quotations, document submission and review, tax calculation, filing, compliance risk monitoring and customer support. They also support XMSAIL's invoice processing and bookkeeping workflows and TIC services such as automated quotations. To carry out these tasks, Xiao O and the O·AI agents can use over 200 reusable agentic skills, 36 integrated industry APIs, and various RPAs. These resources support AI-powered content generation, search, and preliminary compliance and risk analysis, helping the agents recommend products and automate routine delivery tasks.

The O·Foundation supplies the shared resources used by these O·AI agents:

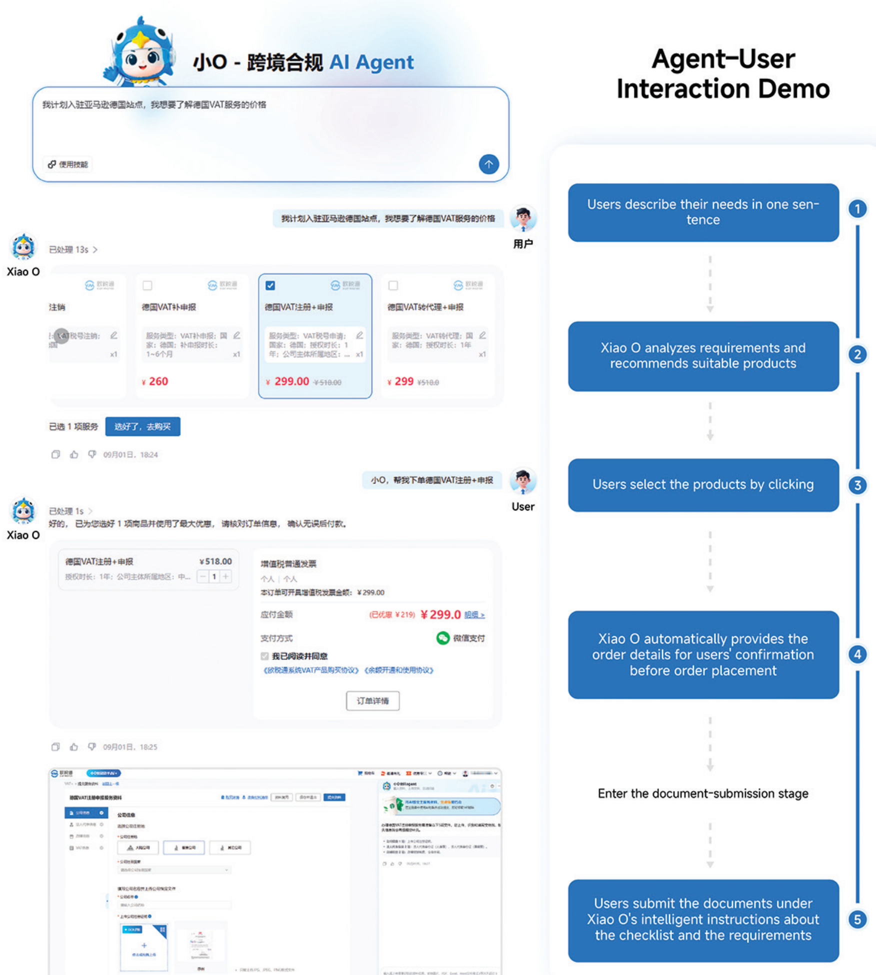
- **Knowledge, data and calculation engines**. Our compliance knowledge bases draw on the expertise of over 100 compliance specialists and professionals and incorporate regulatory updates. Together with our shared data resources, they help agents identify applicable requirements and potential risks. Our VAT+ and EPR calculation engines apply the relevant rules to calculate tax liabilities and environmental recycling fees. These resources support applications such as compliance monitoring, invoice recognition, trademark naming, bookkeeping, tax filing and translation.

- **API connections**: Our network connects government systems, e-commerce platforms and service partners, reducing manual data transfer and supporting continuous compliance workflows. These connections include (i) tax authorities in the United Kingdom, Germany, France, Italy, and Spain, enabling instant filing acknowledgments; (ii) major e-commerce platforms such as Amazon, Temu, AliExpress, SHEIN, TikTok, Coupang and Mercado Libre, for real-time sales data synchronization and one-click tax calculation and filing; (iii) recycling bodies in Germany and France for automated packaging declarations and instant acknowledgments; (iv) selected global banking partners for online bank account opening; and (v) ecosystem partners, such as third-party payment service providers. According to CIC, we were the first in the industry to develop the product model of direct API connections with overseas tax authorities. See "— Our Strengths."

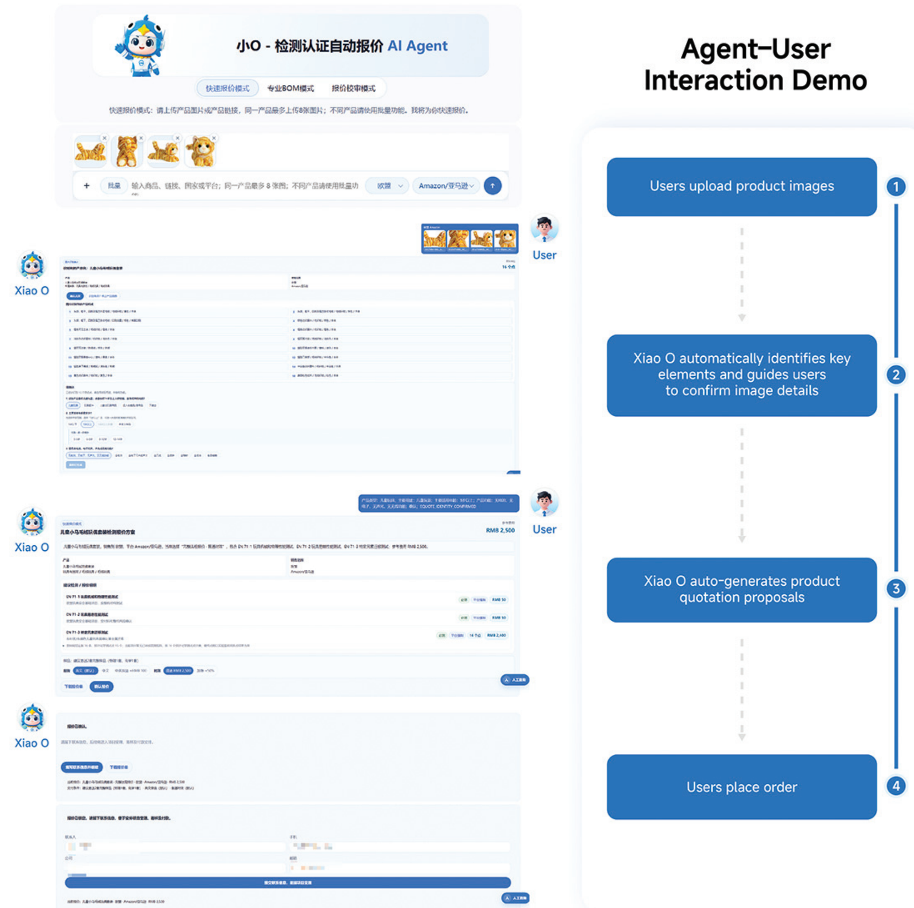
- **Delivery network and execution controls**. Our global delivery network connects platform workflows with the personnel, accountants, lawyers and other service providers needed to complete services in each market. Shared execution controls govern approved tool use and record task execution. RPAs carry out rule-based steps such as generating application files, submitting documents and retrieving official reference numbers, with human review for sensitive operations.

This AI-powered workflow helps us deliver cross-border compliance outcomes efficiently while making our services easier for customers to understand and use.

The following illustration presents an agent-user interaction demo, showcasing the VAT service inquiry and application process via of Xiao O:



The following illustration demonstrates how users interact with Xiao O to obtain automated product testing quotations and place orders.



Our comprehensive service lines

Our seven service lines span the four business segments and address the interconnected compliance needs of cross-border sellers. We use AI and automation to reduce manual errors and duplicate work, monitor compliance status in real time, and provide early warnings of potential risks. The following table summarizes our service lines' features and capabilities.

Business Segment	Service Line	Feature Description	Pain points in engaging a traditional service provider	Our advantages and features
Corporate and Tax Compliance	**VAT+ Services**	**Tax Registration and Filing:** Our functional modules under this category help businesses complete tax registration, calculate tax liabilities using our AI Tax Engine, and submit filings directly to tax bureaus via API. **Risk Management:** We provide the **Star Dome (星穹)** risk control system to monitor tax number status in real-time, warning users of potential non-compliance risks such as overdue filings.	Prone to errors and omissions and inefficiency due to manual workflow Poor time management due to manual filing Higher compliance risk due to insufficient tax number management	AI-powered intelligent system to recommend the suitable tax registration service and provide traceable and downloadable tax calculation results and supporting documents Direct API connection to support automatic retrieval of customer sales data and instant tax declarations in five major markets, including the UK, Germany, France, Italy, and Spain, with online tax payment and refund processing functions available Star Dome System and tax number monitoring in real-time, which provides risk warnings and enhances tax number security
	Overseas Corporate Services	**Business Establishment:** Functional modules under this category (via XMSAIL) assist businesses with overseas company registration, annual accounting, and bank account opening. **Efficiency Tools:** We provide AI corporate name verification tools to quickly validate the availability of company names and cloud-based document management systems to ensure corporate records are secure and accessible.	Manual entity name checks with low efficiency Lack of process transparency, leading to higher chance of document loss Reliance on manual tracking of corporate compliance milestones, which is prone to missed or incorrect reminders due to human error and delayed updates	AI-assisted entity name availability checks Visualized and clear workflows with real-time progress tracking and secure cloud document storage Cloud-based system that automatically displays corporate compliance information, such as registration dates and annual review cycles; the system also proactively sends reminders as deadlines approach to help avoid late filings

Business Segment	Service Line	Feature Description	Pain points in engaging a traditional service provider	Our advantages and features
Environmental Compliance	**EPR Services**	**Environmental Compliance:** Functional modules under this category utilize AI Recognition to automatically identify required EPR categories based on product links and generate compliant labels with one click.	Unclear registration categories and lack of labeling guidance	AI identification of required EPR categories and one-click compliant label generation
			Non-transparent manual recycling fee calculations	Automatic, transparent fee calculations based on official formulas
		Automated Declaration: We provide modules that calculate recycling fees based on official formulas and automate the declaration process through connections with recycling bodies.	Slow processes due to unclear registration flow and non-standard documentation	API/RPA-driven automated registration and filing system connected with authorities and recycling agencies
			Inconsistent pricing from service providers	Officially authorized representatives in multiple European countries with transparent pricing
				Star Dome risk monitoring system to detect and alert filing abnormalities, reducing fines and deregistration risk
	Carbon Compliance Services	**Sustainability Certification:** Functional modules under GOING GREEN help businesses record supply chain data and obtain certifications such as Amazon's Climate Pledge Friendly (CPF) and International Environmental Product Declarations (EPD).	Difficulty of systematic management due to complex supply chains and fragmented data, leading to increased workload and error rates	Structured evidence-chain management with full traceability across documents and supply chains to ensure data accuracy and authenticity
				Product list-based transparent pricing matching deliverables with no hidden costs
		Data Tracing: We provide tools to structurally record evidence chains and material data, ensuring the authenticity of data required for carbon calculations and avoiding certification revocation.	Non-transparent pricing and risks of fake certificates	Recommendation of suitable certification pathways based on product characteristics and target market
			Complicated eco-label certification paths with unclear suitability	Strategic partnerships with overseas authorities to shorten certification processes, ensure smooth communication, and improve success rates
			Large SKU volumes and poor document management, leading to inconsistent or expired documentation and label removal	

Business Segment	Service Line	Feature Description	Pain points in engaging a traditional service provider	Our advantages and features
Product Testing and Certification . . .	**RsP Services**	**Authorized Representation:** Non-local sellers are required to designate a local responsible person to handle product compliance affairs. Our modules facilitate the appointment of authorized representatives and ensure products meet safety standards (e.g., CE and UKCA). **Labeling Tools:** We offer intelligent tools to assist sellers in generating compliant product labels and packaging information to meet market access requirements (e.g., GPSR regulations).	Prevalence of fake agents, leading to high compliance risk No guidance on GPSR-compliant labeling	Legitimate, officially authorized overseas operating entities with valid addresses and recommended by major e-commerce platforms Smart labeling tools for GPSR and other regulatory requirements Professional handling of official correspondence, with legal support available when needed System integration with major e-commerce platforms' RsP verification systems for verification data collection and real-time validation, with API integration planned
	TIC Services	**Product Testing, Inspection and Certification:** We provide product testing, inspection and certification services against applicable safety, quality, technical and regulatory requirements. The relevant frameworks include CPSC and ASTM requirements in the United States, CE, REACH and RoHS requirements in the EU, UKCA requirements in the UK, JFSL and PSE requirements in Japan and applicable SOR requirements in Canada. Testing reports are issued by laboratories accredited to ISO/IEC 17025:2017. We also provide U.S. FDA registration, EU CPNP notification and UK SCPN notification services for cosmetics.	Difficulty of assessing testing agents' capabilities Complex country- and region-specific standards with information asymmetry, and non-transparent pricing Lengthy remediation cycles due to poor coordination	Professional consultants providing precise, market-specific testing and inspection strategies to reduce risks Transparent pricing and streamlined online system for mainstream certifications Direct coordination with labs and factories to provide remediation advice and accelerate remediation actions AI-powered system leveraged on RsP products that automatically recommends precise and compliant TIC services for global market access
Intellectual Property Protection	**IPP Services**	**Asset Protection:** IPP MASTER provides registration services for IP rights confirmation, and full-process intellectual property protection covering compliance management and risk prevention. **AI Search & Monitoring:** We provide AI-powered search tools to predict trademark registration success rates and lifecycle management modules that automatically monitor renewal deadlines and facilitate responses to office actions by qualified professionals.	Difficulty in obtaining IP rights due to complex jurisdiction-specific processes Fragmented IP management for trademarks, patents and copyrights, leading to missed renewals and loss of IP rights Lengthy and costly enforcement processes against infringement Limited IP asset utilization and valuation	AI-powered trademark naming, global IP search and registration success prediction Full lifecycle management and record maintenance of trademarks, patents and copyrights with automatic deadline monitoring and reminders Rapid IP enforcement integrated with major e-commerce complaint systems and offline legal resources AI-powered infringement analysis and response, rights enforcement, and risk monitoring through competitor monitoring, design similarity searches and TRO litigation alerts

The table below sets forth the AI and automation capabilities applied in each service line.

Service Line	AI and Automation Applied
VAT+	• Conversational service entry and progress tracking through EVAT MASTER · Xiao O; • AI recognition of input-VAT invoices for deduction claims; AI preliminary review of filing data; • API retrieval of sales reports from Amazon, Shopify, SHEIN, Allegro, Cdiscount and OTTO; • AI-based automatic registration, filing and deregistration workflows in our principal markets.
Overseas Corporate Services	• AI recognition of invoices, contracts and bank statements for bookkeeping support; AI company-name availability checks; • Direct API connections with banks for the automated transfer of account-opening information. • Automated recordkeeping for the Significant Controllers Register ("**SCR**").
EPR	• AI identification of EPR categories and one-click label generation; • Automated retrieval of customer filing materials from e-commerce platforms; • API/AI-based registration and filing.
Carbon Compliance	• AI-assisted structuring of supply-chain data and evidence chains, document preparation and project workflow support.
RsP and TIC	• AI analysis of applicable testing and labeling requirements from a product or store link; • Generation of compliance roadmaps; • Automated recommendation of TIC services. AI quotation and identification of testing items based on product attributes (including coatings, batteries and liquids). For certain product categories, customers can track progress online from AI-generated quotations through testing workflows managed by our self-developed laboratory information management system ("**LIMS**"). The system supports paperless testing workflows and structured reports for export as compliance evidence; • System integration with platform RsP verification systems, with API integration planned.

Service Line	AI and Automation Applied
IPP	• AI-assisted trademark naming; • AI-powered global IP search and indicative assessments of registration prospects; patent image search through third-party API; • Automatic monitoring of deadlines for renewals, sworn declarations and responses or defenses in intellectual property proceedings; • Global trademark portfolio mapping, analysis of risks from ownership spread across entities, defensive protection suggestions and monitoring for suspected bad-faith registrations; • Design patent image searches, infringement analysis and suggestions for modifying designs to reduce infringement risk.

Our Brand Portfolio

We deliver services across the four business segments through seven brands with different propositions on our one-stop global cross-border compliance platform. They share governed data, the O·AI agents and standardized tools where appropriate, while each brand keeps a distinct customer proposition and delivery model. The table below summarizes each brand's positioning and service coverage.

Brand	Positioning	Service Coverage
EVAT MASTER	Cross-border tax and product compliance brand primarily serving sellers based in Chinese Mainland	VAT+ (including registration, filing and tax-number management), EPR, RsP and selected TIC-related services
IPP MASTER	Global intellectual property registration, management and protection brand	IPP, including registration, maintenance, monitoring and protection of trademarks, design and invention patents and copyrights, along with trademark and design search, and TRO-related services
XMSAIL	Overseas corporate services brand	Company incorporation, annual compliance, bookkeeping, tax filing and related local services
GOING GREEN	Carbon compliance and sustainability services brand	Support for Climate Pledge Friendly, EPD, CDP, SBTi, CBAM and related carbon projects
VATAi	International-facing brand for cross-border compliance, serving sellers outside Chinese Mainland	Tax compliance across jurisdictions, overseas corporate services, environmental and product compliance, IPP and authorized representative services
AXIS	Cross-border compliance brand primarily serving compliance service providers acting on behalf of cross-border sellers on an agency basis	Partner-facing ordering, tax calculation, filing, status tracking and customer management, with EPR, IP and authorized representative services in the EU and the UK
NBTS	Product TIC services brand	Laboratory testing, certification support, and compliance verification

Shared Capabilities across Our Products

The table below sets out the shared capabilities that our products combine with domain-specific rules, delivery resources and controls.

Shared Capability	Where It Is Applied	Supporting Technology
Conversation and service matching	Enquiry, service selection and order placement across all platforms	Xiao O; intent recognition; service catalogue and recommendation tools
Authorized data retrieval and document handling	Collection, recognition and structuring of transaction data, invoices, certificates and filings	API connections with e-commerce platforms and regulators; document-recognition tools; document generation
Calculation, review and risk control	VAT+ and recycling-fee calculation, EPR category recognition, registrability assessment, name checks, filing review	Tax calculation engine; rule and knowledge base; risk monitoring; AI preliminary review
Filing, payment and status tracking	Submission to authorities, payment and invoicing, retrieval of official reference numbers	Official APIs; rule-based execution tools; payment and finance tools; status scanning
Knowledge and rule maintenance	Tracking regulatory change and updating products and workflows	Policy database; knowledge graph; retrieval services

Differentiated Brand Propositions

EVAT MASTER

EVAT MASTER is our principal brand for cross-border tax and product compliance. It serves primarily sellers based in Chinese Mainland that manage VAT+, EPR, RsP and related obligations across multiple jurisdictions, and during the Track Record Period it served the majority of our customer base. EVAT MASTER · Xiao O provides the conversational entry point through which users identify services, submit information and follow delivery progress.

Its differentiated value lies in direct system connectivity. EVAT MASTER is connected through APIs to the tax authorities in the United Kingdom, Germany, France, Italy and Spain. Users file periodic returns for these markets on a single dashboard, pay tax and process refunds online, and receive electronic acknowledgements from the tax bureaus in near real time. For EPR, the platform calculates recycling fees under the formulas published by recycling organizations and other competent bodies and, through direct connections with certain recycling bodies, assists with the electronic submission of registration and reporting materials. In Germany, France and Spain, among other markets, the relevant organizations recognize us as an authorized representative for EPR purposes, which allows us to deliver EPR services on a self-operated and transparent basis and reduces users' reliance on intermediaries.

A proprietary Compliance Hub stores each user's tax number certificates, filing receipts, EPR registration documents, recycling payment vouchers, trademark certificates, testing reports, and other compliance records in one place. Our Star Dome risk control system monitors filing status, payment status, registration validity and correspondence from authorities, and issues automatic alerts to users and our service teams when it detects overdue filings, abnormal declarations, approaching deadlines or official letters that require follow-up.

EVAT MASTER · TIC

We established our Shenzhen laboratory, EVAT MASTER · TIC, in 2025 for our product compliance business. It provides third-party TIC services for export products, including household appliances, portable energy storage batteries, electronic and audiovisual equipment, toys and children's products, food-contact materials, jewelry and textiles. Its services cover electrical safety, electromagnetic compatibility, battery transport safety, chemical and environmental safety, and mechanical and physical safety. As of June 30, 2026, it had over 3,000 square meters of laboratory space and nearly 380 sets of testing and ancillary equipment.

EVAT MASTER · TIC has obtained CNAS, CMA and U.S. CPSC accreditations and is recognized as a testing service provider by cross-border e-commerce platforms including AliExpress and TikTok. Its testing is primarily based on the product safety regulations and standards of the EU, the U.S., Canada and Australia. These include the EU Low Voltage Directive, Electromagnetic Compatibility Directive, Battery Regulation, UN 38.3, Toy Safety Directive, REACH regulation and Packaging and Packaging Waste Regulation. Its accredited scope covers 269 standards, including 9 assessment criteria, and 1,607 testing items. It can issue test reports against IEC, UL and Australian standards.

Drawing on this testing capability, as of June 30, 2026, the laboratory had reviewed compliance documentation for over 5,000 sellers using our EU and U.S. responsible person services, including in cooperation with Amazon's compliance department on spot checks of sellers' documents. This supports technical review, document verification, risk assessment and regulatory response, helping meet regulators' and platforms' requirements for authentic, complete and traceable product compliance documentation. The laboratory has developed an AI quotation system for cross-border e-commerce sellers and its own LIMS. These systems support automated quotation, paperless workflows and efficient information flow throughout the testing process, which we expect to improve service efficiency, quality control and scalability. With EVAT MASTER · TIC and NBTS, our product compliance business now offers end-to-end capabilities across authorized representative and TIC service workflows.

IPP MASTER

IPP MASTER supports the registration, maintenance, monitoring and protection of trademarks, design and invention patents, copyrights and other intellectual property rights across multiple jurisdictions. Users can run free preliminary searches of trademarks and other identifiers in major jurisdictions and use our AI-powered naming and name availability checks. Drawing on historical data and trained models, the platform gives an indicative assessment of the probability of successful registration, which helps users prioritize applications and allocate budgets. Our professionals remain responsible for matters that require legal or jurisdiction-specific judgment.

For trademark portfolios, our enterprise-grade agentic AI network maps a user's global holdings, identifies risks arising from ownership spread across entities, suggests defensive trademark protection measures, monitors suspected bad-faith registrations, and provides early warnings for TRO litigation risks. For design patents, this agentic AI network supports image searches, infringement analysis and suggestions for modifying designs to reduce infringement risk.

Once a user decides to file, IPP MASTER manages the workflow from preparation of application materials and submission to responses to examination opinions and changes of information. After registration, users record the registration numbers, jurisdictions, classes, validity periods and associated products of their rights, and the system monitors deadlines for renewals, maintenance, sworn declarations and responses or defenses in intellectual property proceedings, issuing reminders ahead of due dates.

Dashboards and reports present a user's global portfolio by jurisdiction, status, class and remaining term, together with key dates such as office action response deadlines and expiry dates, so that users can prioritize actions and allocate resources.

XMSAIL

XMSAIL provides overseas company incorporation, annual compliance, bookkeeping, tax filing and tax planning support, assistance with bank account opening and corporate secretarial services in major markets such as Hong Kong, Korea, Singapore, the United States and the United Kingdom. Its typical users are cross-border e-commerce sellers and other outbound businesses that need to establish and maintain overseas entities while managing compliance risks and documentation in multiple jurisdictions. It combines standardized online workflows with local professional support. AI and document tools assist with preliminary company-name checks, recognition and structuring of accounting records, and preparation of recurring materials.

XMSAIL draws on our global service network of local professional firms and institutions in major cross-border e-commerce markets. This network covers overseas tax authorities, corporate registries and financial institutions, and allows our teams to obtain timely updates on local requirements and coordinate filings and applications. For bank account opening, the platform structures the required information, such as corporate profiles and beneficial ownership details, coordinates with partner financial institutions and tracks the progress of each application. Corporate secretarial services are provided through our own teams, such as in Hong Kong and Korea, and partners, and cover statutory registrations, filings and registered address services, safekeeping of corporate documents and correspondence with government authorities, and tax filing support. We also automate recordkeeping for the SCR. Each entity's incorporation, annual filing and bank account opening workflows are presented visually with their current status and next steps, and its corporate documents are stored in the cloud for authorized users to access. Incorporation, accounting and filing steps remain subject to the requirements of the relevant jurisdiction and, where applicable, to local professionals.

GOING GREEN

GOING GREEN focuses on carbon compliance and sustainability projects, including Climate Pledge Friendly, EPD, CDP, SBTi and CBAM-related services. It provides products from carbon footprint assessment and carbon neutrality planning to offsetting residual emissions, with a view to supporting science-based emission reduction targets. These projects require the collection and validation of supply-chain, material, production and logistics data.

Through GOING GREEN, users record data for large numbers of product identifiers, such as ASINs, together with material information and supplier documentation, and the system keeps full trails so that the data used in carbon calculations and certifications can be traced to its sources. This reduces the risk that platforms or certification bodies revoke labels or certifications because of inconsistent or outdated materials.

Based on product materials, categories and target platforms or markets, our teams recommend suitable combinations of certifications and declarations, such as whether a product is better suited to Amazon's Climate Pledge Friendly or EPD, which helps users avoid over-certification or misaligned certifications. GOING GREEN is also supported by our collaboration with certain overseas certification institutions and platforms. Where applicable, this allows project milestones to be connected directly and processed in parallel, which shortens the overall project cycle and helps maintain stable approval rates. Users can view the submission date, review stage and expected completion time of each certification project on the platform. After certification, the platform aligns certification materials with product data across SKUs and tracks the validity periods of key documents, and our consultants provide one-on-one support throughout project execution to keep labels in good standing.

VATAi

VATAi is our international-facing brand for sellers outside Chinese Mainland seeking multi-jurisdiction compliance support. With operational offices in Europe, the United States and Asia, it brings together tax, overseas corporate, environmental, product, intellectual property and authorized representative services through localized sales and delivery resources, and its clients span the United States, Europe and Asia. VATAi is a certified Amazon SPN partner and a recommended compliance service provider on Amazon's Global Selling Services Marketplace.

VATAi shares its technology architecture, functional modules and API integrations with EVAT MASTER. This allows us to replicate proven compliance workflows in new markets across Europe and the Americas. Its service teams in Europe, the United States and other regions tailor documentation and filing support to each country and region, and the platform manages large numbers of VAT numbers and EPR registrations for its clients. Dedicated account managers and transparent pricing support day-to-day compliance operations. Through this single international-facing entry point, sellers gain access to the Group's shared compliance tools and global delivery network.

AXIS

AXIS is our compliance service brand for two principal user categories: compliance service providers that handle tax, intellectual property and product compliance for cross-border e-commerce sellers as agents, which account for the larger share of its service order volume, and cross-border e-commerce sellers and overseas local sellers. While EVAT MASTER primarily serves e-commerce sellers directly, AXIS extends our reach to the compliance service provider segment. As of June 30, 2026, AXIS had served paying users across 38 countries and regions. AXIS delivers its services through a collaborative network of locally based accountants and legal professionals in Europe, and supports agency-specific workflows, including consolidated order management and multi-client filing coordination, for providers that manage obligations on behalf of multiple seller clients.

Its VAT+ services cover European VAT, Middle East VAT, JCT and RFC, among other tax regimes. Its EPR services cover Germany, France and Spain, among other countries, across packaging, battery and WEEE regulations, and are supported by a dedicated European team that monitors regulatory changes. AXIS has secured multiple leading compliance service providers as clients for its EPR services. For instance, AXIS provides German EPR services through its local qualifications and delivery capabilities, making it recognized by Stiftung EAR as a WEEE guarantee provider and designated authorized representative. It also works with major German recycling schemes. Its services include WEEE guarantees, compliance for all battery categories, and packaging registration, reporting and recycling coordination. These services cover the full process of registration, authorized representation, guarantees, reporting and fulfillment of recycling obligations. AXIS can independently respond to official audits and regulatory inspections and handle exceptional filings and other complex compliance matters.

AXIS's trademark and patent registration and protection services cover the United States, the European Union and the United Kingdom, among other markets. For these services, AXIS works with intellectual property legal professionals in multiple countries to coordinate the full process from document review to application filing, and offers non-litigation products to help sellers address infringement matters or mitigate infringement risks.

NBTS

NBTS provides laboratory TIC services for consumer products (including toys and children's products, footwear and leather goods, bags and handbags, apparel and textiles, fashion jewelry and accessories, and light industrial products), food-contact materials, packaging materials and batteries. Established in 2010 and headquartered in Dongguan, Guangdong Province, NBTS also maintains strategic partnerships with regional agents in Guangzhou, Fujian and other locations in China. It operates through its own laboratory and cooperation with international third-party testing institutions. As of June 30, 2026, it operated one laboratory with a total area of approximately 4,000 square meters and had nearly 140 sets of testing and ancillary equipment. It has obtained CNAS, CMA and U.S. CPSC accreditations and issues testing reports bearing CMA and CNAS accreditation marks. It has also been certified as a TIC service provider for Temu, AliExpress, Amazon, SHEIN and TikTok and as an Amazon TIC direct verification institution for the toy product category, and can directly perform compliance verification for applicable products.

Its testing capabilities cover major PRC, EU and U.S. regulatory frameworks. These include PRC national standards such as GB 6675 and GB 18401. They also include EU legislations and standards such as EN 71, the REACH Regulation, the RoHS Directive, and the EU Battery Regulation; and U.S. legislations and standards such as the Consumer Product Safety Improvement Act and applicable ASTM standards. NBTS has also expanded into emerging compliance areas, including the EU Packaging and Packaging Waste Regulation and per- and polyfluoroalkyl substances testing.

NBTS's self-operated laboratory complements the TIC services available through our platforms, and EVAT MASTER users can place orders for NBTS testing services directly. A user can submit a product image or store link. For certain product categories, our TIC AI agent can identify testing requirements and product risk features, generate a quotation, prepare a compliance roadmap, recommend TIC services and produce structured reports for export as compliance evidence. The user can place a testing order and track progress online. The underlying tests and reports are performed under the applicable laboratory and accreditation procedures.

Typical Workflows

New registrations, agency transfers and periodic declarations follow the same six phases: intake, AI review, data preparation, professional review, government filing and closure.

New registration or agency transfer

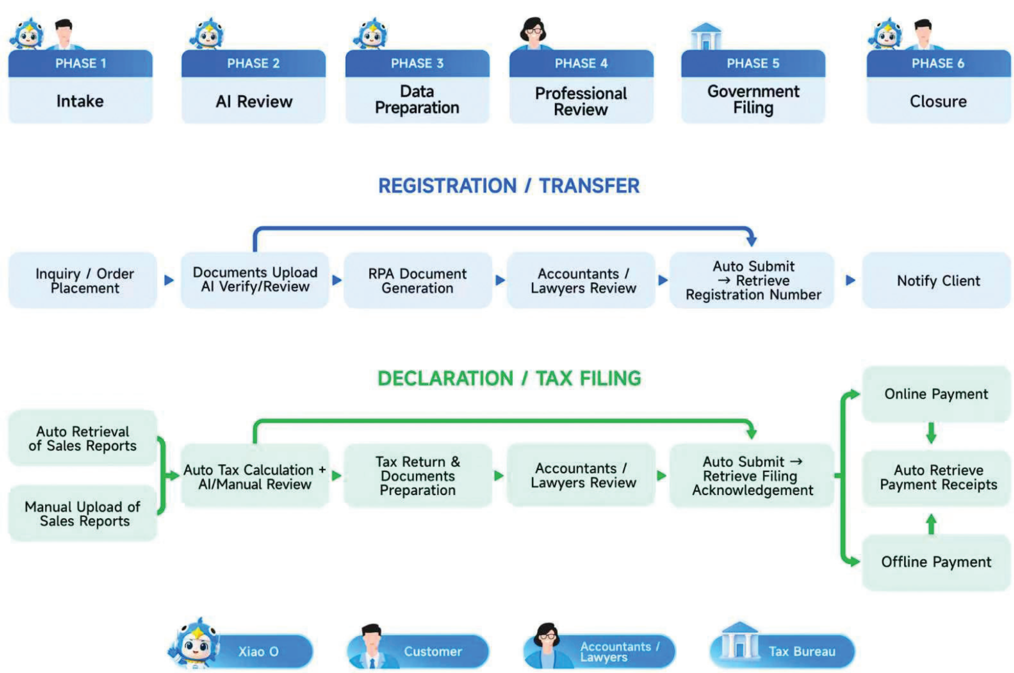
A customer selects and orders the relevant service and submits the required information. AI performs a preliminary check and returns immediate feedback on missing or inconsistent information, followed by an automated review. RPAs then generate the application documents. Where the jurisdiction or service requires it, an accountant, lawyer or other service provider reviews the application. The application is then submitted through an official API, an automated execution workflow or the relevant professional channel. Our systems periodically scan for the official registration number or a status update, and our platform notifies the customer of the result.

Periodic filing or declaration

With the customer's authorization, our platform retrieves the relevant sales reports; or the customer uploads them directly. The system calculates the tax or recycling charge using the applicable formula and rules, and AI or our personnel review the result, depending on the risk and the circumstances. The system then prepares the tax return or declaration and supporting documents. Accountants or lawyers review the filing where required. The declaration is submitted through a direct API, an automated execution workflow or a professional service channel, and our platform records the filing acknowledgement. The customer pays online or offline as applicable, and the platform automatically retrieves and stores the payment receipt.

Customers can start and follow these workflows through Xiao O by describing what they need in natural language. Xiao O orchestrates the relevant O·AI agents, while sensitive, exceptional or jurisdiction-specific matters continue to go through human or professional review.

The illustration below presents these workflows.



Case studies

Company A — Comprehensive compliance needs in the EU

Company Background and Compliance Challenges: Company A is a high-tech battery company integrating research and development, design, manufacturing, and sales of the primary battery products. Company A sells its products in Chinese Mainland and overseas through major cross-border e-commerce platforms, covering over 50 countries and regions globally, such as the U.S., the UK, Germany and Spain. In recent years, Company A has been faced with outbound regulatory and compliance requirements in multiple jurisdictions with its business expansion, which required Company A to coordinate with various service providers for tax, EPR, product testing and certification, and intellectual property compliance services. This approach resulted in relatively high coordination costs, fragmented data management and the absence of a consolidated compliance overview. Company A initially engaged us for VAT+ related compliance services, and eventually decided to work with us to address a broad range of its compliance needs.

Our Products and Achieved Business Value: To address Company A's multi-store and end-to-end compliance needs, we created a single account for its management of all compliance matters under that account, providing Company A with comprehensive services covering tax, environmental compliance and intellectual property compliance. Our one-stop global cross-border compliance platform has enabled the automatic synchronization of Company A's global sales data and reduced the risk of tax non-compliance by applying jurisdiction-specific tax rates based on transaction locations and updating applicable tax rates and filing requirements in real-time. We also completed batch EPR registrations for Company A across multiple EU jurisdictions based on the applicable requirements for different product categories. We have set up a data dashboard on our platform, which automatically aggregates products' sales volume and weight by category, generates quarterly or annual filings and facilitates the payment of recycling fees. In terms of brand protection, we, through our IPP MASTER platform, conducted a comprehensive registrability assessment of Company A's trademarks on a global basis. After reviewing the registration status of Company A's proprietary brands in target markets, we assisted Company A in strengthening its trademark portfolio in multiple jurisdictions such as the UK, certain EU member states and Mexico.

Company B — French VAT refund

Company Background and Compliance Challenges: In early 2025, we were engaged by Company B to assist with a French VAT refund application. Company B was not incorporated in France; however, it had previously misinterpreted the applicable VAT rules when issuing invoices to the French branch of Amazon for its supply of certain goods within France, resulting in the erroneous payment of French VAT that should not have been charged. Amazon subsequently requested Company B to recover the overpaid VAT by applying for a refund from the French tax authorities. Due to the complex regulations, stringent documentation requirements and lengthy processing timelines, it was challenging for Company B to apply for the French VAT refund, and any potential procedural error could result in the rejection of such application.

Our Products and Achieved Business Value: In response to this challenge, we leveraged our industry expertise and coordinated service framework to promptly initiate a professional and compliance-driven service process. Our product delivery team first analyzed the transaction structure and confirmed that the relevant supplies constituted local sales between a non-French supplier and a purchaser holding a French VAT registration number, for which French VAT was not required to be charged, thereby establishing the legal basis for the refund application. In the meantime, our system retrieved and processed Company B's key supporting documents, including sales data, purchase invoices, sales invoices, logistics documents and prior filing records, to ensure documentation completeness and accuracy, minimizing the risk of delays caused by documentation deficiencies.

Following submission of the refund application to the French tax authorities, we closely monitored the review process, responded to multiple requests for supplemental information and proactively communicated with the tax authorities to substantiate the legitimacy of the refund application. After nine months, Company B successfully recovered the VAT refund in full of more than €200,000. Beyond this matter, we have also established a long-standing cooperation with Company B and continued to provide Company B with comprehensive tax compliance services.

Company C — AI-assisted compliance assessment for multi-market expansion

Company Background and Compliance Challenges: Company C, a consumer goods company, planned to sell several products in overseas markets. It needed to identify the compliance requirements applicable to different products and obtain the relevant qualifications. Within a short timeframe, it had to research policies, classify products, select compliance products, prepare documents, and submit applications across multiple product categories and target markets.

Our Products and Achieved Business Value: Company C described its products, target markets, and service needs to Xiao O, which provided preliminary guidance on the compliance obligations potentially involved and how to proceed. It also used LinkSafe to retrieve the original regulations and policies applicable to certain products. Combining this regulatory information with Company C's product profile, AI indicated the qualifications potentially required, the applicable conditions, and the materials to prepare in advance. This narrowed Company C's information search and provided a reference for its internal decision-making.

After Company C confirmed its preliminary plan, Xiao O outlined the corresponding services, procedures, and document checklists for each product. Company C placed orders and submitted materials as prompted, and AI flagged common omissions, inconsistencies, and form-filling issues. Company C could track progress through the system, consult Xiao O on supplementary materials, processing milestones, and common compliance questions, and refer questions that standardized information could not resolve to our service personnel. For more specialized questions, such as the general approach to design patent applications, AI could provide preliminary analysis to help Company C form a basic understanding before consulting professionals.

The customer reported that the process covered its needs from compliance enquiry and regulatory research through service selection, ordering, and document submission to after-sales communication. It considered that AI made professional compliance requirements easier to understand, reduced the time spent on preliminary research and document organization, and provided practical support for its day-to-day compliance and intellectual property work.

Company D — AI-assisted document recognition and information reuse

Company Background and Compliance Challenges: Company D is a cross-border e-commerce business operating in multiple markets that routinely handles business licenses, corporate records, and product information. To apply for compliance services, it previously retrieved documents repeatedly for different service requirements and entered company and product information manually, item by item. When several applications ran in parallel, this repeated work was time-consuming and prone to omissions and entry errors.

Our Products and Achieved Business Value: After consulting Xiao O on the compliance requirements of its target markets and selecting services, Company D uploaded its business license and other corporate documents. AI recognized the company name, registered address, and other registration details and matched them to the corresponding form fields for Company D to check and confirm, reducing repeated entry steps and the risk of transcription errors. For applications involving multiple services, base information already recognized and confirmed could be reused in related workflows.

Before submission, AI organized the materials by service type and flagged potentially missing or incomplete information and items requiring further confirmation. Company D supplemented the materials as prompted and completed its submission. It could track progress on the platform and consult Xiao O on supplementary requirements and common questions, with our service personnel available to follow up on special situations.

The customer found the functions easy to use and responsive, and accessible to users unfamiliar with compliance procedures. It reported that document recognition and one-click filling noticeably simplified steps that previously required manual work, saving time and making information entry easier and more accurate, particularly when handling numerous documents or repeated entries.

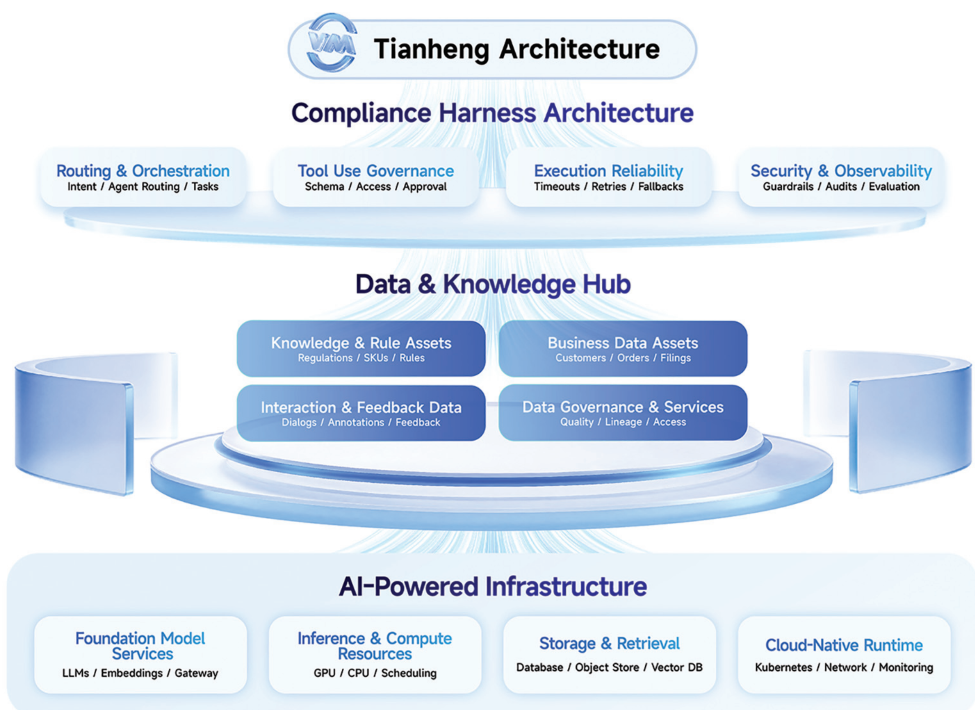
OUR TECHNOLOGY

Our business is underpinned by our proprietary Tianheng architecture, the technical infrastructure supporting our enterprise-grade agentic AI network, with direct system connectivity to overseas tax bureaus, corporate registries, e-commerce platforms and certification bodies.

Our AI Technology Architecture

Tianheng architecture comprises the Compliance Harness Architecture, the Data & Knowledge Hub and the AI-Powered Infrastructure. They coordinate tasks, organize the authorized knowledge and data, and provide model services, computing, storage and a cloud environment in which the applications run.

The following diagram illustrates the Tianheng architecture:



- **Compliance Harness Architecture.** This architecture coordinates agent tasks and controls tool use and execution.

  (i) Routing and orchestration identify a user's intent, direct the request to the appropriate agent and organize the tasks needed to complete it. Conversation memory and context management help the agents carry relevant information between steps.

  (ii) Tool use governance defines tool inputs and outputs and checks access permissions, action sensitivity, and required approvals before a tool is called, using the relevant configurations and specifications.

  (iii) Execution reliability sets time limits for stalled requests, retries after failures and fallback paths when the original route is unavailable. End-to-end tracing and audit logging allow us to reconstruct each action taken by an agent. Configuration management helps keep execution consistent.

  (iv) Security and observability cover scoped permissions, policy checks, human confirmation for sensitive operations, and evaluation of system behavior. Under CAICT's AI agent maturity framework, Level 3 applications can handle complex tasks in a single domain but require human review and confirmation at key decision points. End-to-end tracing and full tool-call logs allow agent actions to be reconstructed. Our zero-trust architecture verifies access, while prompt-injection defenses address instructions embedded in inputs that attempt to redirect an AI system.

Infrastructure safeguards include web application firewalls, continuous intrusion detection, traffic monitoring and automated alerts, separation of application and data layers, and access controls based on role and business need. Core-system data is encrypted in transit and at rest, with dual-cloud encryption. Tax-data connections use end-to-end encryption and certificate-based authentication. Near real-time cross-data-center replication and periodic full and incremental backups in separate locations are intended to support recovery of key services and critical business data.

- **Data & Knowledge Hub**. Agents use tools to retrieve the knowledge and data in this hub as they carry out compliance tasks.

  (i) Knowledge and rule assets include regulations, product identifiers and compliance rules that agents can retrieve and apply. Drawing on these assets and professional experience, we develop and continuously refine algorithms for tax calculations in our VAT+ services, EPR recycling fees, and other compliance calculations. These algorithms automate calculations that would otherwise require staff to interpret and apply multiple rules.

  (ii) Business data assets include customer, order and filing records. They cover authorized transaction and compliance product data obtained from e-commerce platforms, project and case records from our compliance services, intellectual property portfolios, and supply chain and supporting documents.

  (iii) Interaction and feedback data include conversations, annotations and feedback, which provide a record of interactions with our applications.

  (iv) Data governance and services manage data quality, record where information came from and how it has been processed, and control access. Tianheng collects, standardizes, cleanses, classifies and models structured and unstructured information for retrieval through defined services and APIs. A unified data model maps tax-authority data formats from different jurisdictions into a common internal structure so one integration can serve multiple jurisdictions. Its multi-tenant architecture separates tenant data within shared infrastructure.

- **AI-Powered Infrastructure**. This component provides the model services and computing environment used by our applications.

  (i) Foundation model services provide access to external general-purpose LLMs and embeddings, which are numerical representations used to find related information. Our model gateway connects to multiple external foundation models and manages routing, rate limits, cost controls and failover between providers, reducing dependence on any single provider.

  (ii) Inference and compute resources provide the graphics processors and other computing capacity needed to run models, serve their outputs to applications and schedule workloads.

  (iii) Storage and retrieval combine databases, object storage for files and other data, and a vector database that finds material with related meanings. Our knowledge graph records relationships between customers, orders, jurisdictions and applicable rules to help models base their responses on our own data.

  (iv) The cloud-native runtime uses Kubernetes to deploy and manage applications, together with networking and monitoring services. Systems run across multiple cloud environments and regions with redundancy to reduce single points of failure. Our deployment approach is intended to allow upgrades and maintenance without interrupting customer access, including for time-sensitive tax filings and regulatory reporting.

Across our brands, containerized services provide reusable functions such as user, product, and order management. Registration and discovery let services find one another, while circuit breakers and rate limits control failed or excessive requests. Message queues synchronize business changes across products in real time. Shared services for user management, orders, payments, settlement, and compliance filing unify key operational data, substantially improving workforce efficiency and reducing infrastructure maintenance costs.

AI Technology in Our Services

Our brands and internal operations use the O·AI agents built on and supported by our Tianheng architecture, together with tools to improve accuracy and efficiency of service delivery. Key applications include:

- **Intelligent tax calculation and risk monitoring**. For VAT+ services on EVAT MASTER, our intelligent tax engine draws on the Data & Knowledge Hub to apply multi-jurisdictional accounting and tax rules. It automatically calculates VAT and other applicable tax liabilities based on transaction data synchronized from e-commerce platforms upon user authorization. Our Star Dome risk control system monitors tax number status and filing behaviors in real time and triggers alerts for risks such as overdue filings or abnormal declarations.

- **AI-driven EPR and product compliance**. For EPR, RsP and TIC services, AI recognition identifies applicable EPR categories based on product links and attributes, and generates compliant labels and packaging information. Automation modules calculate recycling fees using official formulas and assist in preparing and submitting registrations and periodic declarations to recycling organizations and other competent bodies.

- **Intellectual property analytics**. IPP MASTER applies AI search and prediction models to global trademark and design databases to provide indicative assessments of registration prospects. It monitors renewal deadlines and office actions and supports IP lifecycle management across jurisdictions.

- **Corporate services and name verification**. XMSAIL employs AI to perform preliminary checks on proposed company names against local naming rules and available records, improving the efficiency of company incorporation processes and reducing the rate of rejections due to non-compliant names.

- **Carbon compliance data structuring**. GOING GREEN uses tools and templates to manage supply chain data and supporting evidence, including material composition, processes, and logistics. These resources support the documentation needed for Amazon's Climate Pledge Friendly, EPD, CDP, SBTi projects and EU CBAM declarations.

- **Product compliance assessment and testing**. LinkSafe, a Business Agent in the O·AI Suite, uses shared AI recognition and data retrieval to analyze product links and generate compliance roadmaps. For TIC, our platform automatically assesses product categories and target markets to identify required certifications, testing items, and estimated timelines. Customers can enter store or product links to view this information. Supported by NBTS's testing capabilities, the platform also offers self-service ordering and real-time progress tracking throughout the certification process.

Tianheng supports our enterprise-grade agentic AI network comprising Xiao O, the O·AI agents, over 200 reusable agentic skills, 36 integrated industry APIs, and various RPAs. Through this network, we make technical capabilities available across our brands where the service and customer authorization permit. For example, our intelligent tax calculation engine is used by both EVAT MASTER and AXIS, which reduced duplicative development effort by approximately 80%. Our OCR engine serves all seven brands, improving document processing efficiency by approximately 80% and reducing manual data entry costs by approximately 70%. Our EPR category recognition algorithm has improved filing accuracy to approximately 98% or above. As of June 30, 2026, our average compliance API response time was less than 200 ms. As of the same date, the recognition rates for banking documents and commercial invoices were 99.9% and 90.0%, respectively. As of the same date, all customers obliged to file tax declarations in Poland had used our AI deductible item recognition feature for those filings. The customer penetration rate of our AI-powered trademark naming and design patent search functions has continued to increase.

RPA and AI serve complementary roles. RPA executes rule-based, repetitive workflows without consuming model capacity. For these tasks, it remains faster and more predictable than a model-based approach, which we expect to continue for the foreseeable future. AI, by contrast, handles unstructured data and complex decisions that fall outside RPA's scope. We also use AI tools to shorten RPA development cycles and expect to keep investing in both capabilities, using each where it is suited.

RESEARCH AND DEVELOPMENT

Technology innovation is central to our competitiveness. Our R&D team has developed Xiao O, the O·AI agents, the shared resources and tools within the O·Foundation, and the Tianheng architecture that supports these applications. We invest in maintaining existing products, responding to regulatory changes and launching new features across our seven brands. Our R&D efforts focus on cross-border compliance scenarios rather than general-purpose software alone, combining engineering capabilities with deep domain expertise in international tax, product, intellectual property, corporate and carbon regulations. As of June 30, 2026, we had successfully integrated with over 60 tax authorities and agencies globally, established a dynamic compliance system covering our major markets for rapid policy adaptation and risk control, and maintained long-term partnerships with overseas agencies and technical providers to enable stable access to policy updates and technical resources.

Our Experienced R&D Team

As of June 30, 2026, we had an R&D team of 111 members, representing about 13.7% of our total staff. Approximately 73% of our R&D staff have academic backgrounds in information technology, such as computer technology, software engineering, communication engineering, electronic information engineering, and the Internet of Things. Our R&D personnel work closely with our specialists in global tax and compliance to translate complex and frequently changing rules into standardized, machine-readable logic and product features. Their work spans the design and maintenance of our platform architecture, the refinement of AI and data models, and quality assurance.

Cross-functional, Agile and Governed R&D Process

We are shifting from traditional, centralized development by R&D in response to business requests toward our internal AI-enabled forward-deployed engineering ("**AI-FDE**") model. Our R&D team provides AI development tools, technical platforms, engineering standards and security controls. Customer-facing teams use these resources and approved low-code tools to design features, build prototypes and develop lightweight applications, turning operational needs into workable technical plans. R&D focuses on the underlying platform, technical support, complex functions, and quality and security assurance.

Our R&D team also maintains the common architecture, tool standards, permissions, security controls, testing framework, release process and runtime monitoring for those applications, together with Tianheng's shared data services and integrations with external systems.

We validate use cases before full development. We devote a considerable amount of project time to selecting use cases and testing minimum viable products, which are working prototypes with the core features needed to test a proposed products. This approach can shorten projects that traditionally take months to a matter of weeks and reduce rework. It shortens the path from business feedback to delivery, helps more projects succeed and gain adoption, and accelerates the development and refinement of business applications.

New or materially changed functions undergo functional, integration, security and compliance testing, and high-impact functions may be piloted with selected internal users or customers before broader deployment. After release, we monitor usage, exceptions, incidents, regulatory updates and feedback, and improve the relevant agent, tool, rule or user experience.

We use a standardized R&D project management framework to support timely, high-quality project execution. This model allows business functions to respond quickly to practical needs while maintaining group-level standards for architecture, data, security and auditability.

Key R&D Focus Areas

At the user-experience level, we will improve Xiao O's intent recognition, interaction design, service coverage, progress transparency, delivery reliability, as well as its task planning and orchestration of the O·AI agents. Within the O·AI Suite, we will expand and refine the O·AI agents' capabilities while preserving the controls and professional review required for sensitive or complex matters.

Within Tianheng, we will strengthen task routing, tool use governance, execution reliability, monitoring and auditability. Our investment focuses on applying, integrating and governing externally sourced model capabilities for cross-border compliance. We will also develop and update structured compliance knowledge, and strengthen data governance and retrieval capabilities, to improve the accuracy and traceability of our AI outputs and automated services.

We continue to operate our O·AI agents to support particular customer journeys. API integrations and rule-based execution tools will continue to be developed as reusable agentic skills for the tasks to which they are suited.

At the ecosystem level, we plan to make selected existing capabilities available through open-platform integrations, including MCP services, reusable agentic skills, APIs. These integrations would allow customers to use our AI agents, API capabilities and automated execution tools within their own systems and support closer operational coordination with them.

SALES AND MARKETING

Domestic Sales

In-house sales teams

We mainly sell our products and services through our in-house sales teams in Chinese Mainland. These teams focus on acquiring new customers and deepening relationships with existing customers, with a particular emphasis on cross-border e-commerce sellers that require end-to-end compliance support in overseas markets. Through our one-stop global cross-border compliance platform, sales personnel can efficiently engage with customers online to understand their business models and their compliance needs, and recommend suitable combinations of our products. For larger or more sophisticated customers, we typically adopt an account-based approach with dedicated managers responsible for coordinating multi-product engagements across VAT+, overseas corporate, EPR, carbon compliance, RsP, TIC, and IPP.

Our domestic direct sales activities are mainly concentrated in regions with a high density of cross-border e-commerce sellers and export-oriented businesses, such as Shenzhen, Hangzhou, Xiamen, Zhengzhou and Qingdao. Our sales model is based on a standardized framework for providing end-to-end compliance services online through our proprietary compliance platforms. This online model broadens our customer reach and improves service efficiency, allowing our sales teams to serve a broader range of target customers across a wider geographic area.

Sales personnel are generally compensated through a combination of base salary and variable incentives linked to individual and team performance. Variable incentives typically take into account factors such as new customer acquisition, cross-selling of additional products to existing customers and renewal performance, with the aim of aligning sales behavior with long-term customer value rather than one-off transactions.

Ecosystem partners and indirect channels

While we contract directly with end customers for most of our services, we also leverage our ecosystem relationships to access and serve customers more efficiently. We cooperate with major cross-border e-commerce platforms and cross-border ecosystem service providers and enhance our presence as an official partner of these platforms, which has been proven to be successful as we significantly increased the new customer base acquired through platform collaborations in 2024 and 2025. In addition, our established working relationships with overseas accounting firms, law firms, testing laboratories, recycling bodies, and banks in key markets may introduce us to potential customers or jointly promote compliance services to their existing user bases.

Overseas Localized Sales and Service Network

As part of our global growth strategy, we are building local sales and service capabilities in key international markets, including the U.S., Germany, Italy, Spain, and the U.K. By recruiting professionals experienced in local regulations and business practices, we aim to better serve international sellers, understand their needs, respond more quickly, and build lasting trust in our services.

Operating under our international brand, VATAi, we connect with customers both online and offline. Online, we run targeted marketing campaigns across major channels like Google, Bing, and Meta, while working closely with leading cross-border e-commerce platforms such as Amazon and TikTok Shop. Offline, we regularly attend industry exhibitions in the U.S. and Europe to engage directly with overseas customers and channel partners.

Branding and Demand Generation

We undertake branding and marketing activities to enhance market awareness of our platforms and to generate demand for our services. As our products target different customer populations, we also use different sales strategies for different products. For example, as our VAT+, EPR and RsP services are generally considered essential services for e-commerce sellers, we tend to offer these services at an affordable price to attract a large number of new customers, whom we then work with to potentially convert into customers for other more specialized services. Our IPP, overseas corporate services and product compliance services are generally more specialized. Therefore, we emphasize building professional credibility and delivering personalized, risk-controlled services in promoting our offerings in these categories.

In Chinese Mainland, we promote our brands through a well-rounded marketing strategy. Offline, we build brand awareness through transit advertising in high-traffic areas, including subways, buses, and stations. We also share our expertise in cross-border compliance and global operations at industry conferences, trade shows, and seminars. Additionally, we partner with e-commerce platforms, logistics providers, and payment services for joint marketing campaigns to better support the cross-border business community.

Online, we use digital channels to attract customers and build brand interest. Through our websites, WeChat, Douyin, and Xiaohongshu, we regularly share product updates and practical guides for businesses expanding overseas. To reach the right audience, our marketing includes paid search, feed advertising, website campaigns, active social media engagement, and search engine optimization. These combined efforts help us connect with Chinese enterprises looking to go global, steadily growing our brand presence and turning prospects into active customers.

For overseas sellers, we use "VATAi" as the international-facing brand for our compliance offerings. Under this brand, we plan to invest in local-language digital marketing, including search engine marketing and social media campaigns, and to partner with local service providers to build awareness and trust among overseas sellers that may not be familiar with Chinese service providers.

Revenue Model

We generate revenue from fees charged for our compliance products and related services across the four business segments. Corporate and tax compliance revenue is generated from VAT+ registration and filing, tax-number management and risk monitoring, overseas corporate services, bookkeeping and related compliance services. Environmental compliance revenue is generated from EPR registration and declarations, carbon-compliance certifications and related projects. Product testing and certification revenue is generated from RsP, laboratory testing, inspection, certification and related product-compliance services. Intellectual property protection revenue is generated from trademark, design patent, copyright and other intellectual property registration, management and protection services.

Within each segment, we derive revenue from (i) recurring compliance services, generally provided through ongoing platform and service arrangements, and (ii) value-added services for specific cases or certifications. Recurring services generally include periodic VAT+ registrations and filings, ongoing tax number hosting and risk monitoring, recurring EPR registrations and declarations, and annual corporate compliance and bookkeeping services. Value-added services typically include historical tax remediation, specific product testing and certification projects, individual trademark and design applications, and disclosure projects.

The revenue contribution of each segment is set out under "— Our Offerings — Performance of Our Business." We generally expect to recognize revenue from subscription-based arrangements over time, reflecting the continuous transfer of services during the contract period. For certain one-off project-based services, we generally expect to recognize revenue when the relevant service obligations are fulfilled. Revenue recognition follows the accounting policies and performance obligations described in the section headed "Financial Information."

Pricing

We use a market-driven pricing model. We set prices by considering underlying costs, target gross margins, market prices for comparable services, operating complexity, market risk, service scope and prevailing industry pricing. To ensure our rates remain fair and competitive, we regularly review supplier costs, market trends and customer feedback, adjusting our pricing where appropriate.

Customers can select and combine the standard service SKUs under each product and adjust their selection as their needs evolve. This model combines standardization and cost efficiency with support for more complex, customer-specific compliance needs.

Key Terms of Service Subscription Agreements

Users register an account on our platform, select services, place orders and enter into service subscription agreements online under the platform's terms and conditions. The table below summarizes typical terms of these agreements, which vary by service line and jurisdiction.

Scope of Services	Agreements typically specify the purchased services, such as (i) VAT+ registration, filing and transfers, (ii) EPR registration, filing and cancellation and (iii) authorized representative and product registration services. Additional consulting or related services may incur additional expenses.
Service Fees	Fees reflect the product line, scope and complexity of the services, at rates published on our platform. We may adjust rates for changes in operations, markets or relevant national authorities' policies.
Service Periods	Typically one year and renewable before expiry. Certain subscriptions allow valid service requests for three years after payment.
Payment Terms	Full payment before subscription and within seven calendar days after receipt of the bill. Payments overdue by more than 15 calendar days attract interest and collection costs.
Intellectual Property	All ownership and intellectual property rights in website information and services remain exclusively ours.
Confidentiality	Each party must take reasonable measures to protect the other's confidential information. Use is limited to purposes directly related to performing the agreement.

Indemnity	The user warrants the authenticity, accuracy and completeness of all materials submitted, and is responsible for filing declarations, making statutory payments in full and on time, and completing deregistration as required. The user shall indemnify and hold us, our affiliates and our third-party service partners harmless from any and all losses, penalties, fines or third-party liabilities arising from the user's breach of these obligations.
Termination	We may terminate an agreement or subscribed service unilaterally, at any time and without liability to the user, in certain circumstances, including if a user misses a required filing deadline, leaves fees unpaid, breaches the agreement, violates laws or third-party rights. The user may terminate early on at least two months' notice. Paid fees are non-refundable, and if they do not cover our losses, we may recover full compensation and enforcement costs from the user.
Limitations of liability . .	To the fullest extent permitted by applicable law, neither we nor our licensors, affiliates, subsidiaries, or their respective personnel are liable for any indirect, incidental, consequential, special, punitive, or exemplary damages, and our total aggregate liability is capped at the fees paid for the relevant services. A dissatisfied user's sole and exclusive remedy is to discontinue the use and terminate the subscription agreement.

Certain service-specific terms apply to our agreements for NBTS testing and certification services. These agreements generally provide that:

Service term and completion	Service orders generally remain valid for one year after payment. A service is generally completed or terminated when NBTS issues a formal test report or a test result notice for a failed or inconclusive sample, or, after issuing a sample rectification notice, the user does not resubmit compliant samples and required materials within the specified period.
Fees, payment and refunds	Fees generally cover testing, but exclude certain ancillary charges. The agreements generally require one-time upfront payment and allow refunds only if the user has not submitted any samples or materials within seven days after purchase.
User obligations	Users are generally required to submit samples and related materials within seven days after purchase, bear delivery costs and transit risks, and cooperate with requests for supplemental information, retesting, or site inspections.
Delivery arrangements . .	NBTS is generally allowed to subcontract all or part of the relevant services to qualified third-party institutions and provide for sample handling and disposal arrangements.

SEASONALITY

We generally observe higher sales in the fourth quarter of each year, primarily due to annual subscription renewals. However, our revenue is recognized over time, and as a result, we have not experienced material seasonal fluctuations in our revenue.

OUR CUSTOMERS

Our customer base primarily comprises cross-border e-commerce sellers that sell goods from Chinese Mainland and other markets into overseas destinations. We also serve other outbound businesses that require corporate and tax compliance, environmental compliance, product testing and certification, and intellectual property protection services. As of June 30, 2026, we had cumulatively served over 264,000 paying users on our platforms. As of the Latest Practicable Date, we had provided compliance services in 121 countries and regions worldwide. These customers sell across a wide range of categories and operate on multiple platforms, which helps diversify our exposure to individual industries or platforms.

Customers use our platforms and services for different stages of their cross-border expansion. Some customers are early-stage sellers that primarily require VAT+ registration, overseas corporate services and basic filing services, while others are more established businesses with multi-country tax footprints, complex product portfolios and needs for EPR, RsP, IPP, TIC and carbon compliance services. Our modular product design enables us to serve both smaller "entry-level" customers and larger companies with more sophisticated compliance requirements.

The relationships with our customers are governed by our standard service subscription agreements. In order to access our services, a user account is required to be registered on our platform. Upon successful registration, users may utilize their accounts to submit purchase orders for our services in accordance with the terms and conditions stipulated on the platform. The user may select a specific service for purchase, place a purchase order and sign a service subscription agreement with us online. The service subscription agreement sets out, among other matters, the scope of services, pricing and payment terms, allocation of responsibilities for underlying information and filings and data protection arrangements. For a summary of the principal terms of such agreement, see "— Sales and Marketing — Key Terms of Service Subscription Agreements."

Our Top Five Customers

During the Track Record Period, our customers mainly consisted of a large number of cross-border e-commerce sellers and other crossborder businesses that engaged us for various cross-border compliance services. During the Track Record Period, revenue from our five largest customers accounted for less than 5% of our total revenue in each year/period. Given the nature of our services and our large and dispersed customer base, we were not subject to any material customer concentration risk during the Track Record Period.

During the Track Record Period, and to the best of our Directors' knowledge, none of our Directors, their respective associates or any of our shareholders who, to the knowledge of our Directors, owned more than 5% of our share capital had any interest in any of our five largest customers that would be required to be disclosed under the Listing Rules.

Customer Support and Relationship Management

We aim to build long-term relationships with our customers by providing comprehensive support throughout the customer lifecycle. Our service teams assist customers in choosing appropriate products and service combinations, help them onboard to our platforms, and provide ongoing support during daily use. We offer training and guidance on how to use our systems to manage tax, product, intellectual property, corporate and carbon compliance, and we actively collect customer feedback to inform product improvements and new feature development.

Our self-developed AI online customer service system went live in August 2026. As of the Latest Practicable Date, it had handled 20,230 customer inquiries, and since August 15, 2026, it has processed 100% of incoming inquiries. The system features AI-assisted responses, smart chatbots, conversation tagging, analytics and management insights. By organizing and analyzing customer inquiries, service records and frequently asked questions, the system helps our personnel quickly identify customer needs, retrieve relevant information and provide highly consistent responses. We continue to refine its knowledge base and integrate it with real business scenarios to support resource allocation, quality assessment and operational decision-making. Ultimately, by combining human expertise with smart tools, we further improve response efficiency, service standardization and overall management capabilities.

In certain service lines, such as carbon compliance under GOING GREEN, we provide one-on-one project management and comprehensive consulting services during project execution, aiming to ensure that certification projects progress smoothly and that customers understand each step of the process. For tax and environmental compliance services, our Star Dome risk control system and related operational teams monitor filing status and potential anomalies and proactively remind customers to take corrective actions where necessary.

We plan to further strengthen our customer success capabilities by refining our internal processes for tracking customer usage and satisfaction, identifying customers with potential cross-selling opportunities and designing specific engagement plans to help them derive more value from our platforms. We also intend to enhance our complaint-handling mechanisms and escalation procedures to ensure that any customer issues are resolved promptly and systematically.

PRODUCT DELIVERY AND QUALITY CONTROL

We are responsible for product delivery, namely, to provide the services to our customers either through our in-house delivery team or by engaging third-party service providers. During the Track Record Period, our in-house delivery team contributed to approximately 70% of our product delivery, and we expect to further enhance our self-operated delivery capabilities going forward.

Our delivery teams have used AI tools to reduce repetitive work and manual processing time. From April to June 2026, the number of VAT+ and EPR service orders we processed increased by 77% compared with the same period in 2025, supporting our ability to handle business growth.

Navigating complex cross-border regulatory environments can be challenging for our customers, and we have implemented a series of quality control measures to ensure that our process is reliable, timely and smooth for customers. We have established a standardized quality control system, which includes standard operating procedures, dual-system data accuracy and compliance control operated by our system and our staff, delivery process monitoring and milestone management, and continuous quality reviews and compliance tracking. As a recognition of our quality control efforts, we have obtained the certification of ISO/IEC 9001:2015 (quality management).

OUR SUPPLIERS

During the Track Record Period, our suppliers mainly comprised (i) overseas professional service providers, including accounting firms, law firms, testing laboratories, certification bodies, environmental agencies, recycling companies, intellectual property agencies, banks, guarantee institutions, and translation service providers that assist us in delivering tax, product, intellectual property, corporate and carbon compliance services; and (ii) providers of cloud infrastructure and other technology services. We have established long-term cooperative relationships with over 500 third-party service providers globally, across major cross-border e-commerce markets, forming a localized service network that underpins our compliance services. We manage these suppliers through SCM. See "— Supplier Management and Quality Control."

We select suppliers considering multiple factors, including their business background and qualification, company size and compliance status, communication efficiency, costs, delivery and responsiveness, ability to adapt to changes and handle unexpected situations, and cooperativeness. We keep regular communications with our suppliers during the course of their engagement, and have a standard reporting system if we encounter issues with a supplier. We evaluate our suppliers using the same criteria as those used for supplier selection, and we then use such evaluation results to determine whether we will continue our engagement with the suppliers.

In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers amounted to RMB43.7 million, RMB65.7 million, RMB89.3 million and RMB55.9 million, respectively, representing approximately 36.8%, 39.5%, 35.8% and 31.1% of our total purchases for the same periods. During the same periods, purchases from our largest supplier amounted to RMB11.6 million, RMB23.9 million, RMB32.0 million and RMB24.7 million, respectively, representing approximately 10.2%, 14.4%, 12.8% and 13.8% of our total purchases for the same periods.

To the best of our Directors' knowledge, none of our Directors, their respective associates, or any of our shareholders who, to the knowledge of our Directors, owned more than 5% of our share capital, had any interest in any of our five largest suppliers during the Track Record Period that would be required to be disclosed under the Listing Rules.

Our Top Five Suppliers

Year ended December 31, 2023

Supplier	Major services/ products procured	Purchase amount	% of total purchases	Commencement of business relationship	Background of the supplier	Credit term
		(in RMB millions)				
Supplier A . .	Household packaging waste management in France	11.6	10.2	2023	A non-profit organization headquartered in Paris, France, which primarily engages in French household packaging waste management services	Payment upon receipt of invoice
Supplier B . .	German WEEE recycling services	10.7	9.4	2023	An overseas company registered in Aachen, Germany, which primarily engages in the take-back and recycling services under the German WEEE Act	Payment upon receipt of invoice
Supplier C . .	Recycling services under the German Packaging Act	10.4	9.1	2021	An overseas company headquartered in Herborn, Germany, which primarily engages in packaging waste recycling services in Germany	Payment upon receipt of invoice
Supplier D . .	German WEEE recycling services	5.6	4.9	2023	An overseas company headquartered in Eschborn, Germany, which primarily engages in official registration services under the German WEEE Act	Payment upon receipt of invoice
Supplier E . .	Statutory registration and administrative services under the German WEEE Act and the German Battery Act	5.4	3.2	2021	A German joint enterprise of manufacturers that is established in accordance with the German WEEE Act and is mainly responsible for the implementation of this Act	Payment upon receipt of a payment notice
Total		**43.7**	**36.8**			

Year ended December 31, 2024

Supplier	Major services/ products procured	Purchase amount	% of total purchases	Commencement of business relationship	Background of the supplier	Credit term
		(in RMB millions)				
Supplier C . .	Recycling services under the German Packaging Act	23.9	14.4	2021	An overseas company headquartered in Herborn, Germany, that primarily engages in packaging waste recycling services in Germany	Payment upon receipt of invoice
Supplier B . .	German WEEE recycling services	16.8	10.1	2023	An overseas company registered in Aachen, Germany, that primarily engages in the take-back and recycling services under the German WEEE Act	Payment upon receipt of invoice
Supplier A . .	Household packaging waste management in France	8.6	5.1	2023	A non-profit organization headquartered in Paris, France, that primarily engages in French household packaging waste management services	Payment upon receipt of invoice
Supplier D . .	German WEEE recycling services	8.4	5.1	2023	An overseas company headquartered in Eschborn, Germany, that primarily engages in official registration services under the German WEEE Act	Payment upon receipt of invoice
Supplier E . .	Statutory registration and administrative services under the German WEEE Act and the German Battery Act	8.0	4.8	2021	A German joint enterprise of manufacturers, that is established in accordance with the German WEEE Act, and mainly responsible for the implementation of this Act	Payment upon receipt of a payment notice
Total		**65.7**	**39.5**			

Year ended December 31, 2025

Supplier	Major services/ products procured	Purchase amount	% of total purchases	Commencement of business relationship	Background of the supplier	Credit term
		(in RMB millions)				
Supplier C . .	Recycling services under the German Packaging Act	32.0	12.8	2021	An overseas company headquartered in Herborn, Germany, that primarily engages in packaging waste recycling services in Germany	Payment upon receipt of invoice
Supplier B . .	German WEEE recycling services	18.9	7.6	2023	An overseas company registered in Aachen, Germany, that primarily engages in the take-back and recycling services under the German WEEE Act	Payment upon receipt of invoice
Supplier F . .	Carbon Neutrality Certification	16.1	6.5	2023	An overseas company headquartered in Munich, Germany, that primarily engages in carbon neutrality certification services	Payment within 30 days after receipt of invoice
Supplier D . .	German WEEE recycling services	11.3	4.5	2023	An overseas company headquartered in Eschborn, Germany, that primarily engages in official registration services under the German WEEE Act	Payment upon receipt of invoice
Supplier A . .	Household packaging waste management in France	11.0	4.4	2023	A non-profit organization headquartered in Paris, France, that primarily engages in French household packaging waste management services	Payment upon receipt of invoice
Total		**89.3**	**35.8**			

Six months ended June 30, 2026

Supplier	Major services/ products procured	Purchase amount	% of total purchases	Commencement of business relationship	Background of the supplier	Credit term
		(in RMB millions)				
Supplier C . .	Recycling services under the German Packaging Act	24.7	13.8	2021	An overseas company headquartered in Herborn, Germany, that primarily engages in packaging waste recycling services in Germany	Payment upon receipt of invoice

Supplier	Major services/ products procured	Purchase amount	% of total purchases	Commencement of business relationship	Background of the supplier	Credit term
		(in RMB millions)				
Supplier B . .	German WEEE recycling services	9.2	5.1	2023	An overseas company registered in Aachen, Germany, that primarily engages in take-back and recycling services under the German WEEE Act	Payment upon receipt of invoice
Supplier E . .	Statutory registration and administrative services under the German WEEE Act and the German Battery Act	9.0	5.0	2021	A German joint enterprise of manufacturers established in accordance with the German WEEE Act and mainly responsible for the implementation of such act	Payment upon receipt of a payment notice
Supplier A . .	Household packaging waste management in France	7.9	4.4	2023	A non-profit organization headquartered in Paris, France, that primarily engages in French household packaging waste management services	Payment upon receipt of invoice
Supplier D . .	German WEEE recycling services	5.1	2.8	2023	An overseas company headquartered in Eschborn, Germany, that primarily engages in official registration services under the German WEEE Act	Payment upon receipt of invoice
Total		**55.9**	**31.1**			

We expect that our supplier base will remain relatively diversified. While we rely on certain core suppliers and partners in particular markets or service lines, we have established relationships with multiple alternative suppliers in key jurisdictions and plan to further broaden and optimize our supplier network. We do not expect that the loss of any single supplier would have a material adverse impact on our business as a whole, although disruptions or changes in relationships with one or more important suppliers in a specific region or service line could affect our cost structure or service capacity in that area. For risks associated with third-party suppliers and partners, see "Risk Factors — Risks Related to Our Business and Industry — Our offerings are subject to third-party dependencies. In particular, our suppliers are important to our product delivery."

Key Terms of Agreements with Suppliers

We typically enter into framework service agreements with our suppliers, under which they provide specific compliance-related services or deliverables in accordance with our instructions and the requirements of the relevant authorities, platforms or certification bodies. During the Track Record Period and up to the Latest Practicable Date, there was no material breach of our agreements with key suppliers by us or by such suppliers. The detailed terms vary depending on the type of service and jurisdiction, but our agreements with key suppliers generally cover the following aspects:

- **Scope of services.** Agreements typically set forth the types of services to be provided, such as tax filing support in specified jurisdictions and other localized compliance services.

- **Service quality and timelines.** Suppliers are generally required to perform their services in accordance with applicable laws and regulations and our instructions, and to meet agreed timelines. In certain cases, we may specify key performance indicators, such as turnaround times for filings or issuance of reports.

- **Pricing and settlement.** Fees payable to suppliers are usually based on the type of services provided, taking into account factors such as the jurisdiction, work scope, and subsequent annual renewal discount. We typically settle payments with suppliers by bank transfer in accordance with agreed billing cycles.

- **Confidentiality.** Each party is typically required to keep the other party's business secrets confidential and not to disclose any business information learned in the course of such agreement to any third party. Suppliers may not disclose to any third party any information, customer data or documents provided by us, except to relevant regulatory authorities to complete the services under the agreement.

- **Data protection.** Our agreements with suppliers usually contain mutual obligations to comply with applicable laws and regulations on personal information and data protection. Suppliers shall process, transmit or store our customers' data only to the extent necessary to fulfill their obligations under the agreement and shall not provide any customer's personal data to a third party without our prior written consent.

- **Liability.** Suppliers are liable for any losses suffered by us and our customers due to causes attributable to them, including inadequate qualifications or late professional advice. We may unilaterally terminate an agreement with a supplier and seek compensation in the event of a fundamental breach.

- **Term and termination.** Framework agreements typically run for one year, renewable by mutual agreement. Early termination may occur by mutual consent or where legal or regulatory changes prevent the agreement's purpose or services from being fulfilled. On termination, suppliers must complete performing the outstanding services and the parties shall settle accounts based on the actual services performed.

Supplier Management and Quality Control

We consider effective supplier management to be critical to our ability to deliver high-quality and cost-efficient services. Drawing on our long-term cooperation with over 500 suppliers worldwide, we have developed processes to select, monitor, evaluate and optimize our supplier base. We evaluate potential and existing suppliers based on factors such as professional qualifications, local expertise, historical cooperation records, responsiveness, service quality, supplier quotations and costs. Underperforming suppliers may be downgraded or removed from our network, while high-performing suppliers may receive increased business allocations. We have further enhanced our supplier management through digital tools and data analytics.

We have launched SCM, covering supplier development, policy monitoring, contracting, compliance, performance assessment and operating dashboards. Information that used to sit in spreadsheets, emails and meeting notes is now recorded as structured data with an audit trail. Automated document filling, enquiry follow-up and task tracking reduce repeated data entry. Access controls, qualification checks, contract-renewal alerts and version records support review at key steps. Supplier master data, a country-and-service map, a policy library and operating data now sit in one place to support allocation, coverage and cost decisions.

OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, two of our five largest customers for the six months ended June 30, 2026 also provided services to us, directly or through a branch, during the same period. The relevant transactions occurred only in the six months ended June 30, 2026.

One customer purchased EPR and VAT+ services from us and provided EPR services to us. In particular, we engaged it to handle certain French EPR service orders, while we provided German EPR services to it. As the relevant EPR services related to different jurisdictions, they did not overlap. Revenue generated from and purchases made from this customer amounted to approximately RMB4.4 million and RMB83.2 thousand, representing 1.15% of our total revenue and 0.05% of our total purchases for the same period, respectively.

The other customer purchased product testing and certification services from us, while its Shenzhen Branch provided us with Amazon Europe DV audit report services, which fell outside the scope of the service qualifications held by our testing subsidiary. The services provided by the parties were different and did not overlap. Revenue generated from this customer and purchases made from its Shenzhen Branch amounted to approximately RMB1.2 million and RMB34.5 thousand, representing 0.30% of our total revenue and 0.02% of our total purchases for the same period, respectively.

Our Directors confirm that the relevant sales and purchases were negotiated separately, were neither inter-connected nor interconditional, and were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis.

COMPETITION

According to CIC, the competitive landscape of the global and China's cross-border e-commerce compliance services industry is relatively fragmented. We face competition from traditional compliance service providers and other cross-border e-commerce compliance platform providers in Chinese Mainland and globally.

The principal competitive factors in our industry include e-commerce and regulatory compliance knowledge, advanced and user-friendly brand offerings, expansion of products and features, technical capabilities, sales and marketing capabilities, and customer service. We believe we are well-positioned to compete effectively in this industry based on these factors. However, some of our existing or future competitors may have longer operating histories, larger customer bases, greater name recognition and a broader global footprint as well as greater financial, technical and other resources. See "Risk Factors — Risks Relating to Our Business and Industry — We operate in a competitive market and may not be able to compete successfully against our existing and future competitors." For more information on the competitive landscape of our industry, see "Industry Overview."

INTELLECTUAL PROPERTY

Protecting our intellectual property arising from our research and development activities and from the operation of our platforms is key to our business. As of June 30, 2026, we held 18 invention patents, 28 utility model patents, 3 design patents, 244 registered trademarks, 15 registered copyrights, 81 software copyrights and 33 registered domain names in Chinese Mainland. As of the same date, we also held 80 registered trademarks and 35 registered domain names overseas. See "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights" for further details of our material intellectual property rights. These intellectual property rights primarily cover our system architectures, functional modules and processes for our compliance services.

We rely on a combination of intellectual property protection laws and contractual arrangements to establish and protect our proprietary technologies, know-how and other intellectual property rights. Our legal and intellectual property teams are primarily responsible for managing our intellectual property portfolio. We proactively manage and expand our portfolio and use confidentiality terms and, where applicable, intellectual property assignment with employees, consultants and certain business partners to protect our trade secrets and proprietary information. Despite these measures, we may from time to time face risks relating to alleged infringement of third parties' intellectual property rights or unauthorized use of our intellectual property by others. For a discussion of such risks, see "Risk Factors — Risks Related to Our Business and Industry — We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from any unauthorized use of our technologies."

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material infringement of our intellectual property rights, and, to the best knowledge of our Directors, neither our Group nor any of our intellectual property rights had been the subject of any material dispute, claim or litigation relating to intellectual property infringement.

EMPLOYEES

Our people are essential to our ability to develop and deliver cross-border compliance products. As of June 30, 2026, we had 807 employees. Our employees are primarily based in Chinese Mainland, with a presence in multiple cities that serve as hubs for cross-border e-commerce and outbound business activities, such as Shenzhen and Hangzhou.

The following table sets forth the number of our employees by function and by region as of June 30, 2026:

	Number of employees	% of total employees
Sales and marketing	237	29.4
Research and development	111	13.7
Operations and delivery	404	50.1
Administration and support	55	6.8
Total	**807**	**100.0**

	Number of employees	% of total employees
Chinese Mainland	766	94.9
Overseas	41	5.1
Total	**807**	**100.0**

We seek to attract and retain talent with experience in cross-border e-commerce, compliance, technology and customer service. We primarily recruit employees in Chinese Mainland through online recruitment platforms, internal referrals and cooperation with industry partners. We provide new employees with induction training covering our corporate culture and policies, internal systems and job-specific training. In addition, we organize regular and specialized training, both online and offline, for employees in different departments, such as updates on regulatory changes for compliance staff, product and sales skills for front-line teams, and technical training for R&D personnel. These programs are designed to equip employees with the skills and knowledge necessary to support our business development. Our compensation packages generally comprise base salary and performance-based bonuses.

We believe we maintain good working relationships with our employees. As of the Latest Practicable Date, our employees had not formed any labor union or similar organization. To our knowledge, we had not experienced any material labor disputes or significant difficulties in recruiting or retaining talent during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

As required by PRC laws and regulations, we are required to make contributions to statutory social insurance schemes, including pension, medical, work-related injury, unemployment and maternity insurance, and to housing provident funds for our employees in the PRC. During the Track Record Period, we had not made full contributions to the foregoing employee benefits for our employees. Such non-compliance was primarily because (i) certain employees have relatively high mobility and are typically not willing to participate in the social welfare schemes of the city where they temporarily reside as such contributions are not transferable among cities and (ii) certain employees place more importance on take-home income and are unwilling to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary.

As advised by our PRC Legal Advisor, if an employer fails to make sufficient social insurance contributions, the relevant authorities may order the employer to make up the contributions within a prescribed time limit and to pay a late payment penalty at the daily rate of 0.05% of the outstanding amount, and may impose a fine of one to three times the outstanding amount if the employer fails to do so within such period. If an employer is overdue in the payment or underpays the housing provident fund, the competent authority may order the employer to make up the contributions within a prescribed time limit and, failing that, may apply to a PRC court for compulsory enforcement.

Our PRC Legal Advisor is of the view that, taking into account the current regulatory environment and enforcement practice, provided that (i) there are no material changes in the applicable laws, regulations or local enforcement policies and (ii) we complete the rectification measures and make any required supplementary contributions within the prescribed periods if so ordered, the risk of us being subject to centralized collection of outstanding historical social insurance and housing provident fund contributions, or material penalties arising from such non-compliance during the Track Record Period, is remote.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties, orders or other disciplinary actions imposed by the relevant PRC authorities, and we were not aware of any material employee complaints, labor disputes, litigation or arbitration in relation to social insurance or housing provident fund contributions. For further discussion of the risks associated with our historical social insurance and housing provident fund contribution arrangements, see "Risk Factors — Risks Related to Our Business and Industry — Failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations, as well as additional insurance coverage determined with reference to our operational needs and prevailing industry practice, which currently include statutory employee social insurance plans, such as pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance and housing provident fund contributions. We review our insurance arrangements from time to time to assess the adequacy and scope of coverage in light of our business scale and risk profile. During the Track Record Period, we had not made, and had not been the subject of, any insurance claims that were material to our business, financial condition or results of operations.

We believe that our existing insurance coverage is appropriate for our current operations and is generally in line with prevailing industry practice. However, our insurance may not be sufficient to cover all potential losses, and we may be subject to claims or liabilities that are not fully covered or are excluded under our policies. For further details, see "Risk Factors — Risks Relating to Our Business and Industry — We may not have sufficient insurance coverage to cover our potential liability or loss, and our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or loss arise."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We are dedicated to integrating Environmental, Social, and Governance ("**ESG**") considerations into our corporate strategy and daily operations. We believe that a strong commitment to sustainable development is important to our long-term success and will continue to enhance our corporate value. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to noncompliance with health, safety or environmental regulations.

Environment

Given our business nature as a technology-based company, we do not operate any production facilities or otherwise impose any significant impacts on the environment. Therefore, we are not subject to significant environmental risks. However, as an integral part of our ESG commitments, we have been making significant efforts towards environmental protection and sustainability. For example, our products enable regulatory processes to be done in a paperless manner. In addition, our EPR services help sellers fulfill their environmental recycling obligations, and our GOING GREEN platform is dedicated to promoting low-carbon products.

We also adopt a low-carbon policy in our workplace and daily operations, such as using electronic channels for internal communication to minimize paper waste, switching off all electronic equipment and lights after meetings, observing a daily lights-off period during lunch hours, and using digital platforms for service workflows. We recorded electricity consumption of 261,748 kWh, 269,025 kWh, 322,217 kWh, 135,194 kWh and 166,329 kWh in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The increase of our electricity consumption in the six months ended June 30, 2026 as compared to the corresponding period in 2025 was mainly due to business and office expansion.

We recorded water consumption of 585 tonnes, 647 tonnes, 824 tonnes, 387 tonnes and 469 tonnes in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Accordingly, our water consumption intensity per RMB10,000 of revenue was approximately 0.02 tonnes, 0.02 tonnes, 0.02 tonnes, 0.02 tonnes and 0.01 tonnes, respectively.

Social Responsibility

We take our social responsibility seriously as we work closely with cross-border e-commerce sellers to navigate overseas regulatory requirements. We are also committed to providing a friendly and welcoming work environment to our employees. For example, we provide competitive leave benefits, annual health checkups and flexible working hours. We also offer ample training opportunities and incentives for employees to obtain professional certifications, which are designed to encourage their career development. As of June 30, 2026, 52.4% of our mid- to senior-level employees were female.

The following table sets forth a breakdown of our employees as of June 30, 2026:

		Number of Employees
By gender	Male	272
	Female	535
By age	30 or under	547
	31 to 40	229
	41 to 50	25
	Over 50	6
Total		**807**

Governance

Our Board has the collective and overall responsibility for establishing, adopting and reviewing our ESG vision, policy and target, and evaluating, determining and addressing our ESG-related risks. Our Board also directs our dialogue with stakeholders regarding ESG matters. Our management presents and communicates the key highlights of ESG-related matters to the Board periodically.

Given the nature of our business, we do not operate any production facilities or otherwise impose any material threats to the environment or the climate. We are also not subject to significant health, safety, environmental or climate-related risks. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations. During the Track Record Period and up to the Latest Practicable Date, we had not incurred material capital expenditures or compliance costs related to ESG. We also do not anticipate incurring material capital expenditures or compliance costs related to climate in the foreseeable future.

PROPERTIES

Owned Properties

As of the Latest Practicable Date, we owned two properties in Chinese Mainland, with an aggregate GFA of approximately 430.91 sq.m., which are used as office premises. We have obtained the real property title certificates for these properties.

Leased Properties

During the Track Record Period, we operated our business through a number of leased properties, which are primarily used as office premises and other supporting facilities. As of June 30, 2026, we leased 23 properties with an aggregate GFA of approximately 12,542.9 sq. m. in Chinese Mainland. As of the same date, we also leased properties with an aggregate GFA of approximately 861.0 sq. m. and rented additional shared workspace in certain overseas countries and regions. These leased properties are primarily used as office premises and other supporting facilities.

As of the Latest Practicable Date, certain of our leased properties from third parties had title defects, and eleven of our leased properties (including additional properties we leased after the Track Record Period and up to the Latest Practicable Date) had not been registered in accordance with the relevant PRC regulations. For details, see "Risk Factors — Risks related to Our Business and Industry — Legal defects relating to certain of our leased properties, including title defects and non-registration of lease agreements, may affect our right to use such properties and subject us to penalties, which could adversely affect our business, financial condition and results of operations."

As of June 30, 2026, we did not have any single property with a carrying amount of 15% or more of our total assets. On this basis, we are not required by Rule 5.01A of the Listing Rules to include a valuation report on our Properties in this document. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule thereto, which would otherwise require a valuation report with respect to all of our interests in land or buildings.

DATA PRIVACY AND INFORMATION PROTECTION

We collect, store and process business data and certain personal information in the ordinary course of providing our products and services. We process personal information only to the extent necessary to perform our services and operate our platforms and aim to comply with applicable data protection laws in the markets in which we operate. We have adopted policies and procedures designed to safeguard data privacy and data security and to support compliance with applicable laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any incident of cyber-attack, data breach or system failure that had a material adverse impact on our business operations.

Data Access and Usage

When users subscribe to our products or otherwise engage our services, they may upload or authorize us to access information such as account details, contact information and transaction and compliance records. We process such data only to the extent necessary to provide services and operate the platforms, or upon the user's instructions. For scenarios where users process personal information of other data subjects through our products or services, we require users to obtain a legal basis for processing such personal information by requiring them to accept the privacy policy and on-page prompts we provide. Access rights to data stored on our systems are granted strictly on a need-to-know basis, according to job responsibilities and internal approval procedures, and are reviewed periodically. We keep access logs and monitor the use of sensitive data. Upon termination of a subscription or service agreement, users may request deletion of their data in accordance with applicable laws and contractual terms.

Data Storage and Transmission

We store core business data on cloud-based infrastructure protected by network segmentation, firewalls and other security controls. We use encryption and other technical measures to protect data in transmission and, where appropriate, at rest. We perform regular back-ups and carry out periodic restore tests to verify the integrity of back-up data. Our monitoring systems track the status of key servers and applications in real time and generate alerts to our technology and security teams in the event of abnormal activities so that they can respond promptly.

Information Protection

Safeguarding data security and privacy is critical to our business. We have obtained multiple internationally recognized and domestic certifications relating to information security, privacy protection, and service management, including ISO/IEC 27701:2019 (privacy information management), ISO/IEC 27001:2022 (information security management), and Level III Certification of Information System Security Protection issued by the Shenzhen Municipal Public Security Bureau. These certifications reflect our efforts to establish and maintain robust management systems and processes over the lifecycle of customer data.

We classify data by sensitivity level and apply differentiated access control and protection measures. Access to sensitive data is restricted on a need-to-know basis and subject to authentication, authorization and logging requirements. We encrypt critical data, monitor access patterns and apply anomaly detection to identify potential security incidents. We also maintain policies and procedures for handling data incidents and for cooperating with regulators and customers in the event of investigations or audits. We have established a training mechanism for employees on data protection and information security and require most employees to sign confidentiality undertakings as part of their employment terms. Our senior technology management oversees group-wide data privacy and security, supported by a dedicated team responsible for maintaining and updating data protection policies, coordinating security monitoring and incident response and conducting regular checks on the effectiveness of our controls.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business, our industry and the broader macroeconomic environment. Certain risks are specific to our business model and operations, while others are common to companies operating in similar sectors. See "Risk Factors" for a detailed discussion of these risks.

The Board and our senior management are responsible for establishing and maintaining adequate risk management and internal control systems. For these purposes, risk management refers to the processes designed to identify potential events that may affect us and to manage risks within our risk appetite. Internal control refers to the processes designed to provide reasonable assurance regarding the achievement of objectives relating to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations.

Risk Management and Internal Control Policies

We have implemented, or will adopt upon [**REDACTED**], a number of policies and measures to govern risk management and internal control. These policies cover, among other matters, the roles and responsibilities of the Board, Board committees and senior management, procedures for financial reporting and disclosure, internal approval and authorization mechanisms, whistleblowing and complaint handling, compliance with applicable PRC laws and regulations and compliance with the Listing Rules and other regulatory requirements. We also maintain policies that address environmental, social and governance matters, including diversity, anti-corruption and anti-bribery practices, anti-money laundering, and the whistleblowing channel. Under these policies, the Board oversees our risk management and internal control systems on an ongoing basis and reviews the effectiveness of these systems regularly.

In November 2025, we engaged an independent consulting firm to perform a review of our internal control systems. The review covered key areas relevant to our operations, including financial reporting and disclosure, research and development management, sales and receivables management, supplier and partner management, tax management, capital management, contract management, human resources and remuneration, information system controls and data security, as well as selected operational processes specific to our cross-border compliance businesses. The findings and recommendations from this review are being used to further enhance our internal control framework and procedures.

Internal Control and Governance for Our Technologies

We regard technology as a core competitive advantage and have established internal governance mechanisms to oversee technology planning, architecture and security. Our technology and product committees coordinate cross-team initiatives, prioritize development roadmaps and review major architectural decisions. We also conduct regular reviews of system performance, incident reports and security assessments to identify areas for improvement. Actions taken by our agents at run time are logged through Tianheng architecture's execution controls, and sensitive operations require human confirmation.

Looking ahead, we plan to continue investing in the application, integration and governance of technologies relevant to cross-border compliance, including natural-language processing, external foundation-model capabilities, retrieval and predictive analytics. We intend to deepen the integration of our O·AI agents, standardized tools and Tianheng with our platforms so that we can provide more granular, scenario-specific compliance support under appropriate controls.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, to the best of our knowledge and as advised by our PRC Legal Advisor, we had obtained all material licenses, approvals, and permits required under applicable laws and regulations for our principal business operations in the PRC, and such licenses, approvals, and permits remained valid and in full force.

The following table sets forth the details of the material licenses and permits necessary for our business operations:

License/Permit	Holder	Issuing Authority	Grant date	Expiration date
Value-added Telecommunications Business Operating License (for conducting online data processing and transaction processing services) (增值電信業務經營許可證(在線數據處理與交易處理業務))	Shenzhen Oushuitong	Ministry of Industry and Information Technology	November 27, 2025	November 27, 2030
Domestic Deep-synthesis Service Algorithm Filing (境內深度合成服務算法備案)	Shenzhen Oushuitong	Cyberspace Administration of China	July 17, 2026	N/A
Domestic Deep-synthesis Service Algorithm Filing (境內深度合成服務算法備案)	Shenzhen Maidetong	Cyberspace Administration of China	July 17, 2026	N/A
Inspection and Testing Institution Qualification Certification (檢驗檢測機構資質認定證書)	Shenzhen Oushuitong Testing Certification Co., Ltd.	Guangdong Administration for Market Regulation	April 16, 2026	April 15, 2032
Inspection and Testing Institution Qualification Certification (檢驗檢測機構資質認定證書)	Guangdong Newbest Testing Service Co., Ltd.	Guangdong Administration for Market Regulation	July 16, 2026	July 15, 2032

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may, from time to time, become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. For example, we may be subject to legal claims, regulatory actions or liabilities arising from our customers' products in our provision of RsP services, including potential intellectual property infringement or non-compliance with applicable EU regulations. Although such risks primarily stem from our customers' conduct and products, we may still be exposed to legal or regulatory proceedings due to our statutory role as EU authorized representatives. See "Risk Factors — Risks related to Our Business and Industry — We may from time to time be involved in disputes or legal and other proceedings arising out of our operations."

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any actual or pending legal, arbitration or administrative proceedings against us or our Directors that we believe could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not commit any material breach of applicable laws and regulations, and we had not been subject to any administrative penalties imposed by relevant regulatory authorities for material breaches of applicable laws and regulations which may adversely and materially impact our business, financial condition and results of operations.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation, the most significant of which are set forth below:

Award/Recognition	Award Year	Awarding Entities
Leading Enterprise for High-Quality Development of Cross-Border E-commerce (跨境電商高質量發展引領單位)	2023	Guangdong Cross-border E-commerce Association
22nd and 24th Shenzhen Enterprise Innovation Record (第二十二及第二十四屆深圳企業創新記錄)	2023 2025	Federation of Shenzhen Industries
"AILE" Award — Best AI Solution ("AILE" AI最佳解決方案獎)	2024	Organizing Committee of the Wuzhou Industrial Development Forum
Cross-Border E-commerce Practice Case, World Internet Conference (世界互聯網大會跨境電商實踐案例)	2024 2025	World Internet Conference
National Key Software Enterprise (國家鼓勵的重點軟件企業)	2025	National Development and Reform Commission of the PRC, Ministry of Industry and Information Technology of the PRC, Ministry of Finance of the PRC, General Administration of Customs of the PRC and State Taxation Administration
Potential Unicorn Enterprise ("潛在獨角獸企業")	2025	Shenzhen Gazelle & Unicorn Enterprise Evaluation Committee

Award/Recognition	Award Year	Awarding Entities
High-and-New Technology Enterprise ("國家高新技術企業")	2025	Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality and Shenzhen Tax Service, State Taxation Administration
Dual Carbon Action Contribution Award ("雙碳行動貢獻獎")	2026	Organizing Committee of the International Green Zero-Carbon Festival

OVERVIEW

Upon the [**REDACTED**], our Board will consist of eight Directors, including four executive Directors and four independent non-executive Directors. The following table sets forth the key information about the Directors:

Name	Age	Position	Date of joining our Group	Date of the appointment as a Director	Responsibilities	Relationship with other Directors and members of senior management
Mr. Sun Yutao (孫玉濤)	39	Executive Director, chairperson of our Board, and chief executive officer	October 23, 2019	December 22, 2020	Overall management, strategic planning and decision-making for key business and operational matters of our Group	Brother-in-law of Mr. Zhang Jian; acting in concert with Mr. Luo Shimin
Mr. Luo Shimin (羅時民)	50	Executive Director and chief technology officer	November 16, 2020	July 23, 2026	R&D of core products and technologies, procurement and maintenance of software and hardware, and information security management of our Group	Acting in concert with Mr. Sun
Mr. Zhang Jian (張劍)	39	Executive Director and vice president	February 1, 2021	July 23, 2026	Managing the delivery centre of our Group and overseeing the operations of XMSAIL, GOING GREEN, AXIS and VATAi brands	Brother-in-law of Mr. Sun
Ms. Shi Rongyue (石榮月)	39	Executive Director and chief financial officer	March 1, 2022	July 23, 2026	Overall financial strategic planning, financial reporting and capital management of our Group	None
Dr. Qian Shizheng (錢世政)	74	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Providing independent advice on the operations and management of our Group	None
Dr. Yang Xiaoqiang (楊小強)	56	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Providing independent advice on the operations and management of our Group	None
Dr. Liu Hao (劉浩)	47	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Providing independent advice on the operations and management of our Group	None
Ms. Chan Sheung Yu (陳湘洳)	39	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Providing independent advice on the operations and management of our Group	None

DIRECTORS

Executive Directors

Mr. Sun Yutao (孫玉濤), aged 39, is our founder, executive Director, chairperson of our Board and chief executive officer. He has been our Director since the inception of our Company and was re-designated as our executive Director in August 2026. He has also held leadership roles in certain of our principal operating subsidiaries, including serving as the chief executive officer of Shenzhen Oushuitong since October 2019 and the chairperson of its board since July 2021, a director of Evat Master Limited since November 2020, a director of Shenzhen Maidetong since May 2022 and its general manager from May 2022 to November 2025 and a director of Shenzhen Xiaomao since December 2023 and its general manager from December 2023 to November 2025. Mr. Sun is primarily responsible for overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Sun has over 15 years of experience in the cross-border services industry. Prior to founding our Group, Mr. Sun served as the general manager at Shenzhen Hezhong Business Consulting Co., Ltd. (深圳合眾商務諮詢有限公司) from November 2009 to October 2019.

Mr. Sun completed New Business Intelligence Program (新商業智慧研修班) at Peking University (北京大學) in the PRC in April 2016 and completed Finance and Investment Entrepreneurship Program (金融與投資企業家課程) at Fudan University (復旦大學) in the PRC in August 2022.

Mr. Luo Shimin (羅時民), aged 50, is our co-founder, executive Director and chief technology officer. He has been our Director since July 2026 and was re-designated as our executive Director in August 2026. He has held several management roles at Shenzhen Oushuitong, our principal operating subsidiary, including as a director from December 2022 to December 2025 and the chief technology officer since November 2020. Mr. Luo is primarily responsible for R&D of core products and technologies, procurement and maintenance of software and hardware, and information security management of our Group.

Mr. Luo has over 20 years of experience in the internet technology R&D. Prior to joining our Group, Mr. Luo served as a software engineer at Shanghai Tonghe Software Co., Ltd. (上海同和軟件有限公司) from November 1997 to December 2002. He worked at Shanghai Qijia Software Co., Ltd. (上海其加軟件有限公司) from March 2003 to August 2014, with his last position being senior project manager of the software development department. He then served as the chief technology officer at Shanghai Dilin Bio-Technology R&D Co., Ltd. (上海帝林生物科技研發有限公司), currently known as Shanghai D Lin Biotechnology Research Co., Ltd. (上海帝林生物科技開發有限責任公司), from September 2014 to October 2017, the chief information officer at Hanfen Data Technology (Shanghai) Co., Ltd. (憨分數據科技(上海)有限公司) from October 2017 to May 2018, and the technical director at Shanghai Zhongrong Asset Management Co., Ltd. (上海中融資產管理股份有限公司) from July 2018 to June 2019. He then served as the director of information technology at Huaren Pharmaceutical Co., Ltd. (華仁藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300110), from October 2019 to February 2020. He also served as the chairman of the board at Xi'an Huaxinfu Data Service Co., Ltd. (西安華信服數據服務有限公司) from February 2020 to November 2020.

Mr. Luo obtained his bachelor's degree in computer science and technology through distance learning from Beijing Jiaotong University (北京交通大學) in the PRC in July 2011. He was accredited as a software designer in May 2017, and a senior engineer in November 2025, with both accreditations awarded jointly by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部).

Mr. Zhang Jian (張劍), formerly known as Zhang Jian (張見), aged 39, is our executive Director and vice president. He joined our Group in February 2021 and has served as the vice president of Shenzhen Oushuitong since then. He has been our Director since July 2026 and was re-designated as our executive Director in August 2026. Mr. Zhang is primarily responsible for managing the delivery centre of our Group and overseeing the operations of XMSAIL, GOING GREEN, AXIS and VATAi brands.

Mr. Zhang has over 13 years of experience in cross-border e-commerce industry. Prior to joining our Group, Mr. Zhang served as the deputy general manager from March 2012 to December 2019 and the general manager from January 2020 to January 2021 at Shenzhen Hezhong Business Consulting Co., Ltd. (深圳合眾商務諮詢有限公司).

Mr. Zhang graduated after completing specialized undergraduate courses in business administration through distance learning from Hunan University of Technology (湖南工業大學) in the PRC in June 2024. Mr. Zhang was accredited as an Outstanding Talent of Cross-border Henan Merchants in the Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區跨境豫商傑出人才) by the Guangzhou Office of the People's Government of Henan Province (河南省人民政府駐廣州辦事處) in November 2022. He has also served as the vice chairman of the first session of the e-commerce integrity construction working committee of the China Association for Consumer Products Quality and Safety Promotion (中國消費品質量安全促進會電子商務誠信建設工作委員會) since September 2024. He previously served as an adjudicator for the 2024 and 2025 CUBEC Cross-border E-commerce National Elite Competition (全國高校商業精英挑戰賽國際貿易競賽跨境電商賽道全國精英賽). He was appointed as the vice chairman of the Cross-border E-commerce Standardization Technical Committee of the China Council for the Promotions of International Trade Commercial Sub-council (中國貿促會商業行業委員會跨境電子商務標準化技術委員會) (CCPITCSC/TC8) in January 2026.

Ms. Shi Rongyue (石榮月), aged 39, is our executive Director and chief financial officer. She joined our Group in March 2022 and has served as the financial director at Shenzhen Oushuitong since then. She has been our Director since July 2026 and was re-designated as our executive Director in August 2026. Ms. Shi is primarily responsible for overall financial strategic planning, financial reporting and capital management of our Group.

Ms. Shi has over 15 years of experience in finance, accounting and auditing. Prior to joining our Group, Ms. Shi worked at PricewaterhouseCoopers Zhong Tian LLP Shenzhen Branch (普華永道中天會計師事務所(特殊普通合夥)深圳分所) from October 2010 to November 2018, with her last position being manager in the assurance department. She then served as the financial analysis director at Leshua Technology Co., Ltd. (樂刷科技有限公司), an indirect subsidiary of Yeahka Limited (移卡有限公司), a company listed on the Stock Exchange (stock code: 9923), from November 2018 to February 2022.

Ms. Shi obtained her bachelor's degree in accounting from the University of International Business and Economics (對外經濟貿易大學) in the PRC in July 2010. She was accredited as a certified public accountant (註冊會計師) by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in January 2016.

Independent Non-Executive Directors

Dr. Qian Shizheng (錢世政), aged 74, was appointed as our independent non-executive Director in August 2026 with effect from the [**REDACTED**]. Dr. Qian is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Qian has over 40 years of experience in accounting and finance. He served as an associate professor and the deputy head of the Department of Accounting at the School of Management, Fudan University (復旦大學) from September 1983 to December 1997. He subsequently served as the chief accountant, general manager of the audit department and vice president of Shanghai Industrial Investment (Holdings) Co., Ltd. (上海實業(集團)有限公司) from January 1998 to April 2012, and vice chairman of the board of directors of Haitong Securities Co., Ltd. (海通證券股份有限公司), currently merged into Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601211) and the Stock Exchange (stock code: 2611), from July 2007 to March 2013. Since July 2012, he has served as a re-appointed professor (返聘教授) at the School of Management, Fudan University (復旦大學).

Dr. Qian has served as (i) an independent non-executive director at Lonking Holdings Limited (中國龍工控股有限公司), a company listed on the Stock Exchange (stock code: 03339), since February 2005; (ii) an independent director at HOB Biotech Group Corp., Ltd. (江蘇浩歐博生物醫藥股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688656), since September 2025 and (iii) an independent director at Henan Shenhuo Coal & Power Co., Ltd. (河南神火煤電股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000933), since May 2026. He previously served as an independent non-executive director at Red Star Macalline Group Corporation Ltd. (紅星美凱龍家居集團股份有限公司), a company listed on the Stock Exchange (stock code: 01528) and the Shanghai Stock Exchange (stock code: 601828), from March 2016 to July 2023 and an independent director at Shanghai Laiyifen Co., Ltd. (上海來伊份股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603777), from November 2022 to November 2025.

Dr. Qian obtained his bachelor's degree in economics majoring in accounting from Shanghai University of Finance and Economics (上海財經學院) in the PRC in July 1983, his master's degree in economics and his doctorate degree in management from Fudan University (復旦大學) in the PRC in January 1993 and July 2001, respectively.

Dr. Qian also previously served as an independent non-executive director at Jingrui Holdings Limited (景瑞控股有限公司) ("**Jingrui Holdings**"), a company listed on the Stock Exchange (stock code: 01862), from October 2013 to December 2024. Jingrui Holdings was incorporated in the Cayman Islands on March 7, 2013 and it is principally engaged in property development. On October 10, 2024, China CITIC Financial AMC International Holdings Limited (the "**Petitioner**") filed a winding-up petition against Jingrui Holdings, on the ground that Jingrui Holdings was indebted to the Petitioner as guarantor in relation to a loan facility for which a wholly-owned subsidiary of Jingrui Holdings was the borrower (the "**Claim**"). As of the Latest Practicable Date, the winding-up proceeding against Jingrui Holdings was on-going.

Dr. Qian confirmed that (i) he served solely in the capacity of an independent non-executive director of Jingrui Holdings and was not involved in any day-to-day management or operations of Jingrui Holdings; (ii) neither Dr. Qian nor his associates was related to any other directors, shareholders or senior management of Jingrui Holdings or their respective associates; and (iii) since the commencement of the Claim and up to the Latest Practicable Date, there had been no outstanding liability or ongoing claim or litigation against Dr. Qian arising from or in connection with his capacity as an independent non-executive director of Jingrui Holdings.

To the best knowledge of our Directors, Dr. Qian was not involved in the matters giving rise to the Claim against Jingrui Holdings and such winding-up proceeding does not have any material adverse impact on Dr. Qian's suitability to act as an independent non-executive Director of our Company.

Dr. Yang Xiaoqiang (楊小強), aged 56, was appointed as our independent non-executive Director in August 2026 with effect from the [**REDACTED**]. Dr. Yang is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Yang has over 30 years of experience in tax law. He has successively served as teaching assistant, lecturer, associate professor and professor of the Faculty of Law, Sun Yat-sen University (中山大學) since May 1995. He served as an independent director at Farasis Energy (Gan Zhou) Co., Ltd. (孚能科技(贛州)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688567), from June 2024 to May 2025. He has also served as an independent director at Tianhai Auto Electronics Group Co., Ltd. (天海汽車電子集團股份有限公司) , a Company listed on the Shenzhen Stock Exchange (stock code: 001365) since November 2025 and at DaShenLin Pharmaceutical Group Co., Ltd. (大參林醫藥集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603233), since March 2026.

Dr. Yang obtained his bachelor's degree in laws in July 1991 and master's degree in civil law in May 1994 from Southwest University of Political Science and Law (西南政法學院, currently known as 西南政法大學) in the PRC, and graduated with his doctorate degree in administrative management from Sun Yat-sen University (中山大學) in the PRC in December 2003.

Dr. Liu Hao (劉浩), aged 47, was appointed as our independent non-executive Director in August 2026 with effect from the [**REDACTED**]. Dr. Liu is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Liu has over 20 years of experience in accounting. He has worked at the School of Accountancy, Shanghai University of Finance and Economics (上海財經大學) since July 2006, serving as professor and doctoral supervisor since June 2014. He has served as a member of the China Accounting Standards Consultative Committee of the Ministry of Finance of the PRC (中國財政部企業會計準則諮詢委員會) from the first to the fifth terms since July 2016 and has been a member of the Professional Guidance Committee of the 7th Council of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會第七屆理事會專業指導委員會) since August 2025. He was also a member of the Expert Committee for the Assessment of Securities Litigation Cases at the China Securities Investor Services Centre (中証中小投資者服務中心證券訴訟案件評估專家委員會) from June 2024 to June 2026.

Dr. Liu has also served as an independent director at (i) Hubei Huitian New Materials Co., Ltd. (湖北回天新材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300041), since April 2021; (ii) Sinotherapeutics Inc. (上海宣泰醫藥科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688247), since May 2026; and (iii) Sinopec Shanghai Petrochemical Company Limited (中國石化上海石油化工股份有限公司), a company listed on the Stock Exchange (stock code: 00338) and the Shanghai Stock Exchange (stock code: 600688), since June 2026. He previously served as an independent director at (i) Shenergy Co., Ltd. (申能股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600642), from May 2016 to May 2022; (ii) Jiangsu Yulong Steel Pipe Co., Ltd. (江蘇玉龍鋼管股份有限公司), currently known as Shandong Yulong Gold Co., Ltd. (山東玉龍黃金股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601028), from August 2016 to October 2019; (iii) Anhui Expressway Co., Ltd. (安徽皖通高速公路股份有限公司), a company listed on the Stock Exchange (stock code: 00995), from August 2017 to June 2024; (iv) Shanghai Xuerong Biological Technology Co., Ltd. (上海雪榕生物科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300511), from August 2017 to August 2023; and (v) Shanghai Hajime Advanced Material Technology Co., Ltd. (上海肇民新材料科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301000), from May 2019 to June 2025.

Dr. Liu obtained his bachelor's degree in economics majoring in accounting, master's degree in management majoring in accounting and doctorate degree in management majoring in accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2000, February 2003 and March 2006, respectively. He was accredited as a certified public accountant (註冊會計師) by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 2009 and obtained the National Leading Accounting Talent Certificate (全國會計領軍人才證書) in November 2016.

Ms. Chan Sheung Yu (陳湘洳), formerly known as Chan Wing Shan (陳穎珊), aged 39, was appointed as our independent non-executive Director in August 2026 with effect from the [**REDACTED**]. Ms. Chan is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Chan has over 10 years of experience in accounting and finance. She worked at Nanyang Commercial Bank, Limited (南洋商業銀行有限公司) from July 2013 to November 2016, with her last position as an auditor. She then served as a business development manager at Harvest Holdings Limited (瑞鋒集團有限公司) from March 2017 to September 2018, and a business development director at CAS-Medivision (Zhuhai) Company Limited (中科醫視雲醫療(珠海)有限公司) from March 2018 to January 2022. Since January 2022, she has served as the chief financial officer at Kindness and Welfare Charity Ltd (仁緣慈善會). She also served as a consultant at Impression Investment Limited (印象投資有限公司) from April 2023 to December 2023. Ms. Chan has also served as an independent non-executive director at (i) GBA Holdings Limited (GBA集團有限公司), a company listed on the Stock Exchange (stock code: 00261), since July 2023; (ii) Prosperity Group International Limited (恒昌集團國際有限公司) (formerly known as Kingbo Strike Limited (工蓋有限公司)), a company listed on the Stock Exchange (stock code: 01421), since December 2024; (iii) THAC Group (Holdings) Limited (一木集團(控股)有限公司) (formerly known as Classified Group (Holdings) Limited), a company listed on the Stock Exchange (stock code: 08232), since September 2025, and (iv) GME Group Holdings Limited (駿傑集團控股有限公司), a company listed on the Stock Exchange (stock code: 08188), since May 2026.

Ms. Chan obtained her bachelor's degree in science, majoring in business administration and mathematics and master's degree in science, majoring in marketing management from Aston University in the United Kingdom in July 2008 and March 2010, respectively. She was accredited as a certified anti-money laundering specialist by the Association of Certified Anti-Money Laundering Specialists (ACAMS) in June 2015. She obtained a sustainable investing certificate from the CFA Institute in June 2025 and was also awarded the executive certificate in ESG planning by The Hong Kong Management Association (HKMA) in August 2025. She became a Fellow of CPA Australia (FCPA) in July 2026.

Ms. Chan also previously served as an independent non-executive director of DreamEast Group Limited (夢東方集團有限公司) ("**DreamEast**"), a company formerly listed on the Stock Exchange (stock code: 593), from January 2024 to October 2025. DreamEast was incorporated in Bermuda on June 8, 1993 and was principally engaged in investment holding, while its subsidiaries were principally engaged in property development and leasing as well as tourism park operations and other services. On November 1, 2023, prior to Ms. Chan's appointment as an independent non-executive director of DreamEast, Forever Union Holdings Limited (the "**Petitioner**") presented a winding-up petition against DreamEast (the "**Petition**") in relation to an outstanding debt owed by DreamEast to the Petitioner. On March 11, 2024, the High Court of Hong Kong made a winding-up order against DreamEast (the "**Order**"). Upon the granting of the Order, all powers of the directors of DreamEast, including Ms. Chan, ceased. On August 27, 2025, the High Court of Hong Kong granted a conditional order to permanently stay the winding-up proceedings against DreamEast, subject to the satisfaction of certain conditions. Ms. Chan subsequently tendered her resignation as an independent non-executive director of DreamEast with effect from October 8, 2025. The listing of the shares of DreamEast on the Stock Exchange was cancelled with effect from January 27, 2026.

Ms. Chan confirmed that (i) she served solely in the capacity of an independent non-executive director of DreamEast and was not involved in the day-to-day management or operations of DreamEast; (ii) the Petition had been presented prior to her appointment as an independent non-executive director of DreamEast and she was not involved in any of the matters giving rise to the Petition or the Order; (iii) neither Ms. Chan nor any of her associates was related to any other directors, shareholders or senior management of DreamEast or their respective associates; and (iv) since her appointment as an independent non-executive director of DreamEast and up to the Latest Practicable Date, there had been no outstanding liability or ongoing claim or litigation against Ms. Chan arising from or in connection with her capacity as an independent non-executive director of DreamEast.

To the best knowledge of our Directors, Ms. Chan was not involved in the matters giving rise to the Petition or the Order against DreamEast, and such winding-up proceedings do not have any material adverse impact on Ms. Chan's suitability to act as an independent non-executive Director of our Company.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. The following table sets forth the key information about the senior management of our Company.

Name	Age	Position	Date of joining our Group	Date of appointment as senior management of our Group	Responsibilities	Relationship with Directors and other members of senior management
Mr. Sun Yutao (孫玉濤) . .	39	Executive Director, chairperson of our Board, and chief executive officer	October 23, 2019	October 23, 2019	Overall management, strategic planning and decision-making for key business and operational matters of our Group	Brother-in-law of Mr. Zhang Jian; acting in concert with Mr. Luo Shimin
Mr. Luo Shimin (羅時民) . .	50	Executive Director and chief technology officer	November 16, 2020	November 16, 2020	R&D of core products and technologies, procurement and maintenance of software and hardware, and information security management of our Group	Acting in concert with Mr. Sun
Mr. Zhang Jian (張劍). . . .	39	Executive Director and vice president	February 1, 2021	February 1, 2021	Managing the delivery centre of our Group and overseeing the operations of XMSAIL, GOING GREEN, AXIS and VATAi brands	Brother-in-law of Mr. Sun
Ms. Shi Rongyue (石榮月)	39	Executive Director and chief financial officer	March 1, 2022	March 1, 2022	Overall financial strategic planning, financial reporting and capital management of our Group	None
Mr. Su Hongying (蘇宏穎) . .	38	Vice president	October 15, 2021	October 15, 2021	Overseeing product testing and certification business segment, human resources and administrative management of our Group	None

Mr. Sun Yutao (孫玉濤), aged 39, is our executive Director, chairperson of our Board and chief executive officer. For Mr. Sun's biography, please see "— Directors — Executive Directors."

Mr. Luo Shimin (羅時民), aged 50, is our executive Director and chief technology officer. For Mr. Luo's biography, please see "— Directors — Executive Directors."

Mr. Zhang Jian (張劍), aged 39, is our executive Director and vice president. For Mr. Zhang's biography, please see "— Directors — Executive Directors."

Ms. Shi Rongyue (石榮月), aged 39, is our executive Director and chief financial officer. For Ms. Shi's biography, please see "— Directors — Executive Directors."

Mr. Su Hongying (蘇宏穎), aged 38, is our vice president. He joined our Group in October 2021 and has served as the vice president of Shenzhen Oushuitong since then. Mr. Su is primarily responsible for overseeing product testing and certification business segment, human resources and administrative management of our Group.

Mr. Su has over 15 years of experience in corporate strategic management and organizational management. Prior to joining our Group, Mr. Su successively served in various positions at Shenzhen Guanlanhu Golf Club Co., Ltd. (深圳觀瀾湖高爾夫球會有限公司) from April 2010 to June 2017, with his last position being human resources manager. He then worked at Shenzhen Cedui Enterprise Management Consulting Co., Ltd. (深圳策對企業管理諮詢有限公司) (currently known as Shenzhen Cedui Technology Co., Ltd. (深圳策對科技有限公司)) from June 2017 to October 2021, with his last position being project director.

Mr. Su obtained his bachelor's degree in human resources management from Xiangnan University (湘南學院) in the PRC in June 2010. He completed the Training Program in Business Administration for Private and Small-to-Medium Enterprises (民營及中小企業工商管理研修班) at Peking University Shenzhen Graduate School (北京大學深圳研究院) in September 2024.

JOINT COMPANY SECRETARIES

Ms. Lin Liyi (林麗儀) was appointed as one of our joint company secretaries in August 2026. Ms. Lin has been a senior manager of the enterprise development department since October 2022 and a manager of the supply management center since August 2025 at Shenzhen Oushuitong. Ms. Lin is primarily responsible for the Group's government relations, public affairs, and the digital transformation of the supply management center.

Ms. Lin has over 10 years of experience in corporate public affairs management. Prior to joining our Group, Ms. Lin served as an overseas translator and project management assistant at Beijing Chenggong Communications Engineering Supervision Co., Ltd. (北京誠公通信工程監理股份有限公司) (currently known as Beijing Chenggong Management Consulting Co., Ltd. (北京誠公管理諮詢有限公司)) from March 2015 to February 2017. She also served as a public relations supervisor at BGI Shenzhen Co., Ltd. (深圳華大基因科技有限公司) from April 2017 to October 2022.

Ms. Lin obtained her bachelor's degree in French from Beijing Foreign Studies University (北京外國語大學) in the PRC in July 2014. She completed Unicorn Enterprise Special Training Program (獨角獸企業專題培訓項目) at PBC School of Finance, Tsinghua University (清華大學五道口金融學院) in December 2025.

Ms. Mak Sin Ki (麥善琪) was appointed as one of our joint company secretaries in August 2026.

Ms. Mak has over 8 years of experience in the company secretarial field. Ms. Mak currently serves as a manager of company secretarial services of Tricor Services Limited of the Vistra Group.

Ms. Mak obtained her bachelor's degree in Chinese and bilingual studies from The Hong Kong Polytechnic University in Hong Kong in September 2016 and her master's degree in professional accounting and corporate governance from the City University of Hong Kong in Hong Kong in July 2021. Ms. Mak is a Chartered Secretary, a Chartered Governance Professional, and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on February 6, 2026 or August 27, 2026, and (ii) understands his or her obligations as a director of a [**REDACTED**] under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

Each of our Directors (excluding our independent non-executive Directors) confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, each of our Directors and senior management members confirms with respect to himself or herself that (i) he or she had no other relationship with any Director, senior management or substantial Shareholder of our Company as at the Latest

Practicable Date; and (ii) he or she did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any stock exchange in Hong Kong and/or overseas.

Except as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of our Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, review and approve connected transactions and provide advice and comments to our Board. Upon [**REDACTED**], the Audit Committee will comprise Dr. Liu Hao, Dr. Qian Shizheng and Ms. Chan Sheung Yu, with Dr. Liu Hao as the chairperson. Each of Dr. Liu Hao and Ms. Chan Sheung Yu has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Dr. Qian Shizheng, Dr. Liu Hao and Mr. Sun, with Dr. Qian Shizheng as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Dr. Yang Xiaoqiang, Ms. Chan Sheung Yu and Mr. Sun, with Dr. Yang Xiaoqiang as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon [**REDACTED**] save for the below.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. Sun, performs both the roles of the chairperson of our Board and the chief executive officer of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations as mentioned above, Mr. Sun is the Director best suited to identify strategic opportunities and focus of our Board. Vesting the roles of both chairperson of our Board and chief executive officer of our Company to Mr. Sun can promote the effective execution of strategic initiatives and facilitate the flow of information between management and our Board.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of our Board, including the relevant Board committees, and independent non-executive Directors. Our Board will reassess the division of the roles of chairperson of our Board and the chief executive officer from time to time and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Board Diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of our Board. We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of two female and six male Directors ranging from 39 to 74 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting, information security and corporate governance. They obtained degrees in various majors including computer science and technology, economics, business administration, mathematics, marketing management, accounting and laws. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on our Board and recommend them to our Board for adoption.

REMUNERATION

Our Directors receive remuneration in the form of fees, salaries and allowances, performance related bonus, retirement benefit scheme contributions and share-based payments. We determine the remuneration of our Directors based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration of our Directors for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026 were RMB1.03 million, RMB1.07 million, RMB1.54 million and RMB0.87 million, respectively. None of our Directors waived or agreed to waive any emolument during the same periods.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors in respect of the year ending December 31, 2026 to be approximately RMB12.61 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

The five highest paid individuals of our Group for the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026 included 1, 1, 1 and 1 Director, respectively. During the same periods, the aggregate amount of remuneration of the remaining 4, 4, 4 and 4 highest-paid non-director individuals (including salaries and allowances, retirement benefit scheme contributions and share-based payments) were RMB3.46 million, RMB4.64 million, RMB5.40 million and RMB3.90 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors in respect of the Track Record Period.

COMPLIANCE ADVISER

We have appointed Guoyuan Capital (Hong Kong) Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will, amongst other things, advise our Company in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry of our Company in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB8,000,000, comprising 8,000,000 Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (taking into account the Share Subdivision), assuming that the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares(1)	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [**REDACTED**], see "History, Development and Corporate Structure — Capitalization."

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares (taking into account the Share Subdivision), assuming that the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
Unlisted Shares	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Unlisted Shares(1)	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00%**

(1) For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [**REDACTED**], see "History, Development and Corporate Structure — Capitalization."

OUR SHARES

Upon completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, our Shares will consist of Unlisted Shares and H Shares, which are ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional [**REDACTED**] in the PRC, the qualified PRC [**REDACTED**] under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] by or [**REDACTED**] between legal or natural PRC persons. H Shares may only be [**REDACTED**] and [**REDACTED**] in Hong Kong dollars.

The Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to stipulations made by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares. Such converted H Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and [**REDACTED**] of such converted Shares, the requisite internal approval processes have been duly completed and the approvals from the relevant PRC regulatory authorities, including the CSRC, and the relevant overseas stock exchange have been obtained. In addition, such conversion, [**REDACTED**] and [**REDACTED**] shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

The Conversion of Unlisted Shares into H Shares will involve an aggregate of [**REDACTED**] Unlisted Shares held by existing Shareholders (the "**Full Circulation Participating Shareholders**"), representing [**REDACTED**]% of total issued Shares of our Company upon completion of the Conversion of Unlisted Shares into H Shares and the [**REDACTED**] (taking into account the Share Subdivision and assuming that the [**REDACTED**] is not exercised).

If any other of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, such conversion, [**REDACTED**] and [**REDACTED**] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. We may apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. Approval of Shareholders at a general meeting is not required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on an overseas stock exchange.

[REDACTED] Review and Approval by the CSRC

In accordance with the Guidelines for Applying "Full Circulation" for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) and Trial Measures and relevant five guidelines announced by the CSRC, H-share listed companies which apply for the conversion of domestic unlisted shares into H shares for listing and circulation on the Stock Exchange shall conform to relevant regulations promulgated by the CSRC, and authorize the company to file with the CSRC on their behalf.

We [have filed] with the CSRC for, and received the filing notice from the CSRC dated [●], in relation to the [**REDACTED**] and the conversion of a total of [**REDACTED**] Unlisted Shares with a nominal value of RMB0.04 each (taking into account the Share Subdivision) held by the Full Circulation Participating Shareholders into H Shares on a one-for-one basis upon [**REDACTED**].

[REDACTED] Approval by the Stock Exchange

We have applied to the Listing Committee for the granting of [**REDACTED**] of, and permission to [**REDACTED**], our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and the H Shares to be converted from [**REDACTED**] Unlisted Shares (taking into account the Share Subdivision), which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our [**REDACTED**] regarding the relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**]. The Full Circulation Participating Shareholders may only [**REDACTED**] the H Shares upon completion of the domestic procedures as disclosed in this section.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the public offering of a company, the shares issued prior to the public offering shall not be transferred within a period of one year from the date on which the publicly offered shares are listed on any stock exchange. Accordingly, Shares issued by our Company prior to the [**REDACTED**] (including the H Shares to be converted from the Unlisted Shares) shall be subject to this statutory restriction and not be transferred within a period of one year from the [**REDACTED**].

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies announced by the CSRC, the domestic shareholders of unlisted shares shall handle share transfer registration business in accordance with the relevant business rules of the CSDC. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the CSDC of the shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting is required, please see "Appendix V — Summary of Articles of Association" in this document.

As far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the Conversion of Unlisted Shares into H Shares (taking into account the Share Subdivision), the following persons will have an interest and/or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

(a) Interest in the Shares of our Company

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and the Conversion of Unlisted Shares into H Shares (taking into account the Share Subdivision)(2)				
Name of Shareholder	Nature of interest	Number of Unlisted Shares	Approximate percentage of interest in our Company	Number of Unlisted Shares	Approximate percentage of interest in Unlisted Shares	Number of H Shares	Approximate percentage of interest in H Shares	Approximate percentage of interest in our Company
			%		%		%	%
Mr. Sun	Beneficial owner	2,211,811	27.65	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation(3)	590,000	7.38	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest held jointly with other person(4)	2,241,657	28.02	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Zhang Huiru	Beneficial owner	887,429	11.09	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest held jointly with other person(4)	4,156,039	51.95	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Zhang Na	Beneficial owner	774,111	9.68	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest held jointly with other person(4)	4,269,357	53.37	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhang Baohua	Beneficial owner	346,951	4.34	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest held jointly with other person(4)	4,696,517	58.71	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled Corporation(5)	166,664	2.08	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Luo Shimin	Beneficial owner	233,166	2.91	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest held jointly with other person(4)	4,810,302	60.13	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GC HK	Beneficial owner	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GED Holdings	Interest in controlled corporation(6)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gaocheng Fund I	Interest in controlled corporation(6)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gaocheng Holdings	Interest in controlled corporation(6)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jing Hong	Interest in controlled corporation(6)	1,080,000	13.50	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Victory Investment	Beneficial owner	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Boyu Growth Fund	Interest in controlled corporation(7)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Boyu Fund	Interest in controlled corporation(7)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Boyu Capital GP	Interest in controlled corporation(7)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Boyu Group	Interest in controlled corporation(7)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and the Conversion of Unlisted Shares into H Shares (taking into account the Share Subdivision)(2)				
Name of Shareholder	Nature of interest	Number of Unlisted Shares	Approximate percentage of interest in our Company	Number of Unlisted Shares	Approximate percentage of interest in Unlisted Shares	Number of H Shares	Approximate percentage of interest in H Shares	Approximate percentage of interest in our Company
			%		%		%	%
XYXY Holdings Ltd	Interest in controlled corporation(7)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tong Xiaomeng .	Interest in controlled corporation(7)	880,000	11.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Weite . .	Beneficial owner	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jingchuang Zhizao	Interest in controlled corporation(8)	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Harmonious Growth	Interest in controlled corporation(8)	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tibet Zhizao . . .	Interest in controlled corporation(8)	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hexie Aiqi	Interest in controlled corporation(8)	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen Baocheng . . .	Interest in controlled corporation(8)	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tibet Hexie . . .	Interest in controlled corporation(8)	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Hexie . .	Interest in controlled corporation(8)	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Li Jianguang . . .	Interest in controlled corporation(8)	560,000	7.00	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in issue upon [**REDACTED**] comprising (i) an aggregate of [**REDACTED**] H Shares to be converted from the Unlisted Shares (taking into account the Share Subdivision); (ii) [**REDACTED**] H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised); and (iii) [**REDACTED**] Unlisted Shares.

(3) As of the Latest Practicable Date, Mr. Sun acted as the general partner of each of Maidehao Management and Maidetong Business. As a result, Mr. Sun is deemed to be interested in the Shares held by each of Maidehao Management and Maidetong Business under the SFO.

(4) Pursuant to the Acting-in-Concert Arrangement, Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin irrevocably confirmed and agreed that, (i) they have acted and will continue to act in concert when exercising their rights and/or voting power as shareholders of our Group, and (ii) in the event they are unable to reach consensus, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin shall act in concert with Mr. Sun and follow Mr. Sun's decisions when exercising their rights and/or votes. As a result, each of Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua and Mr. Luo Shimin is deemed to be interested in such Shares held by each other as they are parties acting in concert under the SFO.

(5) As of the Latest Practicable Date, Qingdao Bridge was held as to approximately 66.67% by Mr. Zhang Baohua as a limited partner. As a result, Mr. Zhang Baohua is deemed to be interested in the Shares held by Qingdao Bridge under the SFO.

(6) As of the Latest Practicable Date, GC RSV-I (HK) Holdings Limited ("**GC HK**") was wholly owned by GED Holdings Limited ("**GED Holdings**"), a wholly-owned subsidiary of Gaocheng Fund I, L.P. ("**Gaocheng Fund I**"), whose general partner was Gaocheng Holdings GP, Ltd ("**Gaocheng Holdings**"). GCCP Holdings Limited ("**GCCP Holdings**") was wholly owned by Gaocheng Fund II, L.P., whose general partner was Gaocheng Holdings GP II, Ltd. ("**Gaocheng Holdings II**"). Each of Gaocheng Holdings and Gaocheng Holdings II was ultimately controlled by Jing Hong. As a result, (i) each of GED Holdings, Gaocheng Fund I, Gaocheng Holdings and Jing Hong is deemed to be interested in the Shares held by GC HK; and (ii) Jing Hong is deemed to be interested in the Shares held by GCCP Holdings under the SFO.

(7) As of the Latest Practicable Date, Victory Parade Investment Pte. Ltd. ("**Victory Investment**") was wholly owned by Boyu Capital Growth Fund I, Pte. Ltd. ("**Boyu Growth Fund**"), which was in turn wholly owned by Boyu Capital Growth Fund I, L.P. ("**Boyu Fund**"). The general partner of Boyu Fund was Boyu Capital Growth GP I, Ltd. ("**Boyu Capital GP**"), which was wholly owned by Boyu Group, LLC ("**Boyu Group**"). Boyu Group was owned as to over 30% by XYXY Holdings Ltd, which was in turn wholly owned by Tong Xiaomeng (童小檬). As a result, each of Boyu Growth Fund, Boyu Fund, Boyu Capital GP, Boyu Group, XYXY Holdings Ltd and Tong Xiaomeng is deemed to be interested in the Shares held by Victory Investment under the SFO.

(8) As of the Latest Practicable Date, Tianjin Weite Management Consulting Partnership (Limited Partnership) (天津唯特管理諮詢合夥企業(有限合夥)) ("**Tianjin Weite**") was (i) managed by its general partner Shenzhen Jingchuang Zhizao Enterprise Management Partnership (Limited Partnership) (深圳精創智造企業管理合夥企業(有限合夥)) ("**Jingchuang Zhizao**") and (ii) owned as to approximately 99.996% by Shenzhen Harmonious Growth Phase III Technology Development Equity Investment Fund Partnership (Limited Partnership) (深圳和諧成長三期科技發展股權投資基金合夥企業(有限合夥)) ("**Harmonious Growth**"), whose general partner was Jingchuang Zhizao. Jingchuang Zhizao was (i) managed by its general partner Tibet Zhizao Enterprise Management Co., Ltd. (西藏智造企業管理有限公司) ("**Tibet Zhizao**"), which was in turn wholly owned by Hexie Aiqi Investment Management (Beijing) Co., Ltd. (和諧愛奇投資管理(北京)有限公司) ("**Hexie Aiqi**") and (ii) owned as to approximately 99.89% by Shenzhen Baocheng Chuangke Enterprise Management Co., Ltd. (深圳寶成創科企業管理有限公司) ("**Shenzhen Baocheng**"), which was in turn wholly owned by Tibet Hexie Enterprise Management Co., Ltd. (西藏和諧企業管理有限公司) ("**Tibet Hexie**"). Hexie Aiqi was owned as to approximately 73.76% by Tibet Hexie, which was in turn owned as to approximately 93.63% by Zhuhai Hexie Zhiyuan Management Consultancy Co., Ltd. (珠海和諧致遠管理諮詢有限公司) ("**Zhuhai Hexie**"). Zhuhai Hexie was owned as to 40% by Li Jianguang (李建光). As a result, each of Jingchuang Zhizao, Harmonious Growth, Tibet Zhizao, Hexie Aiqi, Shenzhen Baocheng, Tibet Hexie, Zhuhai Hexie and Li Jianguang is deemed to be interested in the Shares held by Tianjin Weite under the SFO.

(b) Substantial shareholders of other members of our Group

Name of substantial shareholder	Name of members of our Group	Nature of interest	Approximate percentage of interest held as of the Latest Practicable Date
			%
Wang Junhao (王俊浩)	Shenzhen GoingGreen	Beneficial owner	24.00
Li Zhiyuan (李智圓)	Shenzhen GoingGreen	Beneficial owner	16.00
Zhang Yiwei (張怡薇)	Shenzhen Yisi Business Consulting Co., Ltd. (深圳易思商務諮詢有限公司) ("**Shenzhen Yisi**")	Beneficial owner	20.00
	Like Sun GmbH	Interest in controlled corporation	20.00
	ElektroG Solutions GmbH	Interest in controlled corporation	20.00
Liao Xiaoting (廖小婷)	Shenzhen Yisi	Beneficial owner	20.00
	Like Sun GmbH	Interest in controlled corporation	20.00
	ElektroG Solutions GmbH	Interest in controlled corporation	20.00
Li Rongzhi (李容旨)	Shenzhen Shuyou Technology Service Co., Ltd. (深圳數游科技服務有限公司)	Beneficial owner	27.00
Lin Qianting (藺錢廷)	Guangdong Newbest	Beneficial owner	40.00

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and the Conversion of Unlisted Shares into H Shares (taking into account the Share Subdivision), have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

The following discussion and analysis should be read in conjunction with our consolidated financial information as of and for the years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026 included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with HKFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are an AI-empowered global platform for cross-border e-commerce compliance services. According to CIC, we were the largest cross-border e-commerce compliance service provider both globally and in China in terms of sales value in 2025, with our sales value exceeding the combined total of the second- to eighth-ranked market players in China in the same year. Additionally, we held the leading market share of 21.5% in China's cross-border e-commerce compliance platform market in terms of sales value in 2025. As of June 30, 2026, we had served over 264,000 paying users cumulatively. As of the Latest Practicable Date, we had established four business segments, comprising corporate and tax compliance, environmental compliance, product testing and certification, and IPP. As of the same date, we managed over 6,000 active service SKUs in these segments across complex compliance scenarios in 121 countries and regions.

We have experienced rapid and continuous business growth during the Track Record Period. Our revenue increased by 45.9% year-over-year to RMB350.5 million in 2024, and increased by 50.8% year-over-year to RMB528.5 million in 2025. Our revenue increased by 65.6% from RMB233.1 million in the six months ended June 30, 2025 to RMB385.9 million during the same period in 2026. Our adjusted net profit margin (non-HKFRS) slightly increased from 18.7% in the six months ended June 30, 2025 to 19.2% during the same period in 2026.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with Hong Kong Financial Reporting Standards as issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") ("HKFRS Accounting Standards"). The preparation of the historical financial information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 5 to the Accountants' Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We operate in the cross-border e-commerce compliance services industry. Our business and results of operations are impacted by general factors affecting the cross-border e-commerce compliance services industry, such as overall economic growth and the development of the cross-border e-commerce market, emergence of new e-commerce platforms and new business models, adoption and acceptance of technology advancements in the cross-border e-commerce compliance services industry, and policy and regulatory changes. Additionally, we believe that our financial condition and results of operations are also affected by a number of company-specific factors, including the factors discussed below.

Our ability to expand our paying user base, retain our current paying users and increase cross-selling

Our ability to attract new users and expand our paying user base is critical to our operational performance and future growth. We have experienced significant growth of our paying user base over the past years. Our total accumulated paying users increased from 87,117 as of December 31, 2023 to 167,113 as of December 31, 2024, further to 246,254 as of December 31, 2025, and reached 264,005 as of June 30, 2026. We also have a proven track record of retaining our users and increasing their spending. During the Track Record Period, our NDR remained in the range of 104% to 126%, indicating both our integration into clients' full operation lifecycle and continuous value creation.

To further drive the spending of our existing users, we will continue to cross-sell one-stop products tailored to their evolving compliance needs. As they scale, our growth depends on becoming integral to their operations. Ultimately, our ability to expand usage among our current user base relies on our commitment to user success and the delivery of high-quality and stable services.

Our ability to enrich our products and drive further revenue growth

Our ability to continuously enrich our products to address our clients' evolving compliance needs is essential to our results of operations. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded revenue of RMB240.3 million, RMB350.5 million, RMB528.5 million, RMB233.1 million and RMB385.9 million, respectively. We believe that a comprehensive product offering covering both mainstream and niche compliance areas will provide greater compliance support to our clients' global expansion and long-term growth, thereby integrating most of our services into their operations in the long run. Therefore, we are constantly expanding and upgrading our product portfolio. For example, we have expanded our service coverage to include TIC services, a sub-sector of the compliance market with substantial potential and client demand.

Our ability to advance technology innovations

Our ability to advance technology innovations and adopt new technology in our offerings development, underpinned by our O·AI Suite and O·Foundation in the development of our offerings, is important for us to maintain our market position. We have applied advanced technologies, such as our enterprise-grade agentic AI network, to our cross-border e-commerce platform to provide our clients with more efficient and accurate compliance products.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we incurred research and development expenses of RMB28.3 million, RMB30.0 million, RMB32.1 million, RMB15.3 million and RMB18.7 million, respectively. Employee expenses, which mainly represent the compensation we pay to our R&D personnel, were the major element of our overall research and development expenses. We expect to continue to strengthen our talent pool to provide a solid foundation to our future business growth. We have been investing in our AI infrastructure and the functionalities of our products. We will leverage our deep industry know-how to continue developing and upgrading our products with new and better features while improving overall R&D efficiency, thereby enhancing internal delivery efficiency, improving user experience and driving our long-term business growth.

Our ability to improve operational efficiency and optimize operating expenses

Our results of operations are affected by our ability to manage costs and improve overall operational efficiency. Our cost of sales primarily consists of (i) procurement costs, (ii) employee compensation and (iii) share-based payment expenses. Our gross profit margin was 52.5%, 52.5%, 52.9%, 54.5% and 53.2% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our ability to continue to manage our cost of sales and improve our gross profit margin depends on several factors, including overall technological efficiency enhancement, efficiency optimization under our self-operated model, and cost optimization in collaboration with third parties. We also aim to enhance the efficiency of our product delivery by continuing to build up our in-house delivery teams while retaining high-quality third-party service providers as suppliers.

Our financial performance also depends on achieving greater operational efficiency and operating leverage. We intend to further optimize efficiency by refining our organizational structure, streamlining workflows through agentic AI and strengthening our internal engineering processes through our AI-FOE model. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our operating expenses, including research and development expenses, administrative expenses and selling and distribution expenses, amounted to RMB120.4 million, RMB143.1 million, RMB198.8 million, RMB91.4 million and RMB132.6 million, respectively, accounting for 50.1%, 40.8%, 37.6%, 39.2% and 34.4% of our revenue, respectively. We believe continued improvements in operating leverage will help enhance margins and support long-term revenue growth.

Our ability to maintain our brand and market recognition

We have built a strong brand reputation and market recognition with our seven brands, i.e., EVAT MASTER, IPP MASTER, XMSAIL, GOING GREEN, VATAi, AXIS, and NBTS. We were the world's largest cross-border e-commerce compliance service provider in terms of sales value in 2025 and have ranked first in terms of market share among cross-border e-commerce compliance service providers in China for four consecutive years since 2022, according to CIC. According to CIC, our sales value in 2025 exceeded the combined total of the second- to eighth-ranked market players in China's cross-border e-commerce compliance services market in that year.

We believe our brand assets enable us to more efficiently expand our user base, enhance our established market leadership, and lead to more word-of-mouth referrals. Leveraging our market recognition, we are in a position to optimize our product based on accumulated client feedback and industry know-how, which in turn drives our revenue growth.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and estimates that are material to the preparation of our consolidated financial statements in accordance with HKFRS Accounting Standards. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. When reviewing our financial statements, the following factors should be considered: (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

For more information on the basis of preparation of the Historical Financial Information, see Note 2 of Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets out a summary of our results of operations for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue	**240,323**	**100.0**	**350,469**	**100.0**	**528,476**	**100.0**	**233,114**	**100.0**	**385,915**	**100.0**
Cost of sales	(114,238)	(47.5)	(166,328)	(47.5)	(248,689)	(47.1)	(105,988)	(45.5)	(180,737)	(46.8)
Gross profit	**126,085**	**52.5**	**184,141**	**52.5**	**279,787**	**52.9**	**127,126**	**54.5**	**205,178**	**53.2**
Other income, gains and loss, net	33,419	13.9	42,502	12.1	40,514	7.7	13,571	5.8	1,018	0.3
Impairment losses (recognized) reversed under ECL model, net	(1,031)	(0.4)	1,130	0.3	(1,750)	(0.3)	(430)	(0.2)	636	0.2
Selling expenses	(52,814)	(22.0)	(65,371)	(18.7)	(93,658)	(17.7)	(43,586)	(18.7)	(62,948)	(16.3)
Administrative expenses	(39,256)	(16.3)	(47,749)	(13.6)	(73,023)	(13.8)	(32,456)	(13.9)	(50,993)	(13.2)
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development expenses	(28,335)	(11.8)	(29,991)	(8.6)	(32,140)	(6.1)	(15,324)	(6.6)	(18,650)	(4.8)
Finance costs	(11,348)	(4.7)	(12,072)	(3.4)	(5,300)	(1.0)	(5,070)	(2.2)	(266)	(0.1)
Profit before tax	**26,720**	**11.1**	**72,590**	**20.7**	**114,430**	**21.7**	**43,831**	**18.8**	**56,361**	**14.6**
Income tax expense	(518)	(0.2)	(1,371)	(0.4)	(17,255)	(3.3)	(5,168)	(2.2)	(13,217)	(3.4)
Profit for the year/period	**26,202**	**10.9**	**71,219**	**20.3**	**97,175**	**18.4**	**38,663**	**16.6**	**43,144**	**11.2**
Attributable to:										
Owners of the Company	14,258	5.9	44,685	12.8	89,048	16.9	30,920	13.3	38,328	9.9
Non-controlling interests	11,944	5.0	26,534	7.6	8,127	1.5	7,743	3.3	4,816	1.2

Non-HKFRS Measure

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRS, we also use adjusted net profit, which is not required by, or presented in accordance with HKFRS. The presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures facilitates a comparison of our operating performance by eliminating the impact of (i) interest on redemption liabilities, (ii) [**REDACTED**], (iii) share-based payment expenses and (iv) restructuring expenses, representing one-off tax expenses incurred in connection with the restructuring arrangement. See "History, Development and Corporate Structure — Onshore Restructuring." Such non-HKFRS measure allow investors to consider metrics used by our management in evaluating our performance. The use of the non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, an analysis of our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net profit for the periods to our adjusted net profit for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Reconciliation of net profit to adjusted net profit (non-HKFRS measure)					
Profit for the year/period	**26,202**	**71,219**	**97,175**	**38,663**	**43,144**
Added: Interest expenses on redemption liabilities	10,904	11,755	4,903	4,903	–
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share-based payment expenses	–	–	–	–	7,783
Restructuring expenses	–	–	–	–	5,576
Adjusted net profit (non-HKFRS measure)	**37,106**	**82,974**	**102,078**	**43,566**	**74,117**

Revenue

Revenue by business segment

During the Track Record Period, we generated revenue from environmental compliance, corporate and tax compliance, product testing and certification, and intellectual property protection. The following table sets forth a breakdown of our revenue by business segment, in absolute terms and as percentages of total revenue, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Environmental compliance	94,823	39.5	141,917	40.5	235,290	44.5	101,635	43.7	172,508	44.7
Corporate and tax compliance	109,638	45.6	146,914	41.9	185,732	35.1	81,669	35.0	139,393	36.1
Product testing and certification	17,137	7.1	32,487	9.3	72,219	13.7	32,743	14.0	55,928	14.5
Intellectual property protection	18,725	7.8	29,151	8.3	35,235	6.7	17,067	7.3	18,086	4.7
Total	**240,323**	**100.0**	**350,469**	**100.0**	**528,476**	**100.0**	**233,114**	**100.0**	**385,915**	**100.0**

We typically require prepayments from most of our users before we grant them access to our services, and we charge service fees either on (i) a periodic subscription basis, with revenue recognized over time as services are rendered on a ratable basis, or (ii) per service basis, with revenue recognized at a point in time when the relevant service is completed. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue amounted to RMB240.3 million, RMB350.5 million, RMB528.5 million, RMB233.1 million and RMB385.9 million, respectively.

Revenue by geographic region

Although most of our customers are cross-border e-commerce retailers based in Chinese Mainland, our services are used locally across different countries and regions to satisfy local compliance requirements. Accordingly, we present a geographical breakdown of our revenue based on the location where our services are used. The following table sets forth such breakdown by the location of service usage, in absolute amounts of our total revenues for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Chinese Mainland	–	–	100	0.0	359	0.1	60	0.0	1,388	0.4
Overseas	**240,323**	**100.0**	**350,369**	**100.0**	**528,117**	**99.9**	**233,054**	**100.0**	**384,527**	**99.6**
– Europe	209,374	87.1	281,121	80.2	438,345	82.9	196,110	84.1	320,378	83.0
– the Americas	19,099	7.9	37,904	10.8	48,514	9.2	22,196	9.5	36,039	9.3
– Asia	11,580	4.8	30,147	8.6	38,163	7.2	13,672	5.9	26,255	6.8
– Others[(1)]	270	0.2	1,197	0.4	3,095	0.6	1,076	0.5	1,855	0.5
Total	**240,323**	**100.0**	**350,469**	**100.0**	**528,476**	**100.0**	**233,114**	**100.0**	**385,915**	**100.0**

Note:

(1) Others primarily consist of Oceania.

Cost of Sales

Our cost of sales primarily consists of (i) procurement costs, incurred from providers for services such as environmental, accounting and legal services, (ii) employee compensation and (iii) share-based payment expenses. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Procurement costs	101,323	88.7	146,350	88.0	220,863	88.8	93,370	88.1	154,770	85.6
Employee compensation	11,604	10.2	18,384	11.1	26,147	10.5	11,575	10.9	22,677	12.4
Share-based payment expenses	–	–	–	–	–	–	–	–	1,168	0.6
Others	1,311	1.1	1,594	0.9	1,679	0.7	1,043	1.0	2,122	1.4
Total	**114,238**	**100.0**	**166,328**	**100.0**	**248,689**	**100.0**	**105,988**	**100.0**	**180,737**	**100.0**

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales amounted to RMB114.2 million, RMB166.3 million, RMB248.7 million, RMB106.0 million and RMB180.7 million, respectively. Our cost of sales accounted for 47.5%, 47.5%, 47.1%, 45.5% and 46.8% of our revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Gross profit margin represents gross profit divided by revenue, expressed as a percentage. Changes in gross profit margin may be affected by, among other things, our service mix, pricing, delivery efficiency and cost structure.

We recorded gross profit of RMB126.1 million, RMB184.1 million, RMB279.8 million, RMB127.1 million and RMB205.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our gross profit margin was 52.5%, 52.5%, 52.9%, 54.5% and 53.2% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB'000, except for percentage)						*(unaudited)*			
Corporate and tax compliance	66,644	60.8	91,819	62.5	121,473	65.4	52,287	64.0	89,387	64.1
Environmental compliance	34,700	36.6	47,799	33.7	72,636	30.9	34,413	33.9	60,167	34.9
Product testing and certification	14,717	85.9	28,620	88.1	64,755	89.7	30,089	91.9	45,172	80.8
Intellectual property protection	10,024	53.5	15,903	54.6	20,923	59.4	10,337	60.6	10,452	57.8
Total	**126,085**	**52.5**	**184,141**	**52.5**	**279,787**	**52.9**	**127,126**	**54.5**	**205,178**	**53.2**

Other Income, Gains and Loss, Net

Other income, gains and loss, net primarily comprises (i) value-added tax refunds related to the taxes we paid in connection with our sales, (ii) change in fair value of financial assets at FVTPL, (iii) bank interest income, (iv) government subsidies and (v) net foreign exchange gains or losses. The following table sets forth a breakdown of our other income, gains and loss, net, in absolute terms and as percentages of total other income, gains and loss, net, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Value-added tax refund	22,236	66.5	32,170	75.7	38,730	95.6	12,782	94.2	3,568	350.5
Change in fair value of financial assets at FVTPL	3,377	10.1	378	0.9	1,724	4.3	669	4.9	1,601	157.3
Bank interest income	7,910	23.7	10,299	24.2	3,845	9.5	3,212	23.7	781	76.7
Government subsidies	1,767	5.3	1,071	2.5	739	1.8	10	0.1	45	4.4
Net foreign exchange losses	(2,023)	(6.1)	(1,535)	(3.6)	(4,451)	(11.0)	(3,008)	(22.2)	(5,373)	(527.8)
Others	152	0.5	119	0.3	(73)	(0.2)	(94)	(0.7)	396	38.9
Total	**33,419**	**100.0**	**42,502**	**100.0**	**40,514**	**100.0**	**13,571**	**100.0**	**1,018**	**100.0**

Impairment Losses (Recognized) Reversed under Expected Credit Loss (ECL) Model, Net

Impairment losses (recognized) reversed under the expected credit loss model, net represent expected credit losses recognized or reversed on financial assets subject to impairment assessment under HKFRS 9. Such financial assets primarily include (i) trade receivables and (ii) other receivables.

We recorded net impairment losses of RMB1.0 million, RMB1.8 million and RMB0.4 million in 2023 and 2025 and the six months ended June 30, 2025, respectively, and net reversal of impairment losses of RMB1.1 million and RMB0.6 million in 2024 and the six months ended June 30, 2026, respectively.

Selling Expenses

Our selling expenses primarily consist of (i) employee compensation, (ii) promotion expenses, (iii) depreciation and amortization and (iv) share-based payment expenses. The following table sets forth a breakdown of our selling expenses, in absolute amounts and as percentages of total selling expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Employee compensation	37,290	70.6	49,858	76.3	72,516	77.4	34,024	78.1	49,056	77.9
Promotion expenses	13,161	24.9	11,576	17.7	15,424	16.5	7,139	16.4	7,733	12.3
Depreciation and amortization	970	1.8	2,200	3.4	2,773	3.0	1,459	3.3	3,286	5.2
Share-based payment expenses	–	–	–	–	–	–	–	–	1,509	2.4
Others[(1)]	1,393	2.6	1,737	2.6	2,945	3.1	964	2.2	1,364	2.2
Total	**52,814**	**100.0**	**65,371**	**100.0**	**93,658**	**100.0**	**43,586**	**100.0**	**62,948**	**100.0**

Note:

(1) Others primarily consist of travel expenses, business development expenses, office expenses, and platform service and certificate expenses.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee compensation, (ii) office and travel expenses, (iii) professional service expenses, (iv) share-based payment expenses, (v) tax and surcharges and (vi) depreciation and amortization. The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of total administrative expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Employee compensation	17,362	44.2	23,770	49.8	37,531	51.4	16,704	51.5	23,814	46.7
Office and travel expenses	5,363	13.7	7,402	15.5	10,595	14.5	4,293	13.2	7,860	15.4
Professional service expenses	6,167	15.7	4,437	9.3	9,648	13.2	5,105	15.7	5,824	11.4
Share-based payment expenses	–	–	–	–	–	–	–	–	3,879	7.6
Tax and surcharges	3,816	9.7	5,570	11.7	7,466	10.2	2,729	8.4	4,311	8.5
Depreciation and amortization	5,263	13.4	5,388	11.3	5,239	7.2	1,907	5.9	3,931	7.7
Others[(1)]	1,285	3.3	1,182	2.4	2,544	3.5	1,718	5.3	1,374	2.7
Total	**39,256**	**100.0**	**47,749**	**100.0**	**73,023**	**100.0**	**32,456**	**100.0**	**50,993**	**100.0**

Note:

(1) Others primarily consist of bank charges.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee compensation, (ii) share-based payment expenses, (iii) depreciation and amortization and (iv) office and travel expenses. The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* *(unaudited)*	%	*RMB'000*	%
Employee compensation	25,906	91.4	27,888	93.0	29,565	92.0	14,065	91.8	16,739	89.8
Share-based payment expenses	–	–	–	–	–	–	–	–	1,227	6.6
Depreciation and amortization	1,021	3.6	1,039	3.5	1,248	3.9	643	4.2	397	2.1
Office and travel expenses	286	1.0	231	0.8	234	0.7	114	0.7	124	0.7
Others[1]	1,122	4.0	833	2.7	1,093	3.4	502	3.3	163	0.8
Total	**28,335**	**100.0**	**29,991**	**100.0**	**32,140**	**100.0**	**15,324**	**100.0**	**18,650**	**100.0**

Note:

(1) Others primarily consist of platform service and certificate expenses and professional service expenses.

Finance Costs

Finance costs primarily consist of (i) interest expenses on bank borrowings, (ii) interest expenses on redemption liabilities and (iii) interest expenses on lease liabilities. The following table sets forth a breakdown of our finance costs, in absolute terms and as percentages of total finance costs, for the periods indicated.

	Year ended 31 December						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* *(unaudited)*	%	*RMB'000*	%
Interest expenses on bank borrowings	324	2.9	217	1.8	–	–	–	–	–	–
Interest expenses on redemption liabilities	10,904	96.1	11,755	97.4	4,903	92.5	4,903	96.7	–	–
Interest expenses on lease liabilities	120	1.0	100	0.8	397	7.5	167	3.3	266	100.0
Total	**11,348**	**100.0**	**12,072**	**100.0**	**5,300**	**100.0**	**5,070**	**100.0**	**266**	**100.0**

TAXATION

Our income tax expenses primarily consist of (i) current income tax and (ii) deferred income tax. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we had income tax expenses of RMB0.5 million, RMB1.4 million, RMB17.3 million, RMB5.2 million and RMB13.2 million, respectively.

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in jurisdictions in which we operate, which we believe are significant.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Chinese Mainland are subject to CIT at a rate of 25% on the taxable income. During the Track Record Period, Shenzhen Oushuitong was entitled to a preferential treatment of two-year exemption and three-year half reduction on corporate income tax from 2023. Shenzhen Oushuitong obtained the High-and-New Technology Enterprise qualification on December 25, 2025, valid for three years. In addition, certain subsidiaries of ours operating in Chinese Mainland were entitled to effective preferential income tax rates of 5%, 5%, 5% and 5% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, because they were regarded as "Small-scaled Minimal Profit Enterprises" with annual taxable income of no more than RMB3.0 million.

Hong Kong

The first HK$2.0 million of assessable profits of our Hong Kong subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Others

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which we operate.

DISCUSSION OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Revenue by business segment

Our revenue increased by 65.6% from RMB233.1 million in the six months ended June 30, 2025 to RMB385.9 million during the same period in 2026, attributable to an increase in revenue from sales of environmental compliance, corporate and tax compliance, product testing and certification and intellectual property protection services.

Our revenue from environmental compliance increased by 69.8% from RMB101.6 million in the six months ended June 30, 2025 to RMB172.5 million during the same period in 2026, primarily attributable to (i) the increase in the number of subscriptions for environmental compliance services, (ii) continued expansion of our user base and (iii) the acquisition of Shenzhen Yisi at the end of 2025.

Our revenue from corporate and tax compliance increased by 70.6% from RMB81.7 million in the six months ended June 30, 2025 to RMB139.4 million during the same period in 2026, primarily attributable to (i) the expansion of our business operations, which aligned with evolving cross-border e-commerce market trends, (ii) the improving market recognition of our services and (iii) the acquisition of Shenzhen Yisi at the end of 2025.

Our revenue from product testing and certification increased by 70.9% from RMB32.7 million in the six months ended June 30, 2025 to RMB55.9 million during the same period in 2026, primarily attributable to (i) the acquisition of Guangdong Newbest at the end of 2025 and (ii) strengthened product quality regulations across Europe, which caused major cross-border e-commerce platforms to further enhance their compliance requirements relating to product certification and testing.

Revenue by geographic region

Our revenue was primarily attributable to services used in overseas markets. Our revenue in overseas markets increased by 65.0% from RMB233.1 million in the six months ended June 30, 2025 to RMB384.5 million during the same period in 2026, primarily due to the increase in revenue from European markets, driven by the strengthened regulatory environment across Europe and the continued optimization of our service portfolio offered in Europe, which has been well recognized by the markets.

Cost of sales

Our cost of sales increased by 70.5% from RMB106.0 million in the six months ended June 30, 2025 to RMB180.7 million during the same period in 2026, primarily attributable to (i) an increase in procurement cost, which is in line with the expansion of our business operation and (ii) an increase in employee compensation, driven by the acquisition of Shenzhen Yisi and Guangdong Newbest at the end of 2025.

Gross profit and gross profit margin

Our gross profit increased by 61.4% from RMB127.1 million in the six months ended June 30, 2025 to RMB205.2 million during the same period in 2026, in line with our overall business growth. Our gross profit margin remained relatively stable at 54.5% for the six months ended June 30, 2025 and 53.2% for the same period in 2026.

Our gross profit from corporate and tax compliance increased by 70.9% from RMB52.3 million for the six months ended June 30, 2025 to RMB89.4 million for the same period in 2026, while our gross profit margin from corporate and tax compliance remained relatively stable at 64.0% for the six months ended June 30, 2025 and 64.1% for the same period in 2026.

Our gross profit from environmental compliance increased by 75.0% from RMB34.4 million for the six months ended June 30, 2025 to RMB60.2 million for the same period in 2026, while our gross profit margin from environmental compliance remained relatively stable at 33.9% for the six months ended June 30, 2025 and 34.9% for the same period in 2026.

Our gross profit from product testing and certification increased by 50.2% from RMB30.1 million for the six months ended June 30, 2025 to RMB45.2 million for the same period in 2026, while our gross profit margin from product testing and certification decreased from 91.9% for the six months ended June 30, 2025 to 80.8% for the same period in 2026, primarily due to lower-margin testing services following the acquisition of Guangdong Newbest in December 2025.

Our gross profit from intellectual property protection increased by 1.9% from RMB10.3 million for the six months ended June 30, 2025 to RMB10.5 million for the same period in 2026, while our gross profit margin from intellectual property protection decreased from 60.6% for the six months ended June 30, 2025 to 57.8% for the same period in 2026, primarily due to lower-margin intellectual property protection services following the acquisition of Shenzhen Yisi at the end of 2025.

Other income, gains and loss, net

Our other income, gains and loss, net decreased by approximately 92.6% from RMB13.6 million in the six months ended June 30, 2025 to RMB1.0 million during the same period in 2026, primarily attributable to a decrease in value-added tax refunds, primarily due to the change in the applicable VAT rate.

Selling expenses

Our selling expenses increased by 44.3% from RMB43.6 million in the six months ended June 30, 2025 to RMB62.9 million during the same period in 2026, primarily attributable to (i) an increase in employee compensation, driven by the expansion of our sales team and a higher salary level and (ii) depreciation and amortization of customer relationships, following the acquisition of Shenzhen Yisi and Guangdong Newbest at the end of 2025.

Administrative expenses

Our administrative expenses increased by 56.9% from RMB32.5 million in the six months ended June 30, 2025 to RMB51.0 million during the same period in 2026, primarily attributable to (i) an increase in employee compensation, driven by the increase in the number of our administrative personnel and higher salary level and (ii) the increase in share-based payment expenses.

Research and development expenses

Our research and development expenses increased by 22.2% from RMB15.3 million in the six months ended June 30, 2025 to RMB18.7 million during the same period in 2026, primarily attributable to (i) an increase in employee compensation, driven by the increase in the number of R&D staff and higher salary level to support our new service and technology development and (ii) the increase in share-based payment expenses.

Impairment losses (recognized) reversed under ECL model, net

We recorded net impairment losses of RMB0.4 million in the six months ended June 30, 2025 and net reversal of impairment losses of RMB0.6 million during the same period in 2026, primarily attributable to the settlement of certain trade and other receivables which had been outstanding for more than one year.

Finance costs

Our finance costs decreased by 94.1% from RMB5.1 million in the six months ended June 30, 2025 to RMB0.3 million during the same period in 2026, primarily attributable to the decrease in interest expenses on redemption liabilities, arising from the derecognition of redemption liability in connection with our restructuring arrangements. See "History, Development and Corporate Structure — Offshore Restructuring."

Income tax expense

Our income tax expense increased from RMB5.2 million in the six months ended June 30, 2025 to RMB13.2 million during the same period in 2026, which was primarily attributable to (i) withholding tax arising from our restructuring arrangements and (ii) the growth of our profit before tax.

Profit for the period

As a result of the foregoing, our profit for the period increased by 11.4% from RMB38.7 million in the six months ended June 30, 2025 to RMB43.1 million during the same period in 2026.

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

Revenue

Revenue by business segment

Our revenue increased by 50.8% from RMB350.5 million in 2024 to RMB528.5 million in 2025, attributable to an increase in revenue from environmental compliance, product testing and certification, corporate and tax compliance and intellectual property protection.

Our revenue from environmental compliance increased by 65.8% from RMB141.9 million in 2024 to RMB235.3 million in 2025, primarily attributable to (i) our services addressing the strengthened environmental compliance enforcement across Europe. For example, major e-commerce platforms began implementing regulatory measures by the end of 2024 in response to the EU Batteries Regulation, which resulted in an increase in market demand; and (ii) the revenue contribution from Shenzhen GoingGreen following its acquisition in August 2024.

Our revenue from corporate and tax compliance increased by 26.4% from RMB146.9 million in 2024 to RMB185.7 million in 2025, primarily attributable to (i) the launch of our new VAT compliance service portfolio in January 2025, which carries a higher price, aligned with evolving cross-border e-commerce market trends and the strengthening market recognition of our service offerings, (ii) the increase in demand for certain VAT services, as completing such VAT registration is a prerequisite for the relevant EPR compliance, and major e-commerce platforms required sellers to complete such EPR compliance in the relevant jurisdictions by December 31, 2025 and (iii) the revenue contribution following the acquisition of Shenzhen Shuyou in March 2025.

Our revenue from product testing and certification increased by 122.3% from RMB32.5 million in 2024 to RMB72.2 million in 2025, primarily attributable to strengthened product quality regulations across Europe, which caused major cross-border e-commerce platforms to further enhance their compliance requirements relating to product certification and testing.

Our revenue from intellectual property protection increased by 20.9% from RMB29.2 million in 2024 to RMB35.2 million in 2025, driven by the continued expansion of our IP service offerings across key overseas markets, particularly in the U.S. and Europe.

Revenue by geographic region

Our revenue was primarily attributable to services used in overseas markets. Our revenue in overseas markets increased by 50.7% from RMB350.4 million in 2024 to RMB528.1 million in 2025, primarily due to the increase in revenue from European markets, driven by the strengthened regulatory environment across Europe and the continued optimization of our service portfolio offered in Europe, which has been well recognized by the markets.

Cost of sales

Our cost of sales increased by 49.5% from RMB166.3 million in 2024 to RMB248.7 million in 2025, primarily attributable to an increase in procurement costs, which is in line with the increase in our revenue.

Gross profit and gross profit margin

Our gross profit increased by 52.0% from RMB184.1 million in 2024 to RMB279.8 million in 2025, in line with our overall business growth. Our gross profit margin remained relatively stable at 52.5% for 2024 and 52.9% for 2025.

Our gross profit from corporate and tax compliance increased by 32.4% from RMB91.8 million in 2024 to RMB121.5 million in 2025, while our gross profit margin from corporate and tax compliance increased from 62.5% for 2024 to 65.4% for 2025 driven by (i) an increased proportion of self-operated sales and (ii) an optimized service mix toward higher-margin services, such as corporate and value-added services in South Korea.

Our gross profit from environmental compliance increased by 51.9% from RMB47.8 million in 2024 to RMB72.6 million in 2025, while our gross profit margin from environmental compliance decreased slightly from 33.7% in 2024 to 30.9% in 2025, primarily due to pricing adjustments in response to competitive markets.

Our gross profit from product testing and certification significantly increased from RMB28.6 million in 2024 to RMB64.8 million in 2025, while our gross profit margin from product testing and certification increased from 88.1% in 2024 to 89.7% in 2025, primarily due to improvements in our operational efficiency and the economies of scale.

Our gross profit from intellectual property protection increased by 31.6% from RMB15.9 million in 2024 to RMB20.9 million in 2025, while our gross profit margin from intellectual property protection increased from 54.6% in 2024 to 59.4% in 2025, primarily due to a general uplift in pricing across our services provided in the U.S.

Other income, gains and loss, net

Our other income, gains and loss, net decreased by 4.7% from RMB42.5 million in 2024 to RMB40.5 million in 2025, primarily attributable to a decrease in bank interest income as we placed our cash in current accounts bearing lower interest rates.

Selling expenses

Our selling expenses increased by 43.3% from RMB65.4 million in 2024 to RMB93.7 million in 2025, primarily attributable to (i) an increase in employee compensation, driven by the expansion of our sales team and a higher salary level and (ii) an increase in promotion expenses, driven by our increased promotional initiatives and offline advertising activities to strengthen our brand and penetrate new markets.

Administrative expenses

Our administrative expenses increased by 53.0% from RMB47.7 million in 2024 to RMB73.0 million in 2025, primarily attributable to (i) an increase in employee compensation, driven by an increase in administrative staff and higher salary level to support our overall growth and (ii) an increase in professional service expenses, associated with our business expansion and advisory services incurred in the course of our business operation.

Research and development expenses

Our research and development expenses increased by 7.0% from RMB30.0 million for 2024 to RMB32.1 million in 2025, primarily attributable to an increase in employee compensation, driven by an increase in the number of R&D staff and higher salary levels to support our new service and technology development.

Impairment losses (recognized) reversed under ECL model, net

We recorded net impairment losses of RMB1.8 million in 2025 and net reversal of impairment losses of RMB1.1 million in 2024. The reversal of impairment losses in 2024 was primarily due to the recovery of certain previously impaired receivables. The net impairment losses recognized in 2025 were in line with the increase in trade receivables as our business expanded, reflecting the application of the expected credit loss model.

Finance costs

Our finance costs decreased by 56.2% from RMB12.1 million in 2024 to RMB5.3 million in 2025, primarily attributable to a decrease in interest expenses on redemption liabilities, driven by the derecognition of redemption liability, following the restructuring arrangements. See "History, Development and Corporate Structure — Offshore Restructuring."

Income tax expense

Our income tax expense significantly increased from RMB1.4 million in 2024 to RMB17.3 million in 2025, which was primarily attributable to the transition of our principal PRC operating subsidiary from a tax holiday period to a reduced tax rate period under two-year exemption and three-year half reduction on corporate income tax policies applicable to qualified software enterprises.

Profit for the year

As a result of the foregoing, our profit for the year increased by 36.5% from RMB71.2 million in 2024 to RMB97.2 million in 2025.

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

Revenue

Revenue by business segment

Our revenue increased by 45.9% from RMB240.3 million in 2023 to RMB350.5 million in 2024, attributable to an increase in revenue from sales of corporate and tax compliance, environmental compliance, product testing and certification and intellectual property protection.

Our revenue from corporate and tax compliance increased by 34.0% from RMB109.6 million in 2023 to RMB146.9 million in 2024, primarily as we expanded our geographic coverage into new markets and benefited from the overall growth of cross-border e-commerce market trends.

Our revenue from environmental compliance increased by 49.7% from RMB94.8 million in 2023 to RMB141.9 million in 2024, primarily attributable to (i) the continued enforcement of environmental compliance regulations across major European markets, which increased customer demand, and (ii) the expansion of our carbon compliance service offerings.

Our revenue from product testing and certification increased by 89.6% from RMB17.1 million in 2023 to RMB32.5 million in 2024, primarily due to strengthened product quality regulations across Europe, which caused major cross-border e-commerce platforms to further enhance their compliance requirements relating to product certification and testing.

Our revenue from intellectual property protection increased by 55.7% from RMB18.7 million in 2023 to RMB29.2 million in 2024, driven by an increase in our user base, aligned with the evolving cross-border e-commerce market trends.

Revenue by geographic region

Our revenue was primarily attributable to services used in overseas markets. Our revenue in overseas markets increased by 45.9% from RMB240.3 million in 2023 to RMB350.4 million in 2024, primarily due to the increase in revenue from Europe and the Americas, driven by an increase in our subscriptions, aligned with the evolving cross-border e-commerce activities. For the Americas market, the increase is also attributable to a general uplift in pricing across our services provided in the U.S.

Cost of sales

Our cost of sales increased by 45.6% from RMB114.2 million in 2023 to RMB166.3 million in 2024, primarily attributable to (i) an increase in procurement costs, which is in line with the increase in our revenue, and (ii) an increase in employee compensation driven by the expansion of our delivery and implementation team.

Gross profit and gross profit margin

Our gross profit increased by 46.0% from RMB126.1 million in 2023 to RMB184.1 million in 2024, in line with our overall business growth. Our gross profit margin remained stable at 52.5% in 2023 and at 52.5% in 2024.

Our gross profit from corporate and tax compliance increased by 37.8% from RMB66.6 million in 2023 to RMB91.8 million in 2024, while our gross profit margin from corporate and tax compliance increased from 60.8% in 2023 to 62.5% in 2024, primarily due to (i) the increase in gross profit contribution by XMSAIL's higher-margin service offerings following the acquisition, and (ii) improvements in our operational efficiency.

Our gross profit from environmental compliance increased by 37.7% from RMB34.7 million in 2023 to RMB47.8 million in 2024, while our gross profit margin from environmental compliance decreased from 36.6% in 2023 to 33.7% in 2024 primarily due to the increase in procurement costs, driven by environmental fee policies across Europe that strengthened extended producer responsibility requirements and introduced more eco-modulated environmental fees.

Our gross profit from product testing and certification increased by 94.5% from RMB14.7 million in 2023 to RMB28.6 million in 2024, while our gross profit margin from product testing and certification increased from 85.9% in 2023 to 88.1% in 2024, primarily due to the improvements in our operational efficiency and the economies of scale.

Our gross profit from intellectual property protection increased by approximately 58.7% from RMB10.0 million in 2023 to RMB15.9 million in 2024, while our gross profit margin from intellectual property protection increased from 53.5% in 2023 to 54.6% in 2024, primarily due to a general uplift in pricing across our services provided in the U.S.

Other income, gains and loss, net

Our other income, gains and loss, net increased by 27.2% from RMB33.4 million in 2023 to RMB42.5 million in 2024, primarily attributable to an increase in value-added tax refunds, which is in line with the increase in revenue.

Selling expenses

Our selling expenses increased by 23.8% from RMB52.8 million in 2023 to RMB65.4 million in 2024, primarily attributable to an increase in employee compensation, mainly attributable to higher salary levels and the expansion of our sales team.

Administrative expenses

Our administrative expenses increased by 21.4% from RMB39.3 million in 2023 to RMB47.7 million in 2024, primarily attributable to an increase in employee compensation, driven by an increase in administrative staff to support our overall growth.

Research and development expenses

Our research and development expenses increased by 6.0% from RMB28.3 million in 2023 to RMB30.0 million in 2024, primarily attributable to an increase in employee compensation, driven by an increase in the number of R&D staff and higher salary levels to support our new service and technology development.

Impairment losses (recognized) reversed under ECL model, net

We recorded net impairment losses of RMB1.0 million in 2023 and net reversal of impairment losses of RMB1.1 million in 2024. The reversal of impairment losses in 2024 was primarily due to the recovery of certain previously impaired receivables. The net impairment losses recognized in 2023 were in line with the increase in trade receivables as our business expanded, reflecting the application of the expected credit loss model.

Finance costs

Our finance costs remained relatively stable at RMB11.3 million in 2023 and at RMB12.1 million in 2024.

Income tax expense

Our income tax expense remained relatively stable at RMB0.5 million in 2023 and RMB1.4 million in 2024.

Profit for the year

As a result of the foregoing, our profit for the year increased by 171.8% from RMB26.2 million in 2023 to RMB71.2 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

Non-Current Assets and Liabilities

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Prepayment for acquisition of subsidiaries	24,000	–	–	–
Property, plant and equipment	2,972	2,183	17,513	33,454
Intangible assets	6,362	19,337	45,713	42,897
Right-of-use assets	2,175	9,801	19,125	18,466
Goodwill	–	31,501	67,781	67,781
Deferred tax assets	288	117	577	4,183
Deposits for the acquisition of property, plant and equipment	–	–	17,667	–
Restricted bank deposits	–	–	16,749	16,161
Term deposits	218,017	30,000	–	–
Other non-current assets	–	–	3,557	1,779
Total non-current assets	**253,814**	**92,939**	**188,682**	**184,721**

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Deferred tax liabilities	292	3,318	7,696	7,060
Lease liabilities	140	8,130	15,297	13,641
Redemption liabilities	399,438	411,193	–	–
Accruals and other payables	–	–	22,800	10,500
Total non-current liabilities	**399,870**	**422,641**	**45,793**	**31,201**

Prepayment for acquisition of subsidiaries

Our prepayment for acquisition of subsidiaries represented the advance payment for our acquisition of equity interests in XMSAIL which was made on December 31, 2023. We obtained control of XMSAIL in January 2024 and consolidated its financial statements. The total consideration for our acquisition of XMSAIL was RMB40.0 million. We subsequently settled the acquisition consideration in two installments, in September 2024 and May 2025, RMB8.0 million for each payment, respectively.

Property, Plant and Equipment

Our property, plant and equipment comprise (i) furniture, fixtures, office and electronic equipment, (ii) motor vehicles, (iii) laboratory equipment, (iv) leasehold improvements and (v) land and building. The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Furniture, fixtures, office and electronic equipment	1,584	1,429	2,374	2,703
Motor vehicles	340	247	421	352
Laboratory equipment	–	–	10,045	9,433
Leasehold improvements	1,048	507	4,673	4,502
Land and building	–	–	–	16,464
Total	**2,972**	**2,183**	**17,513**	**33,454**

Our property, plant and equipment decreased by 26.7% from RMB3.0 million as of December 31, 2023 to RMB2.2 million as of December 31, 2024, primarily due to a decrease in leasehold improvements, driven by the depreciation charges related to our offices. Our property, plant and equipment significantly increased from RMB2.2 million as of December 31, 2024 to RMB17.5 million as of December 31, 2025, primarily due to (i) an increase in laboratory equipment, driven by the procurement of new laboratory equipment for our TIC services, and the acquisition of Guangdong Newbest at the end of 2025, (ii) an increase in leasehold improvements, driven by the increase in the leased area and the renovation of our offices, driven by the expansion of our operations and (iii) an increase in furniture, fixtures, office and electronic equipment, driven by the acquisition of Shenzhen Yisi and Guangdong Newbest at the end of 2025. Our property, plant and equipment increased by 91.4% from RMB17.5 million as of December 31, 2025 to RMB33.5 million as of June 30, 2026, primarily due to an increase in land and building, driven by the purchase of our Shenzhen Qianhai office to support our business operation expansion.

Intangible Assets

Our intangible assets primarily comprise customer relationships acquired in business combinations. The following table sets forth our intangible assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Customer relationships	6,274	19,253	45,353	42,564
Others[1]	88	84	360	333
Total	**6,362**	**19,337**	**45,713**	**42,897**

Note:

(1) Others primarily consist of patent rights and trademark rights.

Our intangible assets significantly increased from RMB6.4 million as of December 31, 2023 to RMB19.3 million as of December 31, 2024, primarily due to an increase in customer relationships, driven by the acquisition of XMSAIL and Shenzhen GoingGreen.

Our intangible assets increased by 136.8% from RMB19.3 million as of December 31, 2024 to RMB45.7 million as of December 31, 2025, driven by an increase in customer relationships, mainly attributable to the acquisition of Shenzhen Yisi and Guangdong Newbest.

Our intangible assets decreased by 6.1% from RMB45.7 million as of December 31, 2025 to RMB42.9 million as of June 30, 2026, driven by a decrease in customer relationships, mainly attributable to the amortization.

Right-of-use Assets

Our right-of-use assets increased significantly from RMB2.2 million as of December 31, 2023 to RMB9.8 million as of December 31, 2024, primarily due to (i) the renewal of the lease for one of our offices, and (ii) an increase in the leased area, driven by the expansion of our operations. Our right-of-use assets increased by 94.9% from RMB9.8 million as of December 31, 2024 to RMB19.1 million as of December 31, 2025, driven by (i) an increase in the leased area, driven by the expansion of our operations, and (ii) the acquisition of Shenzhen Yisi and Guangdong Newbest. Our right-of-use assets decreased by 3.1% from RMB19.1 million as of December 31, 2025 to RMB18.5 million as of June 30, 2026, driven by the depreciation of right-of-use assets recognised in respect of our leased office.

Goodwill

Our goodwill primarily represents synergies and other intangible benefits arising from business combinations. Our goodwill increased significantly from nil as of December 31, 2023 to RMB31.5 million as of December 31, 2024, further increased to RMB67.8 million as of December 31, 2025 and June 30, 2026, primarily due to business acquisitions completed during the year. Goodwill acquired through business combinations is allocated to six cash generating units (CGU) for impairment testing, including SZXM, ABITIO, SZ GoingGreen, Shuyou, AXIS and Newbest. See Note 18 to the Accountants' Report included in Appendix I to this document for details.

Deferred Tax Assets

Our deferred tax assets primarily represent deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Our deferred tax assets remained relatively stable at RMB0.3 million as of December 31, 2023, RMB0.1 million as of December 31, 2024 and RMB0.6 million as of December 31, 2025. Our deferred tax assets significantly increased from RMB0.6 million as of December 31, 2025 to RMB4.2 million as of June 30, 2026, primarily attributable to the recognition of deferred tax assets for unused tax losses, as sufficient taxable profits were expected to be available against which such tax losses could be utilised.

Deferred tax liabilities

Our deferred tax liabilities significantly increased from RMB0.3 million as of December 31, 2023 to RMB3.3 million as of December 31, 2024, and further increased by 133.3% to RMB7.7 million as of December 31, 2025, primarily attributable to fair value adjustment, arising from our acquisition activities during the years. Our deferred tax liabilities remained relatively stable at RMB7.7 million as of December 31, 2025 and RMB7.1 million as of June 30, 2026.

Redemption liabilities

Our redemption liabilities represent the present value of the redemption amount payable to the holders of our redeemable preference shares. Our redemption liabilities increased by 3.0% from RMB399.4 million as of December 31, 2023 to RMB411.2 million as of December 31, 2024, primarily attributable to the accretion of interest. Our redemption liabilities significantly decreased from RMB411.2 million as of December 31, 2024 to nil as of December 31, 2025 and remained nil as of June 30, 2026, primarily attributable to the derecognition of the redemption liabilities arising from our restructuring arrangement. See "History, Development and Corporate Structure — Offshore Restructuring."

Current Assets and Liabilities

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets					
Trade receivables	4,598	6,305	9,323	9,614	7,526
Deposits, prepayments and other receivables	62,211	78,524	110,695	168,307	179,971
Financial assets at fair value through profit or loss	204,888	–	–	–	158,227
Restricted bank deposits	2,700	–	2,668	2,192	2,185
Term deposits	–	213,057	–	20,000	–
Cash and cash equivalents	36,475	285,865	533,814	563,176	294,143
Total current assets	**310,872**	**583,751**	**656,500**	**763,289**	**642,052**
Current liabilities					
Trade payables	11,308	27,101	53,331	70,877	62,311
Accruals and other payables	49,657	86,966	117,027	224,644	112,386
Contract liabilities	196,528	271,631	418,621	490,393	478,330
Bank borrowings	14,080	–	–	–	–
Lease liabilities	2,095	1,729	4,724	5,904	5,876
Tax liabilities	473	1,301	12,568	12,962	6,691
Total current liabilities	**274,141**	**388,728**	**606,271**	**804,780**	**665,594**
Net current assets/ (liabilities)	**36,731**	**195,023**	**50,229**	**(41,491)**	**(23,542)**

Our net current assets increased from RMB36.7 million as of December 31, 2023 to RMB195.0 million as of December 31, 2024, primarily due to (i) an increase in cash and cash equivalents of RMB249.4 million, and (ii) an increase in term deposits of RMB213.1 million, due to reclassification of non-current term deposits as maturity within one year. Such increase was partially offset by (i) a decrease in financial assets at FVTPL of RMB204.9 million, primarily due to the disposal of certain structured deposits, and (ii) an increase in contract liabilities of RMB75.1 million, which was in line with the increase in our revenue.

Our net current assets decreased from RMB195.0 million as of December 31, 2024 to RMB50.2 million as of December 31, 2025, primarily due to (i) an increase in contract liabilities, (ii) an increase in trade and other payables, arising from our restructuring arrangement and (iii) dividends paid in 2025, partially offset by an increase in cash and cash equivalents.

Our net current assets decreased from RMB50.2 million as of December 31, 2025 to net current liabilities of RMB41.5 million as of June 30, 2026, primarily due to (i) an increase in accruals and other payables of RMB107.6 million and (ii) an increase in contract liabilities of RMB71.8 million, partially offset by an increase in cash and cash equivalents and other current assets. Our net current liability position as of June 30, 2026 and July 31, 2026 was temporary due to accounting treatment in connection with restructuring arrangement. See "History, Development and Corporate Structure — Onshore Restructuring."

Trade Receivables

We typically require prepayment from most of our customers before we grant them access to our services, while granting a credit period of up to 90 days to certain customers with good creditworthiness. As such, we recorded trade receivables. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	6,603	6,790	10,074	10,477
Less: allowance for credit losses	(2,005)	(485)	(751)	(863)
Total	**4,598**	**6,305**	**9,323**	**9,614**

Our trade receivables increased by 37.0% from RMB4.6 million as of December 31, 2023 to RMB6.3 million as of December 31, 2024, which is in line with the increase in our revenue. Our trade receivables increased by 47.6% from RMB6.3 million as of December 31, 2024 to RMB9.3 million as of December 31, 2025, primarily due to the acquisition of Shenzhen Yisi and Guangdong Newbest. Our trade receivables remained relatively stable at RMB9.3 million as of December 31, 2025 and RMB9.6 million as of June 30, 2026.

The following table sets forth an aging analysis of our trade receivables based on revenue recognition date and net of loss allowance as of the dates indicated:

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within three months	516	5,515	7,340	3,754
Three to six months	246	464	1,103	3,579
Six months to one year	3,836	326	880	2,281
Total	**4,598**	**6,305**	**9,323**	**9,614**

The following table sets forth our trade receivables turnover days during the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Trade receivable turnover days(1)	4.2	5.6	5.3	4.4

Note:

(1) Trade receivables turnover days are calculated based on the average of opening and closing balances of trade receivables less allowance for credit losses for the relevant period, divided by revenue for the same period and multiplied by 360 days for 2023, 2024 and 2025 and 180 days for the six months ended June 30, 2026.

Our trade receivables turnover days remained relatively stable at 4.2 days in 2023, 5.6 days in 2024, 5.3 days in 2025 and 4.4 days in the six months ended June 30, 2026.

During the Track Record Period, we did not experience any significant losses associated with our trade receivables, and the fluctuation in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of July 31, 2026, RMB4.1 million, or 42.7%, of our trade receivables as of June 30, 2026, had been settled.

Deposits, prepayments and other receivables

Our deposits, prepayments and other receivables primarily consist of (i) receivable from disposal of equity interest, (ii) deposits and other receivables, (iii) receivables from payment platforms, (iv) advance payments to suppliers, (v) prepaid [**REDACTED**] expenses, (vi) value-added tax recoverable, (vii) amounts due from related parties and (viii) deferred [**REDACTED**] costs. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from disposal of equity interest	1,978	–	–	–
Deposits and other receivables	15,169	8,297	16,406	16,874
Receivables from payment platform	18,032	27,544	27,787	32,865
Advance payment to suppliers	22,431	40,144	61,399	95,449
Prepaid [**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	3,746	3,227	6,259	20,621
Amounts due from related parties	1,221	–	803	–
Deferred [**REDACTED**] cost	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	62,577	79,212	112,654	169,500
Less: allowance for credit losses	(366)	(688)	(1,959)	(1,193)
Total	**62,211**	**78,524**	**110,695**	**168,307**

Our deposits, prepayments and other receivables increased by 26.2% from RMB62.2 million as of December 31, 2023 to RMB78.5 million as of December 31, 2024, primarily due to increases in advance payment to the suppliers and receivables from payment platform, which were in line with the increase in our revenue. Our deposits, prepayments and other receivables increased by 41.0% from RMB78.5 million as of December 31, 2024 to RMB110.7 million as of December 31, 2025, primarily due to (i) an increase in advance payment to suppliers, which is in line with the increase in our revenue, and (ii) an increase in deposits and other receivables, driven by higher deposit payments made to our suppliers, resulting from the expansion of our operation. Our deposits, prepayments and other receivables increased by 52.0% from RMB110.7 million as of December 31, 2025 to RMB168.3 million as of June 30, 2026, primarily due to (i) an increase in advance payment to suppliers, in line with the increase in our revenue and (ii) an increase in value-added tax recoverable, primarily attributable to changes in the applicable VAT rate.

As of July 31, 2026, RMB95.8 million, or approximately 56.9% of our deposits, prepayments, and other receivables as of June 30, 2026 had been subsequently settled.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss represent our structured deposit products issued by commercial banks and we mainly invest in bank deposits with the price linked to gold price and exchange rate. Our financial assets at fair value through profit or loss decreased from RMB204.9 million as of December 31, 2023 to nil as of December 31, 2024 primarily due to our disposal of structured deposits, and remained nil as of December 31, 2025 and June 30, 2026.

Term Deposits

Term deposits are classified as either current, comprising deposits maturing within one year, or non-current, comprising deposits maturing beyond one year. Our non-current term deposits significantly decreased from RMB218.0 million as of December 31, 2023 to RMB30.0 million as of December 31, 2024, and further decreased to nil as of December 31, 2025 and June 30, 2026, primarily attributable to the maturity of our term deposits, part of which was reclassified as current term deposits upon their contractual maturities falling within one year.

Correspondingly, our current term deposits significantly increased from nil as of December 31, 2023 to RMB213.1 million as of December 31, 2024, driven by the reclassification of certain fixed-term bank deposits referred to above. Our current term deposits then significantly decreased from RMB213.1 million as of December 31, 2024 to nil as of December 31, 2025, due to the maturity of our term deposits, and increased from nil as of December 31, 2025 to RMB20.0 million as of June 30, 2026, due to the purchase of term deposits.

Cash and Cash Equivalents

Our cash and cash equivalents include bank balances and short term deposits that carry interest at market rates. Our cash and cash equivalents increased from RMB36.5 million as of December 31, 2023 to RMB285.9 million as of December 31, 2024, further to RMB533.8 million as of December 31, 2025 and further increased to RMB563.2 million as of June 30, 2026, primarily attributable to (i) the net cash generated from operating activities, which is in line with the increase of our revenue, and (ii) the maturity of term deposits and structured deposits.

Trade Payables

Our trade payables primarily represent amounts due to suppliers for services. Our credit period shall be no more than two months from our suppliers. Our trade payables increased by 139.8% from RMB11.3 million as of December 31, 2023 to RMB27.1 million as of December 31, 2024, primarily due to the expansion of our operation. Our trade payables increased by 96.7% from RMB27.1 million as of December 31, 2024 to RMB53.3 million as of December 31, 2025, primarily due to the timing of payments to our suppliers in line with the normal course of our business operations. Our trade payables increased by 33.0% from RMB53.3 million as of December 31, 2025 to RMB70.9 million as of June 30, 2026, which was in line with our revenue growth.

The following table sets forth an aging analysis of our trade payables based on invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	9,612	23,442	51,849	58,502
Over one year	1,696	3,659	1,482	12,375
Total	**11,308**	**27,101**	**53,331**	**70,877**

The following table sets forth our trade payables turnover days during the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Trade payables turnover days(1)	26.2	41.6	58.2	61.9

Note:

(1) Trade payables turnover days are calculated based on the average of opening and closing balances of trade payables for the relevant period, divided by cost of sales for the same period and multiplied by 360 days for 2023, 2024 and 2025, and 180 days for the six months ended June 30, 2026.

Our trade payables turnover days increased from 26.2 days in 2023 to 41.6 days in 2024, further to 58.2 days in 2025 and further to 61.9 days for the six months ended June 30, 2026, reflecting our enhanced bargaining power as our service procurement scale increased in line with our business expansion.

As of July 31, 2026, RMB16.2 million, or 22.8%, of our trade payables as of June 30, 2026, had been settled.

Accruals and other payables

Our accruals and other payables primarily comprise (i) accrued staff costs and retirement benefit scheme contributions, (ii) other tax payables, (iii) payable for acquisition of subsidiaries, (iv) amounts due to related companies, (v) accrued [**REDACTED**] cost and (vi) accrued [**REDACTED**] expenses. The following table sets forth our accruals and other payables as of the dates indicated.

	As of 31 December,			As of 30 June,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued staff costs and retirement benefit scheme contributions	21,070	27,896	38,204	30,527
Other tax payables	4,831	22,152	11,245	10,640
Payable for acquisition of subsidiaries	7,500	12,000	27,213	26,250
Amounts due to related companies	1,435	119	19,530	114,000
Accrued [**REDACTED**] costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued [**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	14,821	24,799	43,635	47,943
Total	**49,657**	**86,966**	**139,827**	**235,144**

	As of 31 December,			As of 30 June,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Represented by:				
- Non-current	–	–	22,800	10,500
- Current	49,657	86,966	117,027	224,644
Total	**49,657**	**86,966**	**139,827**	**235,144**

Our accruals and other payables increased by 75.1% from RMB49.7 million as of December 31, 2023 to RMB87.0 million as of December 31, 2024, primarily due to an increase in other tax payables, primarily attributable to withholding tax, arising from dividend distribution.

Our accruals and other payables increased by 60.7% from RMB87.0 million as of December 31, 2024 to RMB139.8 million as of December 31, 2025, driven by (i) an increase in amounts due to related companies in connection with the restructuring arrangement. See "History, Development and Corporate Structure — Offshore Restructuring," (ii) an increase in performance deposits, in line with the expansion of our business operations and (iii) an increase in payable for acquisition of subsidiaries, following the acquisition of Guangdong Newbest and Shenzhen Yisi at the end of 2025.

Our accruals and other payables increased by 68.2% from RMB139.8 million as of December 31, 2025 to RMB235.1 million as of June 30, 2026, primarily attributable to an increase in amount due to related companies, arising from restructuring arrangements. See "History, Development and Corporate Structure — Onshore Restructuring."

As of July 31, 2026, RMB161.9 million, or 68.9% of our accruals and other payables as of June 30, 2026, had been subsequently settled.

Contract Liabilities

Contract liabilities represent advance payments received from customers for services to be rendered. Our contract liabilities increased by 38.2% from RMB196.5 million as of December 31, 2023 to RMB271.6 million as of December 31, 2024, further increased to RMB418.6 million as of December 31, 2025, and further increased by 17.1% from RMB418.6 million as of December 31, 2025 to RMB490.4 million as of June 30, 2026, driven by the continued growth of our business as we received increased advance payments from customers for services to be used.

As of July 31, 2026, RMB44.3 million, or 9.0% of our contract liabilities as of June 30, 2026, had been recognized as revenue.

Tax liabilities

Our tax liabilities increased from RMB0.5 million as of December 31, 2023 to RMB1.3 million as of December 31, 2024, further to RMB12.6 million as of December 31, 2025 and further to RMB13.0 million as of June 30, 2026, primarily attributable to (i) withholding tax arising from our restructuring arrangements and (ii) the increase in profit before tax.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from operating activities and equity financing. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations and the net [**REDACTED**] from the [**REDACTED**]. We had cash and cash equivalents of RMB36.5 million, RMB285.9 million, RMB533.8 million and RMB563.2 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. In addition, we had term deposits of RMB218.0 million, RMB243.1 million, nil and RMB20.0 million as of the same dates, respectively.

Our Directors are of the opinion that, taking into account (i) our cash and cash equivalents and bank deposits and financial assets at fair value through profit or loss, and (ii) the expected cash flows from our operations, we will have sufficient working capital for our present requirements for at least 12 months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the Latest Practicable Date.

Cash Flow

The following table sets forth selected cash flow data for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash generated from operating activities	89,014	173,726	269,110	72,570	86,404
Net cash from/(used in) investing activities	(123,406)	191,116	184,871	61,523	(20,073)
Net cash from/(used in) financing activities	(9,805)	(114,754)	(205,645)	(297,043)	(38,679)
Net (decrease)/increase in cash and cash equivalents	(44,197)	250,088	248,336	(162,950)	27,652
Cash and cash equivalents at beginning of period	80,022	36,475	285,865	285,865	533,814
Effect of foreign exchange rate changes	650	(698)	(387)	(747)	1,710
Cash and cash equivalents at end of period	**36,475**	**285,865**	**533,814**	**122,168**	**563,176**

Net Cash from Operating Activities

For the six months ended June 30, 2026, we generated net cash from operating activities of RMB86.4 million, primarily consisting of profit before tax of RMB56.4 million, adjusted for non-cash items including amortization and depreciation of RMB8.8 million. Working capital changes primarily included (i) an increase in contract liabilities of RMB78.1 million, and (ii) an increase in trade payables of RMB17.5 million, partially offset by an increase in deposits, prepayment and other receivables of RMB59.2 million.

For 2025, we generated net cash from operating activities of RMB269.1 million, primarily consisting of profit before tax of RMB114.4 million, adjusted for non-cash items including amortisation and depreciation of RMB9.7 million, finance costs of RMB5.3 million and impairment losses recognised under ECL, net, of RMB1.8 million, partially offset by interest income of RMB3.8 million and fair value gains on financial assets of RMB1.8 million. Working capital changes primarily included (i) an increase in contract liabilities of RMB115.9 million, (ii) an increase in other payables of RMB32.2 million, and (iii) an increase in trade payables of RMB23.5 million, partially offset by an increase in deposits, prepayments and other receivables of RMB20.1 million.

For 2024, we generated net cash from operating activities of RMB173.7 million, primarily consisting of profit before tax of RMB72.6 million, adjusted for non-cash items including amortization and depreciation of RMB9.0 million and finance costs of RMB12.1 million. Working capital changes primarily included (i) an increase in contract liabilities of RMB70.8 million, (ii) an increase in other payables of RMB17.3 million, and (iii) an increase in trade payables of RMB13.5 million.

For 2023, we generated net cash from operating activities of RMB89.0 million, primarily consisting of profit before tax of RMB26.7 million, adjusted for non-cash items, including finance costs of RMB11.3 million, amortization and depreciation of RMB7.4 million, partially offset by interest income of RMB7.9 million. Working capital changes primarily included (i) an increase in contract liabilities of RMB57.5 million, and (ii) an increase in trade payables of RMB6.0 million, partially offset by (i) an increase in deposits, prepayments and other receivables of RMB7.5 million and (ii) an increase in trade receivables of RMB4.6 million.

Net Cash from/(Used in) Investing Activities

For the six months ended June 30, 2026, we used net cash in investing activities of RMB20.1 million, primarily due to (i) payments to acquire financial assets at FVTPL of RMB683.0 million, and (ii) placement of term deposits of RMB50.0 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB684.6 million, and (ii) withdrawal of term bank deposits of RMB30.0 million.

For 2025, we generated net cash from investing activities of RMB184.9 million, primarily due to (i) proceeds from disposal of financial assets at FVTPL of RMB1,105.3 million, (ii) withdrawal of term bank deposits of RMB230.0 million, and (iii) interest received of RMB16.9 million, partially offset by (i) payments to acquire financial assets at FVTPL of RMB1,103.5 million, (ii) purchases of property, plant and equipment of RMB30.6 million, (iii) placement of restricted bank deposits of RMB19.4 million, and (iv) net cash outflow on acquisition of subsidiaries of RMB13.8 million.

For 2024, we generated net cash from investing activities of RMB191.1 million, primarily due to (i) withdrawal of term deposits of RMB327.0 million, and (ii) proceeds from disposal of financial assets at FVTPL of RMB205.3 million, partially offset by (i) placement of term deposits of RMB347.0 million, (ii) net cash outflow on acquisition of subsidiaries of RMB2.4 million, and (iii) purchases of property, plant and equipment of RMB1.7 million.

For 2023, we used net cash in investing activities of RMB123.4 million, primarily due to (i) payments to acquire financial assets at FVTPL of RMB607.3 million and (ii) net cash outflow on acquisition of subsidiaries of RMB31.5 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB487.0 million, (ii) withdrawal of term deposits of RMB30.0 million, and (iii) interest received of RMB2.0 million.

Net Cash Used in Financing Activities

For the six months ended June 30, 2026, we used net cash in financing activities of RMB38.7 million, primarily due to (i) dividends paid of RMB41.4 million, and (ii) repayments of lease liabilities of RMB2.9 million, partially offset by proceeds from capital injection of RMB7.4 million.

For 2025, we used net cash in financing activities of RMB205.6 million, primarily due to (i) the effect of restructuring of RMB276.3 million, and (ii) dividends paid of RMB30.5 million, partially offset by proceeds from capital injection/issue of shares of RMB108.0 million.

For 2024, we used net cash in financing activities of RMB114.8 million, primarily due to (i) dividends paid of RMB93.7 million, and (ii) repayment of bank borrowings of RMB14.1 million, and (iii) acquisition of subsidiaries under common control of RMB4.0 million.

For 2023, we used net cash in financing activities of RMB9.8 million, primarily due to (i) acquisition of subsidiaries under common control of RMB12.0 million, and (ii) dividends paid of RMB12.0 million, partially offset by bank borrowings raised of RMB16.0 million.

INDEBTEDNESS

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current					
Bank borrowings	14,080	–	–	–	–
Lease liabilities	2,095	1,729	4,724	5,904	5,876
Non-current					
Lease liabilities	140	8,130	15,297	13,641	13,186
Redemption liabilities	399,438	411,193	–	–	–
Total	**415,753**	**421,052**	**20,021**	**19,545**	**19,062**

Bank Borrowings

Bank borrowings represent unsecured bank borrowings repayable within one year and shown under current liabilities. As of December 31, 2023, we had unsecured bank borrowings of RMB14.1 million with a fixed interest rate of 3.2% per annum. Such bank borrowings were repayable within one year and were fully repaid by December 31, 2024. As of December 31, 2024, 2025, June 30, 2026 and July 31, 2026, we did not have any outstanding bank borrowings. We did not have unutilized bank facility as of the date of this document.

Our Directors confirm that we have not defaulted in the repayment of the borrowings during the Track Record Period. Our Directors have confirmed that, as of the Latest Practicable Date, there was no covenant on any of our outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we did not experience any difficulty in obtaining bank loans.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease primarily for our offices.

As of December 31, 2023, 2024, 2025 and June 30, 2026, our lease liabilities amounted to RMB2.2 million, RMB9.9 million, RMB20.0 million and RMB19.5 million, respectively. Our lease liabilities significantly increased from RMB2.2 million as of December 31, 2023 to RMB9.9 million as of December 31, 2024, primarily attributable to the renewal of the lease for one of our offices in 2024. Our lease liabilities increased from RMB9.9 million as of December 31, 2024 to RMB20.0 million as of December 31, 2025, driven by (i) an increase in the leased area, driven by the expansion of our operations, and (ii) the acquisition of Shenzhen Yisi and Guangdong Newbest. Our lease liabilities remained relatively stable at RMB20.0 million as of December 31, 2025 and RMB19.5 million as of June 30, 2026.

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

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of purchases of property, plant and equipment and intangible assets. The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchases of property, plant and equipment	1,035	1,723	30,596	1,313	1,322
Purchases of intangible assets	66	–	–	–	12
Total	**1,101**	**1,723**	**30,596**	**1,313**	**1,334**

Our capital expenditures increased from RMB1.1 million in 2023 to RMB1.7 million in 2024, primarily due to an increase in purchases of office and electronic equipment, driven by the expansion of our operation. Our capital expenditures significantly increased from RMB1.7 million in 2024 to RMB30.6 million in 2025, primarily attributable to an increase in purchase of property, plant and equipment, primarily attributable to the expansion of our offices and TIC laboratory, which is in line with our business growth. Our capital expenditures remained relatively stable at RMB1.3 million in the six months ended June 30, 2025 and 2026.

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities. We expect to fund future capital expenditures with a combination of cash flow generated from operating activities and net [**REDACTED**] from the [**REDACTED**]. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

We had no material capital commitments as of December 31, 2023, 2024 and 2025 and June 30, 2026.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Gross profit margin(1)	52.5%	52.5%	52.9%	53.2%
Net profit margin(2)	10.9%	20.3%	18.4%	11.2%
Adjusted net profit margin (Non-HKFRS measure)(3)	15.4%	23.7%	19.3%	19.2%
Gearing ratio(4)	2.9%	1.5%	2.4%	2.1%

Notes:

(1) Gross profit margin equals gross profit divided by revenue.

(2) Net profit margin equals net profit divided by revenue.

(3) Adjusted net profit margin is a non-HKFRS measure, which equals adjusted net profit divided by revenue.

(4) Gearing ratio equals total debt (bank borrowings and lease liabilities) divided by total assets. We present gearing ratio on this basis as our equity was negative during the Track Record Period primarily due to redemption liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Related party transactions are set out in Note 32 to the Accountants' Report included in Appendix I to this document. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Our Board reviews and agrees policies for managing each of these risks. See Note 36 to the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

Market Risk

Interest Rate Risk

We are exposed to fair value interest-rate risk in relation to fixed rate borrowings from banks and lease liabilities. We currently do not have an interest rate hedging policy. However, our management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Our principal business operations are conducted in the PRC and the majority of our transactions are denominated in RMB. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and other receivables, restricted bank deposits, amounts due from related parties, bank balances and amount due from a subsidiary. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

Liquidity Risk

In the management of liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of borrowings and ensures compliance with loan covenants.

DIVIDENDS

We declared dividends of approximately RMB13.4 million, RMB92.3 million, RMB30.5 million and RMB41.4 million in 2023, 2024, 2025 and six months ended June 30, 2026, respectively, which were settled through cash.

We do not have a dividend policy or any pre-determined dividend distribution ratio. The declaration of dividend is subject to the discretion of our Board. We may distribute dividends by way of cash or by other means that our Board considers appropriate. Any declaration of final dividend is subject to the applicable laws and regulations including the Companies Act and our Articles, which require also the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after considering our results of operations, financial conditions, operating requirements, capital requirements, Shareholder's interests, future development requirement and any other conditions that our Board may deem relevant. Any future declarations of dividends may or may not reflect our historical declarations of dividends.

Under applicable PRC laws, dividends may be paid only out of distributable profits. As a result, we may not have sufficient distributable profits to enable us to make dividend distributions to our shareholders in the future. In addition, our ability to receive dividends from our PRC subsidiaries is subject to restrictions under PRC laws and regulations. See "Risk Factors — Risks Related to Our Business and Industry — Historical dividends are not indicative of our future dividends" for risks related to our dividends.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

[REDACTED] EXPENSES

Based on the mid-point of our indicative [**REDACTED**] range and assuming the [**REDACTED**] is not exercised, the [**REDACTED**] expenses to be borne by us are estimated to be approximately RMB[**REDACTED**] million and are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], comprising (i) [**REDACTED**], including [**REDACTED**] and other expenses, of approximately RMB[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately RMB[**REDACTED**] (including (a) fees and expenses of legal advisers and reporting accountant of approximately RMB[**REDACTED**], and (b) other fees and expenses of approximately RMB[**REDACTED**]).

During the Track Record Period, we recognized [**REDACTED**] expenses of RMB[**REDACTED**] in our consolidated statements of profit or loss.

We expect to incur additional [**REDACTED**] expenses of RMB[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the mid-point of our indicative [**REDACTED**] range), approximately RMB[**REDACTED**] of which is expected to be charged to our statements of profit or loss, and approximately RMB[**REDACTED**] of which is expected to be charged to equity upon the [**REDACTED**]. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Unaudited [**REDACTED**] Statement of Adjusted Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company" in Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the date on which our latest audited financial information was prepared, and there has been no event since June 30, 2026 which would materially affect the information shown in our financial statements included in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate the net [**REDACTED**] of the [**REDACTED**] which we will receive, based on an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] fees and [**REDACTED**] and other estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised. In line with our strategies, we intend to use the net [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used to upgrade and expand our product portfolio and further integrate our AI capabilities into the development of new products and the upgrade of existing products, thereby better addressing our customers' compliance needs across multiple scenarios and enhancing the intelligence, standardization and scalability of our products.

  We plan to prioritize the expansion of our TIC services and establish intelligent testing and inspection laboratories with an aggregate GFA of approximately 30,000 sq. m. In particular, we will further procure equipment, expand our production capacity and broaden the product offerings of our testing services, while exploring the application of AI in testing process scheduling, testing data analysis, risk identification, report generation and service quotation.

  Meanwhile, we will also continue to expand the product offerings of our overseas brand, VATAi, to achieve full coverage of our seven service lines and introduce additional products tailored to local market demand, thereby providing overseas sellers with a one-stop cross-border compliance products.

  In addition, we will continue to develop and introduce new products in response to evolving cross-border compliance regulations, thereby further enriching our product matrix.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for R&D in AI and other key technologies and upgrades to our core business systems, including: (a) further enhancing Xiao O's conversational interaction, task planning and orchestration of the O·AI agents, to improve its functions across pre-sales enquiries, order placement, review of submitted materials, service delivery and after-sales customer support, while expanding the use of our enterprise-grade agentic AI network in internal operations; (b) strengthening the Tianheng architecture through investment in computing capacity, model access, adaptation, and system integration, including model evaluation, performance monitoring, access controls, human review, security and audit trails, and improving our API gateway and data models to expand connections with tax and other regulatory authorities, e-commerce platforms and payment service providers subject to appropriate security and controls. We also plan to make selected API interfaces and MCP functionalities available externally; and (c) developing and updating structured knowledge drawn from our compliance policy database, service records, order data and expert experience, and strengthening data classification and grading, quality control, security audits and governance to improve the accuracy, explainability and traceability of AI outputs and automated services. In particular, we intend to allocate:

  (i) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used primarily to recruit, train, and retain R&D and engineering personnel. Such personnel will focus on product and AI agent development, data and model engineering, platform engineering, system integration, testing and operations, and technology development for international markets. We will provide technical training and mentoring, offer competitive remuneration and benefits, career development opportunities and medium- to long-term incentives, including equity incentives, to attract and retain talent. We will also further develop our internal AI-FDE model and encourage cross-departmental participation.

(ii) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used primarily to procure external model services and cloud resources, purchase servers and GPUs, and obtain technical support for data governance and security audits. We will improve our model gateway and tools for knowledge retrieval, data processing, development and testing, and runtime monitoring. We will also enhance model routing, cache reuse, and the use of smaller models and local inference to improve scalability, responsiveness, and cost control.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be allocated to strengthen our marketing network and brand development, and expand and enhance our service network, including:

(i) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used to strengthen our marketing network and brand development.

We plan to further expand our sales team, with a focus on recruiting experienced sales professionals with established client resources and industry insights, and expand our sales support team. Specifically, the [**REDACTED**] will be used to: (a) enhance brand marketing and customer retention, (b) expand our sales network and global service capabilities, and (c) enhance customer support and intelligent customer service capabilities by optimizing AI interaction and response efficiency, enhancing needs identification, strengthening the intelligent allocation and follow-up of sales leads, developing tiered standard operating procedures and customer response standards, and refining service delivery across customer segments.

We will also allocate dedicated resources to key markets including North America, the United Kingdom, Germany and Spain, and strengthen our brand, VATAi, through online and offline initiatives, including advertising, exhibitions and trade fairs, engagement with ecosystem partners, and community engagement. We plan to establish our localized sales and customer service network, build brand awareness and trust among local sellers overseas, and position VATAi as an AI-powered compliance platform overseas. We will also design targeted marketing and promotion programs for high-potential products such as EPR and RsP services to capture cross-selling opportunities.

(ii) approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used to expand and enhance our service network. We plan to extend our in-house service coverage to emerging markets such as Latin America, the Middle East and Australia by establishing local self-operated entities and expanding our operational and delivery teams. In addition, we intend to deepen strategic cooperation with professional compliance advisors, including lawyers and tax practitioners, in new markets to support the expansion of our self-operated service network. We also plan to apply AI technologies to supplier screening, performance assessment, fulfillment risk alerts, service demand matching and resource scheduling, to improve procurement efficiency and fulfillment quality.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for strategic partnerships, investments and acquisitions in the cross-border compliance sector. We plan to pursue opportunities involving high-quality enterprises and teams that possess professional compliance expertise, differentiated product and service offerings, core technologies, established customer bases or strong service capabilities. Such transactions are expected to broaden our product matrix, expand our market coverage and high-value customer base, and strengthen our R&D and service delivery capabilities. We also intend to empower selected targets with our technology and platform capabilities and integrate their strengths into our one-stop compliance service system. In particular, we plan to acquire testing laboratories with established capabilities to expand the scale, service coverage and delivery capabilities of our TIC services.

In evaluating potential investment or acquisition opportunities, we will primarily focus on targets with the following characteristics:

- Unique capabilities, resources, high-quality products or experienced teams in the cross-border compliance vertical;
- Strong alignment with our core business and evolving customer needs;
- Strategic synergies that facilitate collaboration and sustainable growth;
- The ability to significantly expand service capacity within our existing strategic footprint; and
- The ability to further enhance the comprehensiveness of our one-stop cross-border compliance platform.

According to CIC, as of the Latest Practicable Date, there were sufficient potential acquisition targets in the cross-border e-commerce compliance market that broadly met our preliminary selection criteria. As of the same date, we had not identified any potential investment or acquisition targets.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for working capital and other general corporate purposes.

In the event that the [**REDACTED**] is set at the high-end of the [**REDACTED**] range or the low-end of the [**REDACTED**] range and assuming that the [**REDACTED**] is not exercised, the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], respectively. The additional net [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be HK$[**REDACTED**]. To the extent that the net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we will increase or decrease the allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit such net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[65], 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 SOLE DIRECTOR OF VATAI HOLDINGS LIMITED (深圳歐稅通控股股份有限公司), CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND SHENWAN HONGYUAN CAPITAL (H.K.) LIMITED

Introduction

We report on the historical financial information of VATAI HOLDINGS LIMITED (深圳歐稅通控股股份有限公司) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages I-4 to [I-65], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 and June 30, 2026, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and June 30, 2026, 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 December 31, 2025 and the six months ended June 30, 2026 (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-[4] to I-[65] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (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").

Sole director's responsibility for the Historical Financial Information

The sole director of the Company is 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 2 to the Historical Financial Information, and for such internal control as the sole director of the Company determines 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' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director 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 December 31, 2023, 2024 and 2025 and June 30, 2026, 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 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the "Stub Period Comparative Financial Information"). The sole director of the Company is responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 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-4 have been made.

Dividends

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

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

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 HKFRS Accounting Standards issued by the HKICPA 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Revenue	*6*	240,323	350,469	528,476	233,114	385,915
Cost of services		(114,238)	(166,328)	(248,689)	(105,988)	(180,737)
Gross profit		126,085	184,141	279,787	127,126	205,178
Other income, gains and loss, net	*7*	33,419	42,502	40,514	13,571	1,018
Impairment losses (recognised) reversed under expected credit loss ("ECL") model, net	*36b*	(1,031)	1,130	(1,750)	(430)	636
[**REDACTED**] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Selling expenses		(52,814)	(65,371)	(93,658)	(43,586)	(62,948)
Administrative expenses		(39,256)	(47,749)	(73,023)	(32,456)	(50,993)
Research and development expenses		(28,335)	(29,991)	(32,140)	(15,324)	(18,650)
Finance costs	*8*	(11,348)	(12,072)	(5,300)	(5,070)	(266)
Profit before tax		26,720	72,590	114,430	43,831	56,361
Income tax expense	*9*	(518)	(1,371)	(17,255)	(5,168)	(13,217)
Profit for the year/period	*10*	26,202	71,219	97,175	38,663	43,144
Other comprehensive income (expense):						
– Exchange differences arising from translation of foreign operation		656	(702)	(383)	(766)	518
Total comprehensive income for the year/period		26,858	70,517	96,792	37,897	43,662
Profit for the year/period attributable to						
– Owners of the Company		14,258	44,685	89,048	30,920	38,328
– Non-controlling interests		11,944	26,534	8,127	7,743	4,816
		26,202	71,219	97,175	38,663	43,144
Total comprehensive income for the year/period attributable to:						
– Owners of the Company		14,690	44,225	88,822	30,316	38,846
– Non-controlling interests		12,168	26,292	7,970	7,581	4,816
		26,858	70,517	96,792	37,897	43,662
Earnings per share (RMB)						
– Basic	*14*	0.14	0.36	0.39	0.15	0.18
– Diluted	*14*	0.14	0.36	0.39	0.15	0.18

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31,			As at June 30,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*15*	2,972	2,183	17,513	33,454
Intangible assets	*16*	6,362	19,337	45,713	42,897
Right-of-use assets	*17*	2,175	9,801	19,125	18,466
Goodwill	*18*	–	31,501	67,781	67,781
Deferred tax assets	*19*	288	117	577	4,183
Prepayment for acquisition of subsidiaries		24,000	–	–	–
Term deposits	*22*	218,017	30,000	–	–
Deposits for acquisition of property plant and equipment		–	–	17,667	–
Restricted bank deposits		–	–	16,749	16,161
Other non-current assets		–	–	3,557	1,779
		253,814	92,939	188,682	184,721
Current assets					
Trade receivables	*20*	4,598	6,305	9,323	9,614
Deposits, prepayment and other receivables	*21*	62,211	78,524	110,695	168,307
Financial assets at fair value through profit or loss ("FVTPL")	*23*	204,888	–	–	–
Restricted bank deposits	*22*	2,700	–	2,668	2,192
Term deposits	*22*	–	213,057	–	20,000
Cash and cash equivalents	*22*	36,475	285,865	533,814	563,176
		310,872	583,751	656,500	763,289
Current liabilities					
Trade payables	*24*	11,308	27,101	53,331	70,877
Accrual and other payables	*25*	49,657	86,966	117,027	224,644
Contract liabilities	*27*	196,528	271,631	418,621	490,393
Bank borrowings	*26*	14,080	–	–	–
Lease liabilities	*28*	2,095	1,729	4,724	5,904
Tax liabilities		473	1,301	12,568	12,962
		274,141	388,728	606,271	804,780
Net current assets (liabilities)		36,731	195,023	50,229	(41,491)
Total assets less current liabilities		290,545	287,962	238,911	143,230
Non-current liabilities					
Accrual and other payables	*25*	–	–	22,800	10,500
Lease liabilities	*28*	140	8,130	15,297	13,641
Redemption liabilities	*29*	399,438	411,193	–	–
Deferred tax liabilities	*19*	292	3,318	7,696	7,060
		399,870	422,641	45,793	31,201
Net (liabilities) assets		(109,325)	(134,679)	193,118	112,029
Capital and reserves					
Paid-in capital	*30*	5,000	5,000	10,000	5,230
Reserves		(118,172)	(137,034)	162,548	80,983
Equity attributable to owners of the Company		(113,172)	(132,034)	172,548	86,213
Non-controlling interests		3,847	(2,645)	20,570	25,816
Total equity		(109,325)	(134,679)	193,118	112,029

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at June 30,
	Notes	2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current asset					
Investment in a subsidiary	*33*	4,840	4,840	4,840	10,000
Current assets					
Deposits, prepayment and other receivables	*21*	1,980	–	48,500	27,131
Cash and cash equivalents	*22*	800	14,878	123,217	111,957
		2,780	14,878	171,717	139,088
Current liabilities					
Accrual and other payables	*25*	–	12,100	11,314	128,438
Tax liabilities		2	–	4	5,578
		2	12,100	11,318	134,016
Net current assets		2,778	2,778	160,399	5,072
Net assets		7,618	7,618	165,239	15,072
Capital and reserves					
Paid-in capital	*30*	5,000	5,000	10,000	5,230
Reserves	*38*	2,618	2,618	155,239	9,842
Total equity		7,618	7,618	165,239	15,072

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Paid-in capital	Capital premium	Treasury shares	Other reserve	Translation reserve	Statutory surplus reserve	(Accumulated losses)/ retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(note b)*	*RMB'000*	*RMB'000* *(note a)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	1,500	–	–	(30,816)	279	269	(29,721)	(58,489)	(10,582)	(69,071)
Profit for the year	–	–	–	–	–	–	14,258	14,258	11,944	26,202
Exchange differences arising on translation of foreign operations	–	–	–	–	432	–	–	432	224	656
Total comprehensive income for the year	–	–	–	–	432	–	14,258	14,690	12,168	26,858
Transfer to statutory surplus reserve	–	–	–	–	–	4,282	(4,282)	–	–	–
Recognition of the redemption liabilities *(Note 29)*	–	–	–	(49,428)	–	–	–	(49,428)	4,216	(45,212)
Payment for acquisition of a subsidiary under common control	–	–	–	(7,867)	–	–	–	(7,867)	(4,133)	(12,000)
Capital injection	3,500	–	–	–	–	–	–	3,500	–	3,500
Dividend recognised as distribution *(Note 13)*	–	–	–	–	–	–	(12,918)	(12,918)	(482)	(13,400)
Classification due to transfer of shares in a subsidiary from ordinary shareholders to investors with preferential rights	–	–	–	(2,660)	–	–	–	(2,660)	2,660	–
At December 31, 2023	5,000	–	–	(90,771)	711	4,551	(32,663)	(113,172)	3,847	(109,325)
Profit for the year	–	–	–	–	–	–	44,685	44,685	26,534	71,219
Exchange differences arising on translation of foreign operations	–	–	–	–	(460)	–	–	(460)	(242)	(702)
Total comprehensive income for the year	–	–	–	–	(460)	–	44,685	44,225	26,292	70,517

	Attributable to owners of the Company									
	Paid-in capital	Capital premium	Treasury shares	Other reserve	Translation reserve	Statutory surplus reserve	(Accumulated losses)/ retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(note b)*	*RMB'000*	*RMB'000* *(note a)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Transfer to statutory surplus reserve	–	–	–	–	–	2,581	(2,581)	–	–	–
Dividend recognised as distribution *(Note 13)*	–	–	–	–	–	–	(57,842)	(57,842)	(34,442)	(92,284)
Acquisition of subsidiaries *(Note 34)*	–	–	–	–	–	–	–	–	4,413	4,413
Payment for acquisition of a subsidiary under common control	–	–	–	(5,245)	–	–	–	(5,245)	(2,755)	(8,000)
At December 31, 2024	5,000	–	–	(96,016)	251	7,132	(48,401)	(132,034)	(2,645)	(134,679)
Profit for the year	–	–	–	–	–	–	89,048	89,048	8,127	97,175
Exchange differences arising on translation of foreign operations	–	–	–	–	(226)	–	–	(226)	(157)	(383)
Total comprehensive income for the year	–	–	–	–	(226)	–	89,048	88,822	7,970	96,792
Transfer to statutory surplus reserve	–	–	–	–	–	3,269	(3,269)	–	–	–
Derecognition of the redemption liabilities *(Note 29)*	–	–	–	385,602	–	–	–	385,602	30,494	416,096
Capital injection *(Note 30)*	10,000	98,000	–	–	–	–	–	108,000	–	108,000
Dividends paid	–	–	–	–	–	–	(30,456)	(30,456)	–	(30,456)
Effect of restructuring *(note c)*	(5,000)	–	–	(233,386)	–	–	(9,000)	(247,386)	(30,157)	(277,543)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	14,807	14,807
Capital injection by non-controlling interest	–	–	–	–	–	–	–	–	101	101

	Attributable to owners of the Company									
	Paid-in capital	**Capital premium**	**Treasury shares**	**Other reserve**	**Translation reserve**	**Statutory surplus reserve**	**(Accumulated losses)/ retained profits**	**Subtotal**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*note b*)	*RMB'000*	*RMB'000* (*note a*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2025	10,000	98,000	–	56,200	25	10,401	(2,078)	172,548	20,570	193,118
Profit for the period	–	–	–	–	–	–	38,328	38,328	4,816	43,144
Exchange differences arising on translation of foreign operations	–	–	–	–	518	–	–	518	–	518
Total comprehensive income for the period	–	–	–	–	518	–	38,328	38,846	4,816	43,662
Transfer to statutory surplus reserve	–	–	–	–	–	85	(85)	–	–	–
Capital injection (*Note 30*)	5,230	4,708	(2,492)	–	–	–	–	7,446	–	7,446
Effect of restructuring (*note c*)	(10,000)	(98,000)	–	9,000	–	–	–	(99,000)	–	(99,000)
Dividends paid	–	–	–	–	–	–	(41,410)	(41,410)	–	(41,410)
Capital injection by non-controlling interest	–	–	–	–	–	–	–	–	430	430
Recognition of share-based payment expenses	–	–	–	7,783	–	–	–	7,783	–	7,783
At June 30, 2026	5,230	4,708	(2,492)	72,983	543	10,486	(5,245)	86,213	25,816	112,029
At January 1, 2025	5,000	–	–	(96,016)	251	7,132	(48,401)	(132,034)	(2,645)	(134,679)
Profit for the period	–	–	–	–	–	–	30,920	30,920	7,743	38,663
Exchange differences arising on translation of foreign operations	–	–	–	–	(604)	–	–	(604)	(162)	(766)

	Attributable to owners of the Company									
	Paid-in capital	**Capital premium**	**Treasury shares**	**Other reserve**	**Translation reserve**	**Statutory surplus reserve**	**(Accumulated losses)/ retained profits**	**Subtotal**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*note b*)	*RMB'000*	*RMB'000* (*note a*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total comprehensive income for the period	–	–	–	–	(604)	–	30,920	30,316	7,581	37,897
Transfer to statutory surplus reserve	–	–	–	–	–	3,005	(3,005)	–	–	–
Capital injection *(Note 30)*	5,357	9,643	–	–	–	–	–	15,000	–	15,000
Derecognition the redemption liabilities *(Note 29)*	–	–	–	385,602	–	–	–	385,602	30,494	416,096
Dividends paid	–	–	–	–	–	–	(30,456)	(30,456)	–	(30,456)
Effect of restructuring *(note c)*	(5,000)	–	–	(233,386)	–	–	(9,000)	(247,386)	(30,157)	(277,543)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	1,738	1,738
At June 30, 2025 (unaudited)	5,357	9,643	–	56,200	(353)	10,137	(59,942)	21,042	7,011	28,053

Notes:

(a) It represents the statutory reserve of certain entities comprising the Group in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, the PRC entities comprising the Group are required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by shareholders' general meeting, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the entities comprising the Group.

(b) It mainly represents the reserve in relation to the redemption liabilities arising from the Group entering into agreements with several investors (the "Series A-1 investors or Series A-2 investors") with redemption obligation, and the amount of the consideration paid exceeding the carrying amount of net assets acquired on acquisition the subsidiaries under common control.

(c) In 2025, according to the restructuring arrangement, the shareholders reduced all the paid-in capital from the subsidiary of the Company, Shenzhen Oushuitong Technology Co., Ltd. ("Shenzhen Oushuitong") and the Company. After the Group Restructuring as mentioned in Note 2 during the six months ended June 30, 2026, all capital was gradually injected into the Company. Further details are set out in Note 2 and Note 40.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
OPERATING ACTIVITIES						
Profit before tax		26,720	72,590	114,430	43,831	56,361
Adjustments for:						
Amortisation of intangible assets		2,511	3,705	4,926	2,216	2,828
Depreciation of property, plant and equipment		2,165	2,613	1,399	547	3,016
Depreciation of right-of-use assets		2,752	2,671	3,367	1,433	2,987
Impairment losses recognised (reversed) under ECL, net		1,031	(1,130)	1,750	430	(636)
Interest income		(7,910)	(10,299)	(3,845)	(3,212)	(781)
Finance costs		11,348	12,072	5,300	5,070	266
Change in fair value of financial assets at FVTPL		(3,377)	(378)	(1,724)	(669)	(1,601)
Share-based payment expense		–	–	–	–	7,783
Operating cash flows before movements in working capital		35,240	81,844	125,603	49,646	70,223
(Increase) decrease in trade receivables		(4,624)	1,549	(1,242)	(6,697)	345
Increase in deposits, prepayment and other receivables		(7,455)	(10,871)	(20,071)	(26,777)	(59,237)
Increase in trade payables		5,973	13,498	23,520	33,257	17,545
Increase (decrease) in accrual and other payables		2,892	17,268	32,187	31,037	(3,536)
Increase (decrease) in contract liabilities		57,475	70,811	115,919	(4,742)	78,128
Cash generated from operations		89,501	174,099	275,916	75,724	103,468
Income taxes paid		(487)	(373)	(6,806)	(3,154)	(17,064)
NET CASH FROM OPERATING ACTIVITIES		89,014	173,726	269,110	72,570	86,404
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(1,035)	(1,723)	(30,596)	(1,313)	(1,322)
Purchase of intangible assets		(66)	–	–	–	(12)
Net cash outflow on acquisition of subsidiaries	*34*	(31,500)	(2,371)	(13,781)	(8,000)	(963)
Placement of term deposits		–	(347,000)	–	–	(50,000)
Withdrawal of term bank deposits		30,000	327,000	230,000	110,000	30,000
Withdrawal of restricted bank deposits		–	2,700	–	–	–
Placement of restricted bank deposits		(2,700)	–	(19,417)	(16,700)	–

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Payments to acquire financial assets at FVTPL	(607,300)	–	(1,103,530)	(421,250)	(683,000)
Proceeds on disposal of property, plant and equipment	28	6	37	20	–
Proceeds on disposal of intangible assets	84	–	–	–	–
Proceeds from disposal of financial assets at FVTPL	487,047	205,267	1,105,256	392,387	684,601
Proceeds from disposal of interest in subsidiary	–	1,978	–	–	–
Interest received	2,036	5,259	16,902	6,379	623
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(123,406)	191,116	184,871	61,523	(20,073)
FINANCING ACTIVITIES					
Proceeds from capital injection	3,500	–	108,000	15,000	7,446
Proceeds from capital injection by non-controlling interest	–	–	101	–	430
Payment of [**REDACTED**] cost	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Return of capital to shareholder resulting from restructuring	–	–	(276,343)	(276,343)	–
Acquisition of a subsidiary under common control	(12,000)	(4,000)	(4,000)	(4,000)	–
Bank borrowings raised	16,000	–	–	–	–
Repayments of lease liabilities	(2,941)	(2,673)	(2,550)	(1,077)	(2,898)
Repayment of bank borrowings	(1,920)	(14,080)	–	–	–
Dividends paid	(12,000)	(93,684)	(30,456)	(30,456)	(41,410)
Interest paid	(444)	(317)	(397)	(167)	(266)
NET CASH USED IN FINANCING ACTIVITIES	(9,805)	(114,754)	(205,645)	(297,043)	(38,679)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(44,197)	250,088	248,336	(162,950)	27,652
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	80,022	36,475	285,865	285,865	533,814
Effect on foreign exchange rate difference	650	(698)	(387)	(747)	1,710
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	36,475	285,865	533,814	122,168	563,176

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

VATAI HOLDINGS LIMITED (深圳歐稅通控股股份有限公司, formerly known as 深圳麥德好發展有限公司, the "Company") was incorporated in the People's Republic of China (the "PRC") on December 22, 2020 as a limited liability company under the Company Law of the PRC. On July 23, 2026, the Company was converted from a limited liability company into a joint stock company. The addresses of the Company's registered office and principal place of business are disclosed in the section headed "Corporate Information" in the document.

Mr. Sun Yutao (孫玉濤) ("Mr. Sun"), Mrs. Zhang Huiru (張慧茹), Mr. Zhang Baohua (章保華), Ms. Zhang Na (張娜) and Mr. Luo Shimin (羅時民) are collectively referred to as the controlling shareholders.

The Company and its subsidiaries (collectively referred to as the "Group") provided cross-border compliance services and other value-added compliance services through AI-empowered global platform.

The Historical Financial Information is presented in Renminbi (RMB), which is also the functional currency of the Company.

The statutory financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with the relevant accounting principles and regulations in the PRC and were audited by Shenzhen Gaoxinhuayuan Certified Public Accountants (深圳高信華源會計師事務所, "Gaoxinhuayuan CPA") for the years ended December 31, 2023 and 2024 and Shenzhen Shenan Certified Public Accountants (深圳深安會計師事務所(普通合夥), "Shennan CPA"), for the year ended December 31, 2025, which are certified public accountants registered in the PRC.

2. GROUP RESTRUCTURING AND BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with HKFRS Accounting Standards issued by the HKICPA and the conventions applicable for group restructuring.

In preparation for the [**REDACTED**] of the Company's shares on The Stock Exchange of Hong Kong Limited, the Group underwent a group restructuring ("Group Restructuring") as described below:

Pursuant to the off-shore restructuring agreement, Shenzhen Oushuitong repurchased all equity interests held by the shareholders with preferential rights in March 2025 and ordinary shareholders in April 2025, after which the redemption liabilities were derecognised since March 2025 as mentioned in Note 29 and Shenzhen Oushuitong became a wholly-owned subsidiary of the Company since April 2025. The Company did not hold any significant assets other than the investment in Shenzhen Oushuitong.

In May 2025, the increase of the Company's registered capital from RMB5,000,000 to RMB10,357,142.86 was subscribed by VATAI HK Limited ("VATAI HK") incorporated on March 7, 2025, a wholly-owned subsidiary of VATAI LIMITED incorporated on 12 February 2025, incorporated by the shareholders with preferential rights and individual shareholders of Shenzhen Oushuitong and the Company. Thereon, VATAI Limited became the ultimate holding company of the Company.

In June 2025, the Company repurchased all equity interests held by its then individual shareholders, after which the registered capital of the Company decreased to RMB5,357,142.86.

In November 2025, the registered capital of the Company increased to RMB10,000,000 through further subscription by VATAI HK.

In May 2026, pursuant to the on-shore restructuring agreement, the registered capital of the Company increased from RMB10,000,000 to RMB119,230,000 through (i) the capital reserve conversion to the registered capital of RMB104,000,000 issued to its then sole shareholder VATAI HK, and (ii) the equity subscriptions by Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua, Mr. Luo Shimin, Ms. Mao Meijuan (毛美娟), Mr. Lv Hengsheng (呂恒盛), Shenzhen Maidehao Management Consulting Partnership (Limited Partnership) (深圳麥德好管理諮詢合夥企業(有限合夥)) ("Maidehao Management") and Shenzhen Maidetong Business Consulting Partnership (Limited Partnership) (深圳麥德通商務諮詢合夥企業(有限合夥)) ("Maidetong Business") for the registered capital of RMB2,211,811, RMB887,429, RMB774,111, RMB346,951, RMB233,166, RMB93,266, RMB93,266, RMB457,248 and RMB132,752, respectively. Immediately following such capital increase, the Company repurchased all equity interests held by VATAI HK amounting to RMB114,000,000, upon the completion of which, the registered capital of the Company decreased to RMB5,230,000 and VATAI Limited ceased to be the ultimate holding company of the Company.

On June 30, 2026, VATAI HK became a indirectly wholly owned subsidiary of the Company, through transferring from VATAI HOLDING LIMITED (incorporated in British Virgin Islands) ("VATAI BVI"), the directly wholly owned subsidiary of VATAI Limited, to a subsidiary of the Company.

Pursuant to the shareholders' agreement, the shareholders with preferential rights subscribed for shares of the Company in August 2026, as detailed in note 40, resulting in the Group's recognition of redemption liabilities in the consolidated financial statements. This recognition of redemption liabilities will result in the Group being in net liabilities position.

The Group comprising of the Company and its subsidiaries resulting from the Group Restructuring under common control is regarded as a continuing entity, and accordingly, the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period and the consolidated statements of financial position as at December 31, 2023, 2024 and 2025 and June 30, 2026 are prepared using the then carrying amounts in the financial statements of the companies comprising the Group as if the current group structure had been in existence throughout the Track Record Period or since their respective dates of incorporation or acquisition, where there is a shorter period.

As at June 30, 2026, the Group had net current liabilities of RMB41,491,000. Notwithstanding the above, the Historical Financial Information has been prepared on a going concern basis as the director of the Company has given careful consideration to the impact of the current and anticipated future liquidity of the Group and is satisfied that:

i. The director of the Company has assessed the terms of the redemption liabilities and concluded that they are not redeemable in the next twelve months from the date of this report;

ii. The Group has financial resources which include internal resources based on future sales receipts; and

iii. The Group has prepared a working capital forecast for the next twelve months from the date of this report which shows that the Group will continue generating net cash inflows from operating activities during forecast period.

Having taken into account the above, the director of the Company believes that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from the date of this report. Accordingly, the director of the Company considers that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

3. APPLICATION OF HKFRS 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 HKFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2026 throughout the Track Record Period.

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

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
HKFRS 20	Regulatory Assets and Regulatory Liabilities[3]

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

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

3 Effective for annual periods beginning on or after January 1, 2029

Except for the new HKFRS Accounting Standard below, the director of the Company anticipates that the application of other new and amendments to HKFRS Accounting Standards above will have no material impact on the Group's financial position and performance in the foreseeable future.

HKFRS 18 "*Presentation and Disclosure in Financial Statements*" sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 "*Presentation of Financial Statements*". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 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 HKAS 1 paragraphs have been moved to HKAS 8 "*Changes in Accounting Policies, Estimates and Errors*" (the title of which will be changed to "Basis of Preparation of Financial Statements" upon effective of HKFRS 18) and HKFRS 7 "*Financial instruments: Disclosures*". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "*Earnings per Share*" are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027 with early application permitted. The director of the Company anticipates that the application of HKFRS 18 will affect the structure and presentation of the consolidated statement of profit or loss and disclosures in future consolidated financial statements, but will have no material impact on the financial position and performance of the Group given it will not impact the recognition or measurement of items in the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information have been prepared in accordance with the following accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the Historical Financial Information, 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 of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the entities now comprising the Group. Control is achieved when the Group:

- 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/period are included in the consolidated statements 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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFIRC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFIRC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been consolidated from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been consolidated at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Investment in a subsidiary

Investment in a subsidiary is stated in the statements of financial position of the Company at cost less any identified impairment loss.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 6.

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 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

Short-term leases

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. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets include the amounts of the initial measurement of the lease liabilities and any lease payments made at or before the commencement date.

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 in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease terms.

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability 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 (including in-substance fixed payments) less any lease incentives receivable.

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

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred as the Group does not have any qualifying asset.

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".

Employment benefits

Retirement benefits costs

Payments to the defined contribution retirement benefit schemes 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 HKFRS 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 (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares/options granted to employees

Equity-settled share-based payments to employees and others 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 payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis 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). 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 the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss. When share awards granted are vested, the amount previously recognised in other reserve will be transferred to share premium.

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period. The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the 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 differences 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 the initial recognition (other than in a business combination) of 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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the 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 HKAS 12 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current 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 rental, use in provision 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.

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 acquired separately

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.

Internally generated intangible asset — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets with definite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years/periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

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

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 HKFRS 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 or financial liabilities at FVTPL are added lo 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 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 Track Record Period. 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 trade 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.

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 become credit-impaired (see below). 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.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets which are subject to impairment assessment under HKFRS 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 past events and the current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when 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.

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;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial restructuring.

(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.

(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 and 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 receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, 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 all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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, with the exception of trade receivables where the corresponding adjustment is recognised 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

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with 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 an entity after deducting all of its liabilities. Equity instruments issued by group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, and bank borrowings are subsequently measured at amortised cost using the effective interest method.

A contract that contains an obligation for the Group to purchase the Group's equity instruments for cash gives rise to a financial liability for the present value of the redemption amount, even if the Group's obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liabilities are measured at amortised cost with interest charged in finance costs.

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. For redemption liabilities, when the preferential rights are lapsed upon [**REDACTED**], the carrying amount of the redemption liabilities is reclassified to equity.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the director of the Company is required to make judgements, 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 on-going 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the director of the Company has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Principal versus agent consideration

The Group provides extended producer responsibility ("EPR") services to its customers which involve the assessment of revenue recognition on a gross or net basis, i.e. principal versus agent assessment. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the services before they are transferred to the customers and also the indicators of which including but not limited to: (a) whether the Group is primarily responsible for fulfilling the promise to provide the EPR services; (b) whether the Group has inventory risk before the services have been transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the services. The director of the Company considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgement when assessing the indicators depending on different circumstances.

The Group concluded that the Group acts as the principal for EPR services and is responsible for (i) identifying and contracting with third-party customers, to whom the Group is primarily responsible for delivering EPR services; (ii) taking certain risk of loss to the extent that non-refundable prepayments for procuring external services from outside vendors, which may not be compensated by the total consideration received from the customers; (iii) determining the total fixed or variable consideration charged to the customers, which is a separate negotiating process from price-setting with the external vendors.

Therefore, the Group presents revenue earned from the customers related to these transactions on a gross basis.

Key sources of estimation uncertainty

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to change due to ongoing uncertain macroeconomic and geopolitical environment.

The carrying amount of goodwill is RMB31,501,000, RMB67,781,000 and RMB67,781,000 as at December 31, 2024 and 2025 and June 30, 2026, respectively. Details of the recoverable amount calculation are disclosed in Note 18.

6. REVENUE AND SEGMENT INFORMATION

Segment information

The chief operating decision maker (the "CODM") has been identified as the executive director of the Company. The executive director reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Factors used to identify the Group's operating segments mainly include the type of services provided to the customers. The Group has identified the following operating segments: (a) corporate and tax compliance: including (i) value-added tax compliance services ("VAT^{+}") and (ii) overseas corporate services ("OC"); (b) environmental compliance: including (i) EPR services and (ii) carbon compliance services; (c) product testing and certification: including (i) responsible person ("RsP") services and (ii) testing, inspection and certification ("TIC") services; and (d) intellectual property protection ("IPP").

	Year ended December 31, 2023				
	Corporate and tax compliance	Environmental compliance	Product testing and certification	IPP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	109,638	94,823	17,137	18,725	240,323
Cost of services	(42,994)	(60,123)	(2,420)	(8,701)	(114,238)
Gross profit and segment result	66,644	34,700	14,717	10,024	126,085

	Year ended December 31, 2024				
	Corporate and tax compliance	Environmental compliance	Product testing and certification	IPP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	146,914	141,917	32,487	29,151	350,469
Cost of services	(55,095)	(94,118)	(3,867)	(13,248)	(166,328)
Gross profit and segment result	91,819	47,799	28,620	15,903	184,141

	Year ended December 31, 2025				
	Corporate and tax compliance	Environmental compliance	Product testing and certification	IPP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	185,732	235,290	72,219	35,235	528,476
Cost of services	(64,259)	(162,654)	(7,464)	(14,312)	(248,689)
Gross profit and segment result	121,473	72,636	64,755	20,923	279,787

	Six months ended June 30, 2025 (unaudited)				
	Corporate and tax compliance	Environmental compliance	Product testing and certification	IPP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	81,669	101,635	32,743	17,067	233,114
Cost of services	(29,382)	(67,222)	(2,654)	(6,730)	(105,988)
Gross profit and segment result	52,287	34,413	30,089	10,337	127,126

	Six months ended June 30, 2026				
	Corporate and tax compliance	Environmental compliance	Product testing and certification	IPP	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	139,393	172,508	55,928	18,086	385,915
Cost of services	(50,006)	(112,341)	(10,756)	(7,634)	(180,737)
Gross profit and segment result	89,387	60,167	45,172	10,452	205,178

This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to gross profit and results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the gross profit of each segment without allocation of central other income, gains and loss, net, impairments loss (recognised) reversed under ECL model, net, selling expenses, administrative expenses, research and development expenses, finance costs and [**REDACTED**] expenses.

Geographical information

The Group operated almost within one geographical segment during the Track Record Period because the majority of its revenue is generated in the PRC based on location of the customers and the majority of its non-current assets are located in the PRC.

Revenue

(i) Disaggregation of revenue from contracts with customers

Analysis of the Group's revenue from contracts with customers by type of services for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Corporate and tax compliance	109,638	146,914	185,732	81,669	139,393
Environmental compliance	94,823	141,917	235,290	101,635	172,508
Product testing and certification	17,137	32,487	72,219	32,743	55,928
IPP	18,725	29,151	35,235	17,067	18,086
	240,323	350,469	528,476	233,114	385,915

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Timing of revenue recognition					
– At a point in time	27,352	65,311	106,649	41,335	77,178
– Over time	212,971	285,158	421,827	191,779	308,737
	240,323	350,469	528,476	233,114	385,915

The following table shows the amounts of revenue recognised in each of the Track Record Period that were included in the contract liabilities at the beginning of the respective periods and recognised from performance obligations satisfied in current periods:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	139,053	196,528	271,631	135,816	209,311

(ii) Revenue information about major customers

During the Track Record Period, no customer contributed over 10% of the total revenue of the Group.

(iii) Performance obligations for contracts with customers and revenue recognition policies

a. Corporate and tax compliance

VAT+

VAT+ services provide one-step online comprehensive end-to-end VAT+ compliance services, covering VAT+ registration, filing, and ongoing tax management across multiple countries.

The services cover the whole process of compliance activities, and the Group considers the services as a whole as one performance obligation. Revenue on these services is recognised over time base on output method over the period specified in the relevant contracts as the customers simultaneously receive and consume the benefits provided by the Group as the Group performs such activities.

OC

OC services include localised corporate services in targeted markets for customers with cross-border businesses, mainly include registration of offshore companies and accounting services.

For revenue generated from registration service, the revenue is recognised at a point in time, being at the point that the customers benefit from the services, i.e. completion of registration, and the Group has present right to payment and collection of the consideration is probable.

For revenue generated from accounting services, the customers can continuously benefit throughout the entire usage period and the Group considers the services as a whole as one performance obligation. Revenue is recognised over time base on output method as the customers simultaneously receive and consume the benefits provided by the Group as the Group performs such activities.

b. *Environmental compliance*

EPR

EPR services help cross-border businesses comply with environmental regulations in the European Union and other countries. These services cover a range of obligations, such as packaging recycling, battery and electronic waste management, textile recycling, and product compliance. Key activities include registration and filing, product certification, and periodic reporting and updates.

Under EPR services, there are two separate performance obligations under the contracts, which are the use of management platform and the environmental compliance service.

Revenue on EPR services is recognised over time based on output method over the period specified in the relevant contracts as the customers simultaneously receive and consume the benefits provided by the Group as the Group performs such activities.

Carbon compliance

Carbon compliance services include assisting customers with carbon-related certification and declaration services. This service is recognised at a point in time when the service is completed.

c. *Product testing and certification*

RsP

RsP services include collecting and maintaining the seller's technical documentation, test reports, and declarations of conformity, cooperating with local market surveillance and customs authorities during inspections, and assisting with product compliance rectification and recalls.

These services cover the whole process of compliance activities, and the Group considers each of these services as a whole is a single performance obligation.

RsP services are recognised over time based on output method over the period specified in the relevant contracts as the customers simultaneously receive and consume the benefits provided by the Group as the Group performs such activities.

TIC

TIC services primarily cover product safety and performance compliance testing and certification to meet market access requirements in target jurisdictions.

Revenue generated from TIC services is recognised at a point in time when the service is completed.

d. IPP

IPP services including trademark registration services, patent application services and other intellectual property services such as copyright applications and customs recordation.

Revenue generated from these services are recognised at a point in time, being at the point the customers benefit from the services, i.e. completion of submission, and the Group has present right to payment and collection of the consideration is probable.

Under IPP services, customers can also subscribe for value added service with advanced function to be used in the platform, including search engine, use of artificial intelligence, and other advanced functions, customers can continuously benefit throughout the entire usage period and the Group and revenue is recognised over time on a straight-line basis over the subscription period.

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

All services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group applies the practical expedient and recognises the commission costs of obtaining contracts relating to the sale of services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

7. OTHER INCOME, GAINS AND LOSS, NET

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Bank interest income	7,910	10,299	3,845	3,212	781
Value-added tax refund *(note a)*	22,236	32,170	38,730	12,782	3,568
Government subsidies *(note b)*	1,767	1,071	739	10	45
Net foreign exchange losses	(2,023)	(1,535)	(4,451)	(3,008)	(5,373)
Change in fair value of financial assets at FVTPL	3,377	378	1,724	669	1,601
Others	152	119	(73)	(94)	396
	33,419	42,502	40,514	13,571	1,018

Notes:

(a) Value-added tax refund represents tax incentives granted by the government authorities to software industry companies to refund the portion of value-added tax exceeding 3% on sales of self-developed software products.

(b) Government subsidies mainly represent industry-specific subsidies granted by the government authorities with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognised.

8. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expenses on bank borrowings	324	217	–	–	–
Interest expenses on redemption liabilities	10,904	11,755	4,903	4,903	–
Interest expenses on lease liabilities	120	100	397	167	266
	11,348	**12,072**	**5,300**	**5,070**	**266**

9. INCOME TAX EXPENSE

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax:					
PRC Enterprise Income Tax ("EIT")	423	237	12,044	5,072	10,440
PRC withholding tax	–	–	4,600	–	5,576
Hong Kong	119	535	803	197	828
Other jurisdictions	254	429	540	207	615
	796	1,201	17,987	5,476	17,459
Deferred tax *(Note 19)*	(278)	170	(732)	(308)	(4,242)
	518	1,371	17,255	5,168	13,217

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the entities which operate in Chinese Mainland are subject to EIT at a rate of 25% on the taxable income. During the Track Record Period, "two-year exemption and three-year half payment" tax exemption was granted to Shenzhen Oushuitong starting from the fiscal year 2023. Shenzhen Oushuitong obtained the "High-and-New Technology Enterprise" qualification on December 25, 2025, which is valid for three years. Accordingly, a preferential EIT rate of 15% was adopted starting from the fiscal year 2026. In addition, certain subsidiaries of the Group operating in Chinese Mainland were entitled to effective preferential income tax rates of 5%, 5%, 5% and 5%, for the years ended December 31, 2023, 2024 and 2025, and the six months ended June 30, 2026, respectively, because they were regarded as "Small-scaled and Minimal Profit Enterprises" with annual taxable income of no more than RMB3,000,000.

According to a policy promulgated by the State Tax Bureau of the PRC, enterprises engage in research and development activities are entitled to claim additional 100% of research and development expenses incurred in a year/period as tax deductible expenses in determining the taxable income for that year/period ("Super Deduction").

Hong Kong

The first Hong Kong Dollar ("HK$") 2,000,000 of assessable profits of the Group's Hong Kong subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Others

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group's entities operate.

The income tax expense for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before tax	26,720	72,590	114,430	43,831	56,361
Tax at EIT rate of 25%	6,680	18,148	28,608	10,958	14,090
Tax effect of expenses not deductible for tax purpose	4,872	4,361	2,040	1,998	1,666
Tax effect of income not taxable for tax purpose	(225)	(550)	(550)	133	(1,159)
Tax effect of Super Deduction	(5,876)	(6,561)	(7,263)	(3,812)	(4,118)
Tax effect of tax concession	(1,596)	(2,035)	(2,194)	(1,477)	(2,589)
PRC withholding tax on dividends	–	–	4,600	–	5,576
(Over) under provision in respect of prior year/period	(4)	89	(345)	(287)	–
Effect of tax exemptions granted to Shenzhen Oushuitong	(3,705)	(12,311)	(11,768)	(4,851)	(5,072)
Utilisation of tax losses previously not recognised	(8)	(1,248)	(53)	(21)	(689)
Tax effect of tax losses not recognised	380	1,478	4,180	2,527	5,512
Income tax expense for the year/period	518	1,371	17,255	5,168	13,217

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	2,165	2,613	1,399	547	3,016
Depreciation of right-of-use assets	2,752	2,671	3,367	1,433	2,987
Amortisation of intangible assets	2,511	3,705	4,926	2,216	2,828
	7,428	8,989	9,692	4,196	8,831
Auditor's remuneration	1,149	198	260	27	132
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Director's and chief executive's emoluments *(Note 11)*	1,033	1,068	1,543	634	865
Other staff costs:					
Salaries and allowances	87,580	115,100	154,429	71,487	104,739
Retirement benefit scheme contributions	3,549	3,732	9,787	4,247	6,682
Share-based payment expense	–	–	–	–	7,771
	91,129	118,832	164,216	75,734	119,192

11. DIRECTOR'S AND CHIEF EXECUTIVE'S EMOLUMENTS

During the Track Record Period, director's and chief executive's remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance is as follows:

	Date of appointment as director	Year ended December 31, 2023				
		Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:						
Mr. Sun *(note a)*	July 14, 2021	–	720	300	13	1,033

	Date of appointment as director	Year ended December 31, 2024				
		Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:						
Mr. Sun *(note a)*	July 14, 2021	–	720	330	18	1,068

	Date of appointment as director	Year ended December 31, 2025				
		Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:						
Mr. Sun *(note a)*	July 14, 2021	–	1,066	417	60	1,543

	Date of appointment as director	Six months ended June 30, 2025 (unaudited)				
		Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:						
Mr. Sun *(note a)*	July 14, 2021	–	408	208	18	634

	Date of appointment as director	Six months ended June 30, 2026					
		Fees	Salaries and allowances	Performance related bonus	Retirement benefit scheme contributions	Share-based payment expense	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director:							
Mr. Sun *(note a)*	July 14, 2021	–	602	210	41	12	865

Note:

(a) Mr. Sun is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

The executive director and chief executive's emoluments shown above were paid for his services in connection with the management of the affairs of the Group during the Track Record Period.

During the Track Record Period, there was no arrangement under which a director or the chief executive waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group include 1, 1, 1, 1 and 1 director of the Company whose emoluments, are set out in Note 11 above for the years ended December 31, 2023, 2024 and 2025, and the six months ended June 30, 2025 and 2026, respectively. The emoluments of the remaining 4, 4, 4, 4 and 4 highest paid employees of the Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and allowances	3,417	4,613	5,312	2,533	2,315
Share-based payment expense	–	–	–	–	1,485
Retirement benefit scheme contributions	40	29	84	38	98
	3,457	4,642	5,396	2,571	3,898

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

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	No. of Individuals	No. of individuals	No. of individuals	No. of individuals *(unaudited)*	No. of individuals
Nil to HK$1,000,000	3	–	–	4	1
HK$1,000,001 to HK$1,500,000	1	4	2	–	3
HK$1,500,001 to HK$2,000,000	–	–	2	–	–
	4	4	4	4	4

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

13. DIVIDENDS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Dividends declared during the year/period to each class of shareholders:					
Ordinary shareholders	13,400	65,284	21,546	21,546	41,410
Investors with preferential right over ordinary shares	–	27,000	8,910	8,910	–
	13,400	92,284	30,456	30,456	41,410
Declared by:					
The Company	12,000	60,500	19,965	19,965	–
The Company's subsidiaries	1,400	31,784	10,491	10,491	41,410
	13,400	92,284	30,456	30,456	41,410

14. EARNINGS PER SHARE

The calculation of basic earnings per share during the Track Record Period is based on the profit attributable to ordinary equity shareholders of the Group and the weighted-average number of ordinary shares in issue or deemed to be in issue for the respective years/periods, assuming the share subdivision as described in Note 40 had been effective on January 1, 2023.

The calculation of the basic and diluted earnings per share attributable to owners of the Group is based on the following data:

Basic and diluted earnings per share

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
				(unaudited)	
Profit for the year/period attributable to owners of the Company (in RMB'000)	14,258	44,685	89,048	30,920	38,328
Weighted average number of ordinary shares in issue or deemed to be in issue ('000)	105,153	125,000	226,027	200,000	217,951

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, ordinary shares with redemption rights issued to investors of Shenzhen Oushuitong (Note 29) were not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The restricted-share-units granted (Note 39) are excluded from the calculation of diluted earnings per share for the years ended December 31, 2023, 2024 and 2025 and six months ended June 30, 2025 and 2026 as the relevant performance conditions are not met. The Company does not have other potential ordinary shares and therefore diluted earnings per share were the same as the basic earnings per share at the end of the respective reporting period.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Laboratory equipment	Furniture, fixtures, office and electronic equipment	Motor vehicles	Land and building	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At January 1, 2023	–	2,540	–	–	4,242	6,782
Additions	–	649	386	–	–	1,035
Disposals	–	(78)	–	–	(16)	(94)
Exchange adjustments	–	2	–	–	1	3
At December 31, 2023	–	3,113	386	–	4,227	7,726
Additions	–	570	–	–	1,153	1,723
Acquired on acquisition of subsidiaries *(Note 34)*	–	113	–	–	–	113
Disposals	–	(10)	–	–	–	(10)
Exchange adjustments	–	(8)	–	–	–	(8)
At December 31, 2024	–	3,778	386	–	5,380	9,544
Additions	7,088	1,558	282	–	4,001	12,929
Acquired on acquisition of subsidiaries *(Note 34)*	3,031	174	5	–	613	3,823
Disposals	–	(177)	–	–	–	(177)
Exchange adjustments	–	21	(4)	–	–	17
At December 31, 2025	10,119	5,354	669	–	9,994	26,136
Additions	508	891	–	16,738	852	18,989
Exchange adjustments	–	(31)	(9)	–	–	(40)
At June 30, 2026	10,627	6,214	660	16,738	10,846	45,085
Depreciation						
At January 1, 2023	–	787	–	–	1,868	2,655
Provided for the year	–	792	46	–	1,327	2,165
Eliminated on disposals	–	(50)	–	–	(16)	(66)
Exchange adjustments	–	–*	–	–	–*	–*
At December 31, 2023	–	1,529	46	–	3,179	4,754
Provided for the year	–	826	93	–	1,694	2,613
Eliminated on disposals	–	(4)	–	–	–	(4)
Exchange adjustments	–	(2)	–	–	–	(2)
At December 31, 2024	–	2,349	139	–	4,873	7,361
Provided for the year	74	768	109	–	448	1,399
Eliminated on disposals	–	(140)	–	–	–	(140)
Exchange adjustments	–	3	–	–	–	3
At December 31, 2025	74	2,980	248	–	5,321	8,623
Provided for the period	1,120	536	62	274	1,024	3,016
Exchange adjustments	–	(7)	(1)	–	–	(8)
At June 30, 2026	1,194	3,509	309	274	6,345	11,631
Carrying amount						
At December 31, 2023	–	1,584	340	–	1,048	2,972
At December 31, 2024	–	1,429	247	–	507	2,183
At December 31, 2025	10,045	2,374	421	–	4,673	17,513
At June 30, 2026	9,433	2,703	351	16,464	4,501	33,454

* represented the amounts less than RMB1,000.

The above items of property, plant and equipment, after taking into account the residual values, where applicable, are depreciated on a straight-line basis at the following estimated useful lives:

Furniture, fixtures, office and electronic equipment	3 to 5 years
Motor vehicles	4 years
Leasehold improvement	Over the shorter of 4 years and lease term
Laboratory equipment	5 years
Land and building	29 years

16. INTANGIBLE ASSETS

The Group

	Customer relationship	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At January 1, 2023	9,310	141	9,451
Additions	–	66	66
Disposals	–	(91)	(91)
At December 31, 2023	9,310	116	9,426
Acquired on acquisition of subsidiaries *(Note 34)*	16,673	7	16,680
At December 31, 2024	25,983	123	26,106
Acquired on acquisition of subsidiaries *(Note 34)*	31,000	302	31,302
At December 31, 2025	56,983	425	57,408
Additions	–	12	12
At June 30, 2026	56,983	437	57,420
Accumulated amortisation			
At January 1, 2023	544	16	560
Charged for the year	2,492	19	2,511
Eliminated on disposals	–	(7)	(7)
At December 31, 2023	3,036	28	3,064
Charged for the year	3,694	11	3,705
At December 31, 2024	6,730	39	6,769
Charged for the year	4,900	26	4,926
At December 31, 2025	11,630	65	11,695
Charged for the period	2,789	39	2,828
At June 30, 2026	14,419	104	14,523
Carrying amount			
At December 31, 2023	6,274	88	6,362
At December 31, 2024	19,253	84	19,337
At December 31, 2025	45,353	360	45,713
At June 30, 2026	42,564	333	42,897

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Customer relationship	3 to 9 years

17. RIGHT-OF-USE ASSETS

The Group

	Leased properties
	RMB'000
Carrying amount	
At December 31, 2023	2,175
At December 31, 2024	9,801
At December 31, 2025	19,125
At June 30, 2026	18,466
Depreciation	
For the year ended December 31, 2023	2,752
For the year ended December 31, 2024	2,671
For the year ended December 31, 2025	3,367
For the six months ended June 30, 2026	2,987

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Expense relating to short-term leases	1,240	2,975	3,061	1,483	2,369
Total cash outflow for leases	4,301	5,748	6,008	2,727	5,533
Additions to right-of-use assets	798	10,297	12,618	2,814	2,241

During the Track Record Period, the Group leases properties for its operations. Lease contracts are entered into for fixed term of 3 to 5 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.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases of offices and office equipment. The Group recognises the lease payments for short-term leases in the profit or loss during the Track Record Period.

At the end of each reporting period, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in above. In addition, lease liabilities of RMB2,235,000, RMB9,859,000, RMB20,021,000 and RMB19,545,000 are recognised with related right-of-use assets of RMB2,175,000, RMB9,801,000, RMB19,125,000 and RMB18,466,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

18. GOODWILL

	Total
	RMB'000
Carrying amounts	
At January 1, 2023 and December 31, 2023	–
Arising on acquisition of subsidiaries *(Note 34)*	31,501
At December 31, 2024	31,501
Arising on acquisition of subsidiaries *(Note 34)*	36,280
At December 31, 2025 and June 30, 2026	67,781

For the purposes of impairment testing, the entire amount of goodwill is allocated to individual CGUs, namely SZ GoingGreen, SZ XM and Abitio for the year ended December 31, 2024, SZ GoingGreen, SZ XM, Abitio and Shuyou for the year ended December 31, 2025 and SZ GoingGreen, SZ XM, Abitio, Shuyou, Yisi and Newbest for the six months ended June 30, 2026, respectively. SZ GoingGreen is engaged in provision of carbon compliance services. SZ XM is engaged in provision of overseas corporate services. Abitio is engaged in providing VAT+ compliance services in France. Shuyou is principally engaged in the provision of overseas corporate services in South Korea. Yisi is principally engaged in provision of VAT+ compliance services and environmental compliance services. Newbest is principally engaged in provision of product testing services. The carrying amount of goodwill allocated to these CGUs is as follows:

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
SZ GoingGreen	2,380	2,380	2,380
SZ XM	27,688	27,688	27,688
Abitio	1,433	1,433	1,433
Shuyou	–	1,673	1,673
Yisi	–	25,229	25,229
Newbest	–	9,378	9,378
	31,501	67,781	67,781

The following table set out the key assumptions for the value in use calculation of the CGUs:

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
SZ GoingGreen			
Discount rates	14.2%	15.2%	N/A
Growth rates	2.0%	2.0%	N/A
SZ XM			
Discount rates	15.6%	16.1%	N/A
Growth rates	2.0%	2.0%	N/A
Abitio			
Discount rates	15.0%	16.1%	N/A
Growth rates	2.0%	2.0%	N/A
Shuyou			
Discount rates	–	17.1%	N/A
Growth rates	–	2.0%	N/A
Yisi			
Discount rates	–	15.5%	15.0%
Growth rates	–	2.0%	2.0%
Newbest			
Discount rates	–	15.4%	15.4%
Growth rates	–	2.0%	2.0%

Management believes that any reasonable change in these assumptions would not cause the carrying amounts of these CGUs to exceed their recoverable amounts.

The Group performs the annual goodwill impairment test as at December 31 each year for SZ GoingGreen, SZ XM, Abitio and Shuyou and as at June 30 each year for Yisi and Newbest. During the six months ended June 30, 2026, the Group further performed the goodwill impairment test for Yisi and Newbest as the acquisition of Shenzhen Yisi Business Consulting Co., Ltd and Guangdong Newbest Testing Service Co., Ltd. were conducted as at December 31, 2025.

19. DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances recognised by the Group for financial reporting purposes:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	288	117	577	4,183
Deferred tax liabilities	(292)	(3,318)	(7,696)	(7,060)
	(4)	(3,201)	(7,119)	(2,877)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the years ended December 31, 2023, 2024 and 2025, and the six months ended June 30, 2026:

The Group

	ECL provision	Fair value adjustments upon business combination	Lease liabilities	Right-of-use assets	Unused tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	5	(291)	28	(24)	–	(282)
Credited (charged) to profit or loss	283	–	17	(22)	–	278
At December 31, 2023	288	(291)	45	(46)	–	(4)
(Charged) credited to profit or loss	(193)	–	1,294	(1,271)	–	(170)
Acquisitions of subsidiaries *(Note 34)*	–	(3,027)	–	–	–	(3,027)
At December 31, 2024	95	(3,318)	1,339	(1,317)	–	(3,201)
Credited (charged) to profit or loss	310	272	1,723	(1,573)	–	732
Acquisitions of subsidiaries *(Note 34)*	–	(4,650)	–	–	–	(4,650)
At December 31, 2025	405	(7,696)	3,062	(2,890)	–	(7,119)
(Charged) credited to profit or loss	(99)	636	287	(260)	3,678	4,242
At June 30, 2026	306	(7,060)	3,349	(3,150)	3,678	(2,877)

As at December 31, 2023, 2024 and 2025 and June 30, 2026, the Group had unused tax losses of approximately RMB2,279,000, RMB7,758,000, RMB23,978,000 and RMB44,805,000 available for offsetting against future profits, respectively. Included in unrecognised tax losses are losses of approximately RMB1,782,000, RMB2,845,000, RMB11,652,000 and RMB30,506,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2027	1,272	696	72	72
2028	510	510	414	414
2029	–	1,639	1,386	1,386
2030	–	–	9,780	9,674
2031	–	–	–	18,960
	1,782	2,845	11,652	30,506

20. TRADE RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	6,603	6,790	10,074	10,477
Less: allowance for credit losses	(2,005)	(485)	(751)	(863)
	4,598	6,305	9,323	9,614

As at January 1, 2023, trade receivables from contracts with customers, net of allowance for credit losses, amounted to RMB1,004,000.

The Group allows a credit period from 30 to 90 days to its trade customers.

Aging analysis

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates at the end of each reporting period:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-90 days	516	5,515	7,340	3,754
91-180 days	246	464	1,103	3,579
181-365 days	3,836	326	880	2,281
	4,598	6,305	9,323	9,614

As at December 31, 2023, 2024 and 2025 and June 30, 2026, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB4,082,000, RMB790,000, RMB1,983,000 and RMB5,860,000 which are past due as at the respective reporting dates. Out of the past due balances, RMB3,836,000, RMB326,000, RMB880,000 and RMB2,281,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, have been past due over 90 days and are not considered as in default due to the history of cooperation and the sound collection history of the debtors.

Details of impairment assessment of trade receivables are set out in Note 36b.

21. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from disposal of equity interest *(note a)*	1,978	–	–	–
Deposits and other receivables	15,169	8,297	16,406	16,874
Receivables from payment platform	18,032	27,544	27,787	32,865
Advance payment to suppliers	22,431	40,144	61,399	95,449
Prepaid [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Value-added tax recoverable	3,746	3,227	6,259	20,621
Amounts due from related parties *(Note 32)*	1,221	–	803	–
Deferred [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	62,577	79,212	112,654	169,500
Less: allowance for credit losses	(366)	(688)	(1,959)	(1,193)
Total	62,211	78,524	110,695	168,307

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receivables from disposal of equity interest of a subsidiary *(note a)*	1,978	–	–	–
Dividends receivable	–	–	48,500	23,000
Deposits	2	–	–	29
Amount due from a subsidiary *(note c)*	–	–	–	411
Prepaid [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deferred [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	1,980	–	48,500	27,131

Notes:

(a) In November 2022, the Company transferred 2% of the equity interest in Shenzhen Oushuitong to an angel round shareholder with total consideration of RMB20,000,000. A total of RMB18,020,000 was received in 2023, with the remaining balance settled in 2024.

(b) Details of impairment assessment of other receivables are set out in Note 36b.

(c) The amount due from a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand. The maximum balance due from a subsidiary during the six months ended June 30, 2026 was RMB411,000.

22. CASH AND CASH EQUIVALENTS/TERM DEPOSITS/RESTRICTED BANK DEPOSITS

The Group's cash and cash equivalents include bank balances and short term deposits with original maturity of three months or less, carry interest at market rates which range from 0.05% to 0.25%, 0.05% to 0.60%, 0.05% to 0.45% and 0.05% to 1.15% per annum as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

The Group's restricted bank deposits represented the deposits placed in a bank for obtaining the letter of guarantee, which carry fixed interest rates of 0.2%, 0% to 1.25% and 0% to 0.05% per annum as at December 31, 2023 and 2025 and June 30, 2026, respectively.

The Group's term deposits are with original maturity of 3 years, 3 months to 3 years and 6 months, carry interest rates from 2.85% to 3.30% per annum, 1.30% to 3.30% per annum and 1.10% to 1.40% as at December 31, 2023 and 2024 and June 30, 2026, respectively.

The Company's cash and cash equivalents include bank balances and short term deposits, carry interest at market rates which range from 0.20% to 0.25%, 0.20% to 0.60%, 0.05% to 0.45% and 0.05% to 1.15% per annum as at December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Details of impairment assessment of bank balances, term deposits and restricted bank deposits are set out in Note 36b.

23. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	204,888	–	–	–

The structured deposits represent structured deposits products issued by commercial banks and mainly invest in bank deposits with the return rates linked to gold price and exchange rate.

24. TRADE PAYABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	11,308	27,101	53,331	70,877

The credit period on trade payables ranges from nil to 60 days. The aging analysis of the Group's trade payables based on the invoice dates at the end of each reporting period is as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	9,612	23,442	51,849	58,502
Over one year	1,696	3,659	1,482	12,375
	11,308	27,101	53,331	70,877

25. ACCRUAL AND OTHER PAYABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued staff costs and retirement benefit scheme contributions	21,070	27,896	38,204	30,527
Other tax payables	4,831	22,152	11,245	10,640
Payable for acquisition of subsidiaries	7,500	12,000	27,213	26,250
Amounts due to related parties *(Note 32)*	1,435	119	19,530	114,000
Accrued [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	14,821	24,799	43,635	47,943
	49,657	86,966	139,827	235,144
Represented by:				
-Non-current	–	–	22,800	10,500
-Current	49,657	86,966	117,027	224,644
	49,657	86,966	139,827	235,144

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued staff costs and retirement benefit scheme contributions	–	–	–	460
Other tax payables	–	12,100	14	–
Amount due to a subsidiary	–	–	11,300	122,194
Accrued [**REDACTED**] expense	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Accrued [**REDACTED**] costs	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	–	12,100	11,314	128,438

Note: As represented by the director of the Company, all non-trade related parties balances will be settled before [**REDACTED**] of the Company's shares on The Stock Exchange of Hong Kong Limited.

26. BANK BORROWINGS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured and unguaranteed bank borrowings repayable within one year and shown under current portion	14,080	–	–	–

The effective interest rates (which are also equal to contractual interest rates) on the Group's fixed rate bank borrowings are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
Effective interest rates	3.2%	–	–	–

27. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	196,528	271,631	418,621	490,393

As at January 1, 2023, contract liabilities amounted to RMB139,053,000.

The significant increase in contract liabilities as at December 31, 2024 and 2025 was due to increase in orders placed by customers.

28. LEASE LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	2,095	1,729	4,724	5,904
Within a period of more than one year but not more than two years	140	1,852	5,151	5,812
Within a period of more than two years but not exceeding five years	–	6,278	10,146	7,829
	2,235	9,859	20,021	19,545
Less: amounts due for settlement with 12 months shown under current liabilities	(2,095)	(1,729)	(4,724)	(5,904)
Amounts due for settlement after 12 months shown under non-current liabilities	140	8,130	15,297	13,641

The average incremental borrowing rates applied to lease liabilities range from 2.85% to 3.85%, 3.65% to 3.85%, 2.85% to 3.60% and 2.85% to 3.85% for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

29. REDEMPTION LIABILITIES

The movement of the carrying amount of redemption liabilities recognised by the Group is as follows:

The Group

	RMB'000
Carrying amount as at January 1, 2023	343,322
Interest expense	10,904
Addition	45,212
Carrying amount as at December 31, 2023	399,438
Interest expense	11,755
Carrying amount as at December 31, 2024	411,193
Interest expense	4,903
Derecognition of the redemption liabilities	(416,096)
Carrying amount as at December 31, 2025 and June 30, 2026	–

In June 2021 and September 2021, Shenzhen Oushuitong completed the Series A-1 and Series A-2 financing from certain third-party investors through capital subscription of Shenzhen Oushuitong registered capital of RMB724,194 and RMB1,103,533, respectively, with total consideration received amounting to RMB271,370,209. In accordance with the respective agreements, the investors with preferential rights were granted certain preferential rights, including the redemption rights upon specified contingent events and the anti-dilution right.

In June 2021, certain ordinary shareholders transferred their own equity interest in Shenzhen Oushuitong with total registered capital of RMB172,427 to the investors with preferential rights with total consideration amounting to RMB10,000,000 and these shares were reclassified as Series A-1 preferred shares of Shenzhen Oushuitong.

In April 2023, one of the ordinary shareholders transferred his equity interest in Shenzhen Oushuitong to the Series A-2 investors, corresponding to a total registered capital of RMB160,012 and with a total consideration of RMB39,845,420 and these shares were reclassified as Series A-2 preferred shares of Shenzhen Oushuitong.

Pursuant to the investment agreements with the investors above, Shenzhen Oushuitong granted redemption rights to the investors whereby the total consideration paid by the investors are redeemable in cash by these investors when certain conditions are met. Accordingly, the total consideration paid by the investors were classified as financial liabilities measured at amortised cost from date of capital injection to March 2025. The fair value of derivative in relation to the anti-dilution right is zero. The key terms of these preferential rights over ordinary shares that impacted the financial statements of the Group are outlined below:

Redemption rights

The [**REDACTED**] shall have the right to request Shenzhen Oushuitong to redeem all or part of the issued and outstanding shares upon the occurrence of certain contingent events including but not limited to the failure of a qualified [**REDACTED**] before December 31, 2028 and any breaches of the agreements by the founders. The redemption price is determined by the 100% of the issue price with a 8% per annum return calculated from the issue date, plus any accrued but unpaid dividends upon maturity redemption event. The redemption rights granted to the investors shall be suspended upon first submission of an [**REDACTED**] application and will be automatically restored if such application is withdrawn or rejected. The redemption rights granted to the investors will be automatically terminated upon the completion of a qualified [**REDACTED**].

Anti-dilution right

In the event that Shenzhen Oushuitong proposes to increase its registered capital, if the subscription price per RMB1 of new registered capital is lower than the per-unit registered capital investment cost of any Series A-1 or A-2 investor (i.e., the price paid by any such Series A-1 or A-2 investor shareholder for each RMB1 of Shenzhen Oushuitong's registered capital it subscribed for or acquired, hereinafter referred to as the "Original Per-Unit Cost"), then such Series A-1 or A-2 investor shareholder shall have the right to adjust its Original Per-Unit Cost using a broad-based weighted average method, and the Group shall accordingly provide cash compensation to such investors.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of Shenzhen Oushuitong, whether voluntary or involuntary, or in the event of any deemed liquidation event, all assets and funds of Shenzhen Oushuitong should be used to settle the liquidation expenses, staff costs, social funds and statutory compensation, outstanding taxation expenses and the debts of Shenzhen Oushuitong first. And then the remaining legally available for distribution shall be distributed at the issue price of the preferred shares in the following order: (1) Series A-2 preferred shares; (2) Series A-1 preferred shares. After the amounts of preferred shares have been paid in full, the remaining assets and funds of Shenzhen Oushuitong available for distribution shall be ratably distributed among all ordinary shareholders and shareholders with preferential rights on an as-converted basis. The liquidation preference rights granted to the investors will be automatically terminated upon the completion of a qualified [**REDACTED**].

The Group commenced its Group Restructuring in March 2025 as described in Note 2. As part of the Group Restructuring, VATAI Limited, the ultimate holding company of the Company during the period from March 2025 to June 2026, entered into restructuring arrangement with the Series A-1 and Series A-2 investors. The rights and obligations have been transferred from Shenzhen Oushuitong to VATAI Limited and accordingly, the Group derecognised the redemption liabilities in March 2025.

30. PAID-IN CAPITAL

(i) Paid-in capital

For the purpose of the Historical Financial Information, the paid-in capital of the Group represents the paid-in capital of the Company.

	Paid-in capital
	RMB'000
At January 1, 2023	1,500
Capital contribution from shareholders *(note a)*	3,500
At December 31, 2023 and 2024	5,000
Effect of restructuring *(note b)*	(5,000)
Capital contribution from shareholder *(note c)*	10,000
At December 31, 2025	10,000
Effect of restructuring *(note d)*	(10,000)
Capital contribution from shareholder *(note e)*	5,230
At June 30, 2026	5,230

Notes:

(a) In June 2023, the ordinary shareholders injected into the Group with a total consideration of RMB3,500,000 with RMB3,500,000 credited to the Group's paid-in capital.

(b) In March 2025, VATAI Limited, the ultimate company of the Company entered into new agreement for restructuring with its shareholders. Upon completion of the restructuring, the registered capital has been cancelled.

(c) In November 2025, VATAI HK injected into the Group with a total consideration of RMB108,000,000, with RMB 10,000,000 and RMB 98,000,000 credited to the Group's paid-in capital and capital premium, respectively.

(d) In May 2026, the Company and its shareholders entered into an onshore restructuring framework agreement and repurchased the ordinary shares of the Company.

(e) In May 2026, Mr. Sun, Ms. Zhang Huiru, Ms. Zhang Na, Mr. Zhang Baohua, Mr. Luo Shimin, Ms. Mao Meijuan, Mr. Lv Hengsheng, Maidehao Management and Maidetong Business injected capital into the Company with a total consideration of RMB7,446,000, with RMB5,230,000 and RMB2,216,000 credited to the Group's paid-in capital and capital premium, respectively.

31. RETIREMENT BENEFIT SCHEME

The employees of the Group are members of a state-managed retirement benefit scheme operated by the government in the PRC. These entities are required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The retirement benefit scheme contributions amounted to approximately RMB3,562,000, RMB3,750,000, RMB9,847,000, RMB4,265,000 (unaudited) and RMB6,723,000 for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and June 30, 2026, respectively. No forfeited contributions have been used to reduce the level of contributions during each of the reporting period.

32. RELATED PARTY DISCLOSURES

(a) Name and relationship

The director of the Company is of the opinion that the following companies and individuals are related parties that had transactions or balances with the Group during the Track Record Period.

Related parties	Relationship
Mr. Sun	Chairman of board of directors and executive director of the Company
Shenzhen Xiaomao Chuhai Technology Co., Ltd. ("Shenzhen Xiaomao")	Mr. Sun has significant influence
VATAI Limited	A company controlled by the controlling shareholders
VATAI BVI	A company controlled by the controlling shareholders

(b) Saved as disclosed elsewhere in this Historical Financial Information, the Group has the following balances with related parties at the end of each reporting period:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties				
Non-trade nature				
Shenzhen Xiaomao	1,221	–	–	–
VATAI Limited	–	–	803	–
	1,221	–	803	–
Amounts due to related parties				
Non-trade nature				
Mr. Sun *(note a)*	1,435	4,119	–	–
VATAI Limited	–	–	4,530	–
VATAI BVI *(note b)*	–	–	15,000	114,000
	1,435	4,119	19,530	114,000

Note:

(a) The balance as at 31 December 2024 includes payable for acquisition of a subsidiary amounting to RMB4,000,000 due to Mr. Sun.

(b) The amount due to VATAI Limited as at June 30, 2026 is non-trade in nature, which represents capital-reduction payment.

The maximum amounts of the amounts due from Shenzhen Xiaomao during the years ended December 31, 2023 and 2024 are RMB1,616,000 and RMB1,221,000, respectively. The maximum amounts of the amount due from VATAI Limited during the years ended December 31, 2025 and the six months ended June 30, 2026 are RMB803,000 and RMB803,000, respectively.

(c) Compensation of key management personnel

The remuneration of director of the Company, chief executive officer and other members of key management of the Group during the Track Record Period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Short term employee benefits	4,695	4,889	6,871	3,186	3,127
Post-employment benefits	74	105	251	92	139
Share-based payment expense	–	–	–	–	1,496
	4,769	4,994	7,122	3,278	4,762

33. PARTICULARS OF SUBSIDIARIES

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investments, at cost	4,840	4,840	4,840	10,000

Details of the primary subsidiaries held by the Company during the Track Record Period and as at the date of this report are set out below.

Name of subsidiaries	Place and the date of establishment/ acquisition	Paid-in Capital	Equity interest attributable to the Group at December 31, 2023	2024	2025	Equity interest attributable to Group at June 30, 2026	As at the date of this report	Principal activities	Note
		Note (ix)	%	%	%	%	%		
Directly held:									
Shenzhen Oushuitong	PRC/Chinese Mainland October 23, 2019	June 30 2026: RMB10,000,000 2025: RMB4,840,372 2024: RMB8,000,616 2023: RMB7,383,712	60.5	60.5	100	100	[100]	*Provision of VAT+ and EPR services*	(iii)
Indirectly held:									
Shenzhen Medetong Business Technology Co., Ltd. (深圳麥德通商務技術有限公司)	PRC/Chinese Mainland April 14, 2022	RMB5,000,000	60.5	60.5	100	100	[100]	*Provision of IPP services*	(iii)
Shenzhen GoingGreen Technology Co., Ltd. (深圳綠舟永續科技有限公司)	PRC/Chinese Mainland August 31, 2024	RMB1,000,000	–	36.3	60	60	[60]	*Provision of carbon compliance*	(v)
Shenzhen Xiaomao Chuhai Technology Co., Ltd. (深圳小貿出海技術有限公司)	PRC/Chinese Mainland January 1, 2024	RMB5,000,000	–	60.5	100	100	[100]	*Provision of OC services*	(v)
Shenzhen Zhonghelinghang International Business Consulting Co., Ltd. (深圳眾和領航國際商務諮詢有限公司)	PRC/Chinese Mainland January 1, 2024	RMB100,000	–	60.5	100	100	[100]	*Provision of overseas corporate services*	(v)
EVAT MASTER LIMITED (歐稅通有限公司)	Hong Kong November 26, 2020	HK$10,000	60.5	60.5	100	100	[100]	*General services*	(iv)

Name of subsidiaries	Place and the date of establishment/ acquisition	Paid-in Capital	Equity interest attributable to the Group at December 31, 2023	2024	2025	Equity interest attributable to Group at June 30, 2026	As at the date of this report	Principal activities	Note
		Note (ix)	*%*	*%*	*%*	*%*	*%*		
Shenzhen Oushuitong Testing and Certification Co., Ltd. (深圳歐税通檢測認證有限公司)	PRC/Chinese Mainland June 21, 2016	RMB5,000,000	60.5	60.5	100	100	[100]	*Provision of TIC services*	(iii)
Guangdong Newbest Testing Service Co., Ltd. (廣東能標檢測技術服務有限公司)	PRC/Chinese Mainland December 31, 2025	RMB10,000,000	–	–	60	60	[60]	*Provision of TIC services*	(vii)
Shenzhen Yisi Business Consulting Co., Ltd. (深圳易思商務諮詢有限公司)	PRC/Chinese Mainland December 31, 2025	RMB1,000,000	–	–	60	60	[60]	*Provision of VAT+ and EPR services*	(vi)
Shenzhen Liudu Information Service Co., Ltd. (深圳六度信息服務有限公司)	PRC/Chinese Mainland December 22, 2022	RMB5,000,000	60.5	60.5	100	100	[100]	*Sales support*	(iii)
OST Consulting GmbH	Germany December 11, 2019	Euro ("EUR")25,000	60.5	60.5	100	100	[100]	*Provision of VAT+, EPR services in European Union*	(ii)
Lido Consulting GmbH	Germany July 10, 2019	EUR25,000	60.5	60.5	100	100	[100]	*Provision of EPR services in Germany*	(ii)
ABITIO	France July 1, 2024	EUR20,400	–	60.5	100	100	[100]	*Provision of VAT+ services in France*	(ii)
VATAI Technology SRL	Belgium June 14, 2023	EUR200,000	60.5	60.5	100	100	[100]	*Provision of VAT+, EPR, RsP, IPP and overseas corporate services*	(ii)
VATAI HOLDINGS INC.	United States October 24, 2024	US$10,000	–	60.5	100	100	[100]	*Sales support*	(ii)
VATAI HK	Hong Kong March 7, 2025	US$100	N/A	N/A	N/A	100%	100%	*Provision of IPP services*	(ii)

Notes:

(i) All subsidiaries now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date.

(ii) No statutory audited financial statements were issued for these companies as there is no statutory requirement in their respective places of incorporation.

(iii) The PRC statutory financial statements of the PRC companies for the years ended December 31, 2023 and 2024 were audited by Gaoxinhuayuan CPA and for the year ended December 31, 2025 were audited by Shennan CPA.

(iv) The Hong Kong statutory financial statements of EVAT MASTER LIMITED for the years ended December 31, 2023 and 2024 were audited by JOINT CPA&CO. Certified Public Accountants and for the year ended December 31, 2025 were audited by Honesty CPA Limited.

(v) The PRC statutory financial statements of the PRC companies for the year ended December 31, 2024 were audited by Gaoxinhuayuan CPA and for the year ended December 31, 2025 were audited by Shennan CPA.

(vi) The PRC statutory financial statements of the PRC company for the year ended December 31, 2025 were audited by Shennan CPA.

(vii) The PRC statutory financial statements of the PRC company for the year ended December 31, 2025 were audited by Dongguan Baicheng Certified Public Accountants (東莞市佰誠會計師事務所(普通合夥)).

(viii) None of the subsidiaries had issued any debt securities during the Track Record Period.

(ix) Except for those listed separately, the paid-in capital for the respective subsidiaries remained unchanged for each year/period.

34. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Shenzhen Xiaomao and Shenzhen Zhonghelinghang International Business Consulting Co., Ltd. ("XMSAIL")

In January 2024, Shenzhen Oushuitong acquired 100% interests in XMSAIL from independent third parties at a consideration of RMB40,000,000. XMSAIL is principally engaged in integrating overseas capabilities for tax and accounting services and was acquired with the objective of expanding the Group's relevant business. The acquisition has been accounted for as acquisition of business using the acquisition method.

	RMB'000
Assets acquired and liabilities recognised at the date of acquisition:	
Property, plant and equipment	113
Intangible assets	14,282
Trade receivables	1,689
Other receivables	12,473
Cash and cash equivalents	14,090
Trade payables	(2,290)
Other payables	(21,173)
Contract liabilities	(4,293)
Deferred tax liabilities	(2,579)
	12,312
Goodwill arising on acquisition:	
Consideration transferred	40,000
Less: fair value of identifiable net assets acquired	(12,312)
	27,688

Net cash outflow arising on acquisition

	RMB'000
2023: Consideration paid in cash	24,000
2024: Consideration paid in cash	8,000
Less: cash and cash equivalents acquired	(14,090)
	(6,090)
2025: Consideration paid in cash	8,000

Impact of acquisition on the results of the Group

Included in the profit for the year ended December 31, 2024 is RMB6,927,000 attributable to the additional business generated by XMSAIL. Revenue for the year ended December 31, 2024 includes RMB19,643,000 generated from XMSAIL. No pro forma information is disclosed since the acquisition was completed on January 1, 2024.

(b) Acquisition of Shenzhen Hezhong Technology Consulting Co., Ltd. ("Shenzhen Hezhong")

In January 2024, the Group acquired 100% interests in Shenzhen Hezhong from Mr. Sun for a total consideration of RMB20,000,000, payable in three tranches: RMB12,000,000 in 2023, RMB4,000,000 in 2024, and the remaining RMB4,000,000 in 2025. Shenzhen Hezhong is principally engaged in integrated overseas tax and finance services and was acquired with the objective of expanding the Group's relevant business. Given that Shenzhen Hezhong is ultimately controlled by Mr. Sun, before and after the business combination, the acquisition was accounted for as a business combination under common control using the principal of merger accounting in the preparation of the consolidated financial statements of the Group for the Track Record Period.

(c) Acquisition of ABITIO

In July 2024, Shenzhen Oushuitong acquired 100% interests in ABITIO and its subsidiaries from independent third parties at a consideration of EUR280,000. ABITIO is principally engaged in providing VAT service in France and was acquired with the objective of obtaining the VAT service business in France. The acquisition has been accounted for as acquisition of business using the acquisition method.

	RMB'000
Assets acquired and liabilities recognised at the date of acquisition:	
Intangible assets	8
Trade receivables	109
Other receivables	84
Cash and cash equivalents	764
Trade payables	(7)
Other payables	(233)
	725
Goodwill arising on acquisition:	
Consideration transferred	2,158
Less: fair value of identifiable net assets acquired	(725)
	1,433

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	2,158
Less: cash and cash equivalents acquired	(764)
	1,394

Impact of acquisition on the results of the Group

Included in the profit for the year ended December 31, 2024 is RMB76,000 attributable to the additional business generated by ABITIO. Revenue for the year ended December 31, 2024 includes RMB285,000 generated from ABITIO.

Had the acquisition of ABITIO been completed on January 1, 2024, revenue for the year ended December 31, 2024 of the Group would have been RMB350,845,000 and profit for the year ended December 31, 2024 would have been RMB71,454,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

(d) Acquisition of Shenzhen GoingGreen Technology Co., Ltd. ("Shenzhen GoingGreen")

In August 2024, Shenzhen Oushuitong acquired 60% interests in Shenzhen GoingGreen by injecting a total capital of RMB9,000,000, of which RMB4,500,000 was paid in August 2024 and the remaining RMB4,500,000 was paid in November 2024. Shenzhen GoingGreen is principally engaged in provision of carbon compliance services and was acquired with the objective of expanding the Group's relevant business. The acquisition has been accounted for as acquisition of business using the acquisition method.

	RMB'000
Assets acquired and liabilities recognised at the date of acquisition:	
Intangible assets	2,390
Trade receivables	328
Deposits, prepayment and other receivables	4,885
Cash and cash equivalents	4,933
Other payables	(1,055)
Deferred tax liabilities	(448)
	11,033
Goodwill arising on acquisition:	
Consideration transferred	9,000
Add: non-controlling interest (40% in Shenzhen GoingGreen)	4,413
Less: fair value of identifiable net assets acquired	(11,033)
	2,380

Impact of acquisition on the results of the Group

Included in the profit for the year ended December 31, 2024 is RMB734,000 attributable to the additional business generated by Shenzhen GoingGreen. Revenue for the year ended December 31, 2024 includes RMB8,241,000 generated from Shenzhen GoingGreen.

Had the acquisition of Shenzhen GoingGreen been completed on January 1, 2024, revenue of the Group for the year ended December 31, 2024 would have been RMB352,123,000 and profit for the year of the Group would have been RMB71,637,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

(e) Acquisition of Shenzhen Shuyou Technology Service Co., Ltd. ("Shenzhen Shuyou")

In March 2025, the Group acquired 66.5% interests in Shenzhen Shuyou by injecting a total capital of RMB5,320,000. Shenzhen Shuyou is principally engaged in the provision of accounting and tax services in South Korea. The acquisition has been accounted for as acquisition of business using the acquisition method.

	RMB'000
Assets acquired and liabilities recognised at the date of acquisition:	
Intangible assets	64
Cash and cash equivalents	5,320
	5,384
Goodwill arising on acquisition:	
Consideration transferred	5,320
Add: non-controlling interest (33.5% in Shenzhen Shuyou)	1,737
Less: fair value of identifiable net assets acquired	(5,384)
	1,673

Impact of acquisition on the results of the Group

Included in the loss for the year ended December 31, 2025 is RMB1,200,000 attributable to the additional business generated by Shenzhen Shuyou. Revenue for the year ended December 31, 2025 includes RMB7,190,000 generated from Shenzhen Shuyou.

Had the acquisition of Shenzhen Shuyou been completed on January 1, 2025, revenue for the year ended December 31, 2025 of the Group would have been RMB528,476,000 and profit for the year ended December 31, 2025 would have been RMB97,175,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2025, nor is it intended to be a projection of future results.

(f) Acquisition of Shenzhen Yisi Business Consulting Co., Ltd.

In December 2025, the Group acquired 60% interests in Shenzhen Yisi Business Consulting Co., Ltd. and its affiliates ("Shenzhen Yisi") from independent third parties at a consideration of RMB35,463,000. Shenzhen Yisi is principally engaged in provision of corporate and tax compliance and environmental compliance service. It was acquired with the objective of expanding the Group's relevant business. The acquisition has been accounted for as acquisition of business using the acquisition method.

	RMB'000
Assets acquired and liabilities recognised at the date of acquisition:	
Intangible assets	17,700
Right of use assets	249
Trade receivables	1,403
Other receivables	15,351
Cash and cash equivalents	18,577
Trade payables	(535)
Other payables	(2,016)
Contract liabilities	(30,683)
Lease liabilities	(249)
Tax payable	(85)
Deferred tax liabilities	(2,655)
	17,057
Goodwill arising on acquisition:	
Consideration transferred	35,463
Add: non-controlling interest (40% in Shenzhen Yisi)	6,823
Less: fair value of identifiable net assets acquired	(17,057)
	25,229

Net cash outflow arising on acquisition

	RMB'000
2025: Consideration paid in cash	17,250
Less: cash and cash equivalents acquired	(18,577)
	(1,327)

The remaining unpaid consideration in respect of the acquisition will be settled in installments, with RMB4,413,000, RMB6,900,000 and RMB6,900,000 scheduled to be paid in 2026, 2027 and 2028, respectively.

Impact of acquisition on the results of the Group

No revenue and profit for the year are generated from Shenzhen Yisi for the year ended December 31, 2025.

(g) Acquisition of Guangdong Newbest Testing Service Co., Ltd. ("Guangdong Newbest")

In December 2025, the Group acquired 60% interests in Guangdong Newbest from third parties at a consideration of RMB18,750,000. Guangdong Newbest is principally engaged in provision of product testing services and was acquired with the objective of expanding the Group's relevant business. The acquisition has been accounted for as acquisition of business using the acquisition method.

	RMB'000
Assets acquired and liabilities recognised at the date of acquisition:	
Property, plant and equipment	3,823
Intangible assets	13,538
Right of use assets	2,346
Trade receivables	2,123
Other receivables	296
Cash and cash equivalents	2,642
Trade payables	(2,177)

	RMB'000
Other payables	(2,244)
Contract liabilities	(385)
Lease liabilities	(2,346)
Deferred tax liabilities	(1,995)
	15,621
Goodwill arising on acquisition:	
Consideration transferred	18,750
Add: non-controlling interest (40% in Guangdong Newbest)	6,249
Less: fair value of identifiable net assets acquired	(15,621)
	9,378

Net cash outflow arising on acquisition

	RMB'000
2025: Consideration paid in cash	9,750
Less: cash and cash equivalents acquired	(2,642)
	7,108

The remaining unpaid consideration in respect of the acquisition will be settled in installments, with RMB5,400,000 and RMB3,600,000 scheduled to be paid in 2027 and 2028, respectively.

Impact of acquisition on the results of the Group

No revenue and profit for the year are generated from Guangdong Newbest for the year ended 31 December 2025. Had the acquisition of Guangdong Newbest been completed on January 1, 2025, revenue for the year ended December 31, 2025 of the Group would have been RMB550,576,000 and profit for the year ended December 31, 2025 would have been RMB95,775,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2025, nor is it intended to be a projection of future results.

35. 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debts, which includes non-trade nature amounts due to related parties, bank borrowings and lease liabilities disclosed in Note 32, Note 26 and Note 28, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The management reviews the capital structure periodically. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through issue of new shares as well as the issue of new debt or the redemption of existing debt.

36. FINANCIAL INSTRUMENTS

36a. Categories of financial instruments

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At FVTPL	204,888	–	–	–
At amortised cost	297,824	570,380	605,591	659,689
	502,712	570,380	605,591	659,689

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
At amortised cost	446,619	471,686	134,581	256,036

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
At amortised cost	2,780	14,878	171,717	135,397
Financial liabilities				
At amortised cost	–	–	11,300	127,978

36b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade receivables, other receivables, amount due from a subsidiary, financial assets at FVTPL, term deposits, restricted bank deposits, cash and cash equivalents, trade payables, other payables, bank borrowings, and redemption liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include currency risk, market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Currency risk

Certain bank balances, trade and other receivables, and trade and other payables are denominated in foreign currency of respective group entities which expose the Group to foreign currency risk. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The carrying amounts of certain significant foreign currency denominated monetary assets and monetary liabilities of the Group at the end of each reporting period are mainly as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
EUR	2,229	6,395	37,631	33,995
US$	1	3,131	7,584	11,252
Liabilities				
EUR	5,489	12,705	16,465	17,519
US$	578	2,630	2,873	1,446

The Group's foreign currency risk is concentrated on the fluctuation of RMB against US$ and EUR.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against US$ and EUR. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in profit before tax for the year/period where RMB weakens by 5% against other currencies. For a 5% strengthening of RMB against other currencies, there would be an opposite effect on the profit before tax for the year/period.

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
EUR	(163)	(315)	1,058	824
US$	(29)	25	236	490

Market risk

Interest rate risk

The Group is exposed to fair value interest-rate risk in relation to term deposits (Note 22), restricted bank deposits (Note 22), fixed rate bank borrowings (Note 26), lease liabilities (Note 28) and redemption liabilities (Note 29). The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 22). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest-rate risk arising from variable-rate bank balances is insignificant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to trade receivables, deposits and other receivables, amount due from a subsidiary, term deposits, restricted bank deposits and bank balances. The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed at the end of the reporting period. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. Except for trade receivables under individual assessment or credit-impaired, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the customers. Details of the quantitative disclosures are set out below in this note.

Other receivables and amounts due from related parties/subsidiaries

The Group and the Company assessed the loss allowance for other receivables and amounts due from related parties on 12-month ECL basis as the Group and the Company have considered that credit risks on these financial assets have not increased significantly since initial recognition. In determining the ECL, the Group and the Company have taken into account the historical default experience and forward-looking information as appropriate. The Group and the Company have considered the consistently low historical default rate in connection with payments and the Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of credit related loss. In this regard, the director of the Company concluded that credit risk inherent in the Group's and the Company's other receivables and amounts due from related parties/subsidiaries are insignificant.

Term deposits, restricted bank deposits and cash and cash equivalents

The credit risk on term deposits, cash and cash equivalents and restricted bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list . . .	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – 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	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost, which are subject to ECL assessment.

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount as at 31.12.2023	Gross carrying amount as at 31.12.2024	Gross carrying amount as at 31.12.2025	Gross carrying amount as at 30.06.2026
					RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortised cost								
Term deposits	*22*	Baa2 to Baa1	N/A	12-month ECL	218,017	243,057	–	–
Trade receivables . . .	*20*	N/A	Note	Lifetime ECL – provision matrix	1,473	6,436	9,877	10,009
			Doubtful	Lifetime ECL – individual assessment	4,911	–	–	–
		N/A	Loss	Credit impaired	219	354	197	468
Other receivables . . .	*21*	N/A	Low risk	12-month ECL	36,400	35,841	44,996	49,739

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount as at 31.12.2023	Gross carrying amount as at 31.12.2024	Gross carrying amount as at 31.12.2025	Gross carrying amount as at 30.06.2026
					RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted bank deposits	22	Baa2	N/A	12-month ECL	2,700	–	19,417	18,353
Cash and cash equivalents	22	Baa2 to A2	N/A	12-month ECL	36,475	285,865	533,814	563,176

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are individually assessed and credit-impaired, the Group determines the ECL on these items based on provision matrix.

The tables below detail the credit risk exposures of the Company's financial assets at amortised cost, which are subject to ECL assessment.

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount as at 31.12.2023	Gross carrying amount as at 31.12.2024	Gross carrying amount as at 31.12.2025	Gross carrying amount as at 30.06.2026
					RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortised cost								
Deposits and other receivables	21	N/A	Low risk	12-month ECL	1,980	–	48,500	23,440
Cash and cash equivalents	22	Baa1 to A2	Low risk	12-month ECL	800	14,878	123,217	111,957

Provision matrix — debtors' aging

The Group rebuts the presumption of default under ECL for trade receivables over 90 days past due based on the strong financial position with good repayment records of those customers and continuous business relationship with the Group.

As part of the Group's credit risk management, the Group uses aging of trade receivables to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables on invoice date which are assessed based on provision matrix as at December 31, 2023, 2024 and 2025 and June 30, 2026 within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amounts of RMB219,000, RMB354,000, RMB197,000 and RMB468,000 as at December 31, 2023, 2024 and 2025 and June 30, 2026, and certain debtors with gross carrying amount of RMB4,911,000 as at December 31, 2023, were assessed individually.

Gross carrying amount

The Group

	As at December 31,						As at June 30,	
	2023		2024		2025		2026	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
Within 3 months	4.88%	545	1.69%	5,610	5.41%	7,760	3.74%	3,900
Over 3 months	5.20%	928	4.36%	826	6.33%	2,117	4.08%	6,109
		1,473		6,436		9,877		10,009

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 is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended December 31, 2023 and 2024, 2025 and the six months ended June 30, 2026, the Group provided net impairment allowance of RMB1,681,000, net impairment reversal of RMB1,655,000, net impairment allowance of RMB423,000 and net impairment reversal of RMB159,000, respectively, based on the provision matrix and individual assessment. Net impairment allowance of RMB128,000, RMB135,000, net impairment reversal of RMB 157,000 and net impairment allowance of RMB271,000 were made on debtors with credit-impaired for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables:

The Group

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
As at January 1, 2023	105	91	196
Impairment loss recognised	1,681	128	1,809
As at December 31, 2023	1,786	219	2,005
Impairment loss (reversed) recognised	(1,655)	135	(1,520)
As at December 31, 2024	131	354	485
Impairment loss recognised (reversed)	423	(157)	266
As at December 31, 2025	554	197	751
Impairment loss (reversed) recognised	(159)	271	112
As at June 30, 2026	395	468	863

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Liquidity risk

In the management of liquidity risk, the Group and the Company monitor and maintain 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 management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The management will closely monitor the cash flow generated from operations and the Group's and the Company's needs for different types of external financing and will negotiate for proper facilities and consider proper means of equity financing as appropriate.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest dates on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity tables

The Group

	Interest rate	Repayable on demand or less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023					
Non-derivative financial liabilities and lease liabilities					
Trade payables	–	11,308	–	11,308	11,308
Other payables	–	21,793	–	21,793	21,793
Bank borrowings	3.2	14,080	–	14,080	14,080
Lease liabilities	2.85-3.85	2,169	140	2,309	2,235
Redemption liabilities	2.85-3.65	–	436,165	436,165	399,438
		49,350	436,305	485,655	448,854

	Interest rate	Repayable on demand or less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2024					
Non-derivative financial liabilities and lease liabilities					
Trade payables	–	27,101	–	27,101	27,101
Other payables	–	33,392	–	33,392	33,392
Lease liabilities	3.65-3.85	1,985	8,589	10,574	9,859
Redemption liabilities	2.85-3.65	–	436,165	436,165	411,193
		62,478	444,754	507,232	481,545

December 31, 2025

	Interest rate	Repayable on demand or less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000
Non-derivative financial liabilities and lease liabilities					
Trade payables	–	53,331	–	53,331	53,331
Other payables	–	58,450	22,800	81,250	81,250
Lease liabilities	2.85-3.60	5,285	16,051	21,336	20,021
		117,066	38,851	155,917	154,602

	Interest rate	Repayable on demand or less than 1 year	1-5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000
June 30, 2026					
Non-derivative financial liabilities and lease liabilities					
Trade payables	–	70,877	–	70,877	70,877
Other payables	–	174,659	10,500	185,159	185,159
Lease liabilities	2.85-3.85	6,470	14,255	20,725	19,545
		252,006	24,755	276,761	275,581

The Company

	Interest rate	Repayable on demand or less than 1 year	1-5 years	Total Undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2025					
Non-derivative financial liabilities					
Other payables	–	11,300	–	11,300	11,300

	Interest rate	Repayable on demand or less than 1 year	1-5 years	Total Undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000
June 30, 2026					
Non-derivative financial liabilities					
Other payables	–	127,978	–	127,978	127,978

36c. Fair value measurements of financial instrument

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Investments in structured deposits are measured at their fair values in the statements of financial position. The Group categorised these structured deposits as Level 2 of the fair value hierarchy because they are valued with reference to recent transaction price. No significant unobservable input is used for the fair value valuation. There were no transfers between Level 1 and 2 during the Track Record Period.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The director considers that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values.

37. 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 future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Redemption liabilities	Lease liabilities	Dividend payable	Accrued [REDACTED] costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	343,322	4,378	–	–	347,700
Financing cash flows	13,756	–	(3,061)	(12,000)	–	(1,305)
Addition of redemption liabilities	–	45,212	–	–	–	45,212
New leases entered	–	–	798	–	–	798
Dividend recognised as distribution *(Note 13)*	–	–	–	13,400	–	13,400
Interest expenses	324	10,904	120	–	–	11,348
At December 31, 2023	14,080	399,438	2,235	1,400	–	417,153
Financing cash flows	(14,297)	–	(2,773)	(93,684)	–	(110,754)
New leases entered	–	–	10,297	–	–	10,297
Dividend recognised as distribution *(Note 13)*	–	–	–	92,284	–	92,284
Interest expenses	217	11,755	100	–	–	12,072
At December 31, 2024	–	411,193	9,859	–	–	421,052
Financing cash flows	–	–	(2,947)	(30,456)	–	(33,403)
Derecognition of redemption liabilities *(Note 29)*	–	(416,096)	–	–	–	(416,096)
New leases entered	–	–	10,023	–	–	10,023
Dividend recognised as distribution *(Note 13)*	–	–	–	30,456	–	30,456
Interest expenses	–	4,903	397	–	–	5,300
Acquisition of subsidiaries	–	–	2,595	–	–	2,595
Exchange adjustment	–	–	94	–	–	94
At December 31, 2025	–	–	20,021	–	–	20,021
Financing cash flows	–	–	(3,164)	(41,410)	(1,981)	(46,555)
Accrued **[REDACTED]** costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
New leases entered	–	–	2,241	–	–	2,241
Dividend recognised as distribution *(Note 13)*	–	–	–	41,410	–	41,410
Interest expenses	–	–	266	–	–	266
Exchange adjustment	–	–	181	–	–	181
At June 30, 2026	–	–	19,545	–	813	20,358

38. RESERVES OF THE COMPANY

Movement in the Company's reserves

	Capital premium	Statutory surplus reserve	(Accumulated losses)/retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	–	14,611	14,611
Profit for the year	–	–	7	7
Dividends recognised as distribution	–	–	(12,000)	(12,000)
At December 31, 2023	**–**	**–**	**2,618**	**2,618**
Profit for the year	–	–	60,500	60,500
Transfer to statutory surplus reserve	–	2,500	(2,500)	–
Dividends recognised as distribution	–	–	(60,500)	(60,500)
At December 31, 2024	**–**	**2,500**	**118**	**2,618**
Profit for the year	–	–	68,586	68,586
Effect of restructuring *(Note 2)*	(9,000)	–	–	(9,000)
Transfer to statutory surplus reserve	–	2,500	(2,500)	–
Dividends recognised as distribution	–	–	(19,965)	(19,965)
Capital injection by controlling shareholders	113,000	–	–	113,000
At December 31, 2025	**104,000**	**5,000**	**46,239**	**155,239**
Profit for the period	–	–	5,471	5,471
Effect of restructuring	(104,000)	–	–	(104,000)
Capital injection by controlling shareholders	4,708	–	–	4,708
Dividends recognised as distribution	–	–	(51,576)	(51,576)
At June 30, 2026	4,708	5,000	134	9,842
At January 1, 2025	–	2,500	118	2,618
Profit for the period	–	–	19,977	19,977
Effect of restructuring	(9,000)	–	–	(9,000)
Capital injection by controlling shareholders	9,643	–	–	9,643
Dividends recognised as distribution	–	–	(19,965)	(19,965)
At June 30, 2025	643	2,500	130	3,273

39. SHARE-BASED PAYMENT TRANSACTION

The Group has adopted a restricted-share-unit ("RSU") scheme, under which grants were made on December 22, 2021, December 28, 2022, June 25, 2024, January 10, 2025, September 26, 2025 and November 12, 2025 (the "RSU Scheme") through Shenzhen Maidehao Management Consulting Partnership (Limited Partnership). The purpose of the RSU scheme is to incentivize employees, director, and key managements for their contribution to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group's business. Persons eligible to receive RSUs include employees, director of the Company, and key managements of the Group (the "Eligible Persons").

The RSU scheme shall be subject to the administration of the administrator of the RSU scheme appointed by the board of directors (the "Administrator"). The Administrator may, from time to time, select the Eligible Persons to whom a grant of RSUs may be granted. The board of directors shall have the power to appoint, remove and replace the Administrator.

Details of and movements in the RSU of the Company/Shenzhen Oushuitong for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 are set out below:

For the year ended December 31, 2023

Dates of grant	Subscription price per RSU	Grant fair value per RSU	Outstanding as at January 1, 2023	Granted during the year	Forfeited during the year	Outstanding as at December 31, 2023
	RMB	*RMB*				
December 22, 2021 . . .	6.48	23.97	465,436	–	(24,692)	440,744
December 28, 2022 . . .	6.48	74.33	132,100	–	(9,259)	122,841

For the year ended December 31, 2024

Dates of grant	Subscription price per RSU	Grant date fair value per RSU	Outstanding as at January 1, 2024	Granted during the year	Forfeited during the year	Outstanding as at December 31, 2024
	RMB	*RMB*				
December 22, 2021 . . .	6.48	23.97	440,744	–	(16,667)	424,077
December 28, 2022 . . .	6.48	74.33	122,841	–	(1,852)	120,989
June 25, 2024	6.48	134.65	–	69,144	(1,235)	67,909

For the year ended December 31, 2025

Dates of grant	Subscription price per RSU	Grant date fair value per RSU	Outstanding at January 1, 2025	Granted during the year	Forfeited during the year	Outstanding as at December 31, 2025
December 22, 2021 . . .	6.48	23.97	424,077	–	(3,086)	420,991
December 28, 2022 . . .	6.48	74.33	120,989	–	(4,321)	116,668
June 25, 2024	6.48	134.65	67,909	–	(2,470)	65,439
January 10, 2025	6.48	157.35	–	5,556	–	5,556
September 26, 2025 . .	6.48	176.71	–	3,086	–	3,086
November 12, 2025. . .	6.48	185.88	–	5,555	–	5,555

For the six months ended June 30, 2026

Dates of grant	Subscription price per RSU	Grant date fair value per RSU	Outstanding at January 1, 2026	Granted during the period	Forfeited during the period	Vested during the period	Outstanding as at June 30, 2026
December 22, 2021 .	6.48	23.97	420,991	–	–	(109,129)	311,862
December 28, 2022 .	6.48	74.33	116,668	–	(1,372)	(30,242)	85,054
June 25, 2024	6.48	134.65	65,439	–	(457)	(16,963)	48,019
January 10, 2025. . .	6.48	157.35	5,556	–	–	(1,440)	4,116
September 26, 2025 .	6.48	176.71	3,086	–	(2,286)	(800)	–
November 12, 2025 .	6.48	185.88	5,555	–	–	(1,440)	4,115

The fair value of the awarded shares as at the grant date was determined based on discounted cash flow approach of the Group. During the Track Record Period, except for share-based payment expense of RMB7,783,000 is recognised during the six months ended June 30, 2026 due to accelerated vesting of RSUs, no other share-based payment expense was recognised in the profit or loss as the non-market vesting conditions to the incentive shares were not considered as probable as at December 31, 2023, 2024 and 2025 and June 30, 2026.

On July 1, 2026, all outstanding RSUs granted under the 2021 RSU Scheme, the 2022 RSU Scheme, the 2024 RSU Scheme and the 2025 RSU Scheme were converted into share options of the Company (the "Converted Options") pursuant to a resolution of the board of directors. Each RSU was converted into 1 share option, exercisable at a subscription price of RMB0.01 per share option.

As at the date of conversion, a total of 453,166 RSUs were modified into 453,166 share options. The Converted Options are subject to the same vesting conditions as the original RSUs.

On July 1, 2026, the Group has adopted a new employee share option scheme ("2026 SO Scheme") and granted 132,752 share options to 234 eligible employees (including director and key management), as an incentive to reward and retain talent for their continued contribution to the Group. The share options have an exercise price of RMB0.01 per share, a vesting period of NIL, 1 and 2 years and an option life of 10 years from the date of grant. The share options are subject to non-market vesting conditions comprising service conditions and performance-based conditions, consistent with those applicable to the original RSU awards.

The fair value of the share options converted and granted on July 1, 2026 was calculated using the Black-Scholes pricing model with the following principal inputs:

	Converted Options (July 1, 2026)	2026 SO Scheme (July 1, 2026)
Share price at measurement date	326.20	326.20
Exercise price	RMB0.01	RMB0.01
Expected volatility	36.2%	36.2%
Expected life	10 years	10 years
Risk-free interest rate	1.73%	1.73%
Expected dividend yield	0%	0%

Expected volatility was determined by using the historical volatility of the comparable companies' share price over the previous several years. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

40. EVENTS AFTER THE REPORTING PERIOD

On July 20, 2026, the general shareholders' meeting of the Company passed resolutions approving, among others, the conversion of the Company from a limited liability company to a joint stock company with limited liability.

In August 2026, certain ordinary shareholders and shareholders with preferential rights subscribed for 2,770,000 shares of the Company in aggregate at the considerations of approximately [RMB257,578,000], being the repurchase considerations paid by VATAI Limited to such investors. Such shares were granted certain preferential rights, including the redemption rights upon specified contingent events and the anti-dilution rights which are same as those terms disclosed in Note 29. The considerations were fully settled on August 21, 2026. Upon the completion of such subscription, the registered capital of the Company increased to RMB8,000,000 and the Group recognized the redemption liabilities accordingly.

Pursuant to the resolutions of the shareholders dated August 26, 2026, each of the shares with par value of RMB1.00 will be subdivided into 25 Shares with par value of RMB0.04 each immediately prior to the [**REDACTED**] of the Company's shares on The Stock Exchange of Hong Kong Limited. Upon completion of the share subdivision, the registered capital of the Company, which is RMB8,000,000, will be divided into 200,000,000 shares with par value of RMB0.04 per share.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to June 30, 2026.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an [**REDACTED**] in the H shares, nor does it take into account the specific circumstances of any particular [**REDACTED**], some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective [**REDACTED**] are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

TAXATION IN MAINLAND CHINA

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "**IIT Law**"), latest amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to Notice on Issues Relating to Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所 得税政策有關問題的通知》) issued by the MOF, the STA and the CSRC on September 7, 2015 and effective on September 8, 2015, for shares of listed companies obtained by individuals via public offerings and market transfer and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer and held for less than one month (including one month), the income from dividends and bonuses thereof shall be fully included in the individual's taxable income amount; where the shares are held for a period from one month up to one year (including one year), 50% of the income from dividends and bonuses therefrom shall temporally be included in the individual's taxable income amount; the aforesaid income shall be subject to individual income tax based on 20% tax rate on a unified basis.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**"), signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) (the "**Fifth Protocol**"), issued by the STA and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") promulgated by the SCNPC, latest amended and became effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council, last amended on December 6, 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the STA and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵稅和防止偷漏稅的安排》), issued by the STA and effective on December 12, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. Non-resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納税人享受協定待遇管理辦法》), which was promulgated by the STA on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

Tax on Gains from Share Transfer

VAT and Local Surcharges

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (the "**Circular 36**"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT.

According to the provisions above, upon the sale or disposal of H shares, the holders are exempt from VAT in the PRC if they are non-resident individuals; in case the holders are non-resident enterprises, they may not be subject to the VAT in the PRC if the purchasers of the H shares are individuals or entities located outside of the PRC whereas the holders may be subject to the VAT in the PRC if the purchasers of the H shares are individuals or entities located in the PRC.

Income tax

Individual Investors

According to the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular of the MOF and STA on Declaring that Individual Income Tax Continues to Be Exempted over Individual Income Tax from Transfer of Shares (Cai Shui Zi [1998] No.61) (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(the "**Circular 61**") issued by the MOF and STA on March 30, 1998, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. According to Announcement about the Catalog of Preferential Individual Income Tax Policies with Continued Effect (《財政部、國家稅務總局關於繼續有效的個人所得稅優惠政策目錄的公告》) issued by the MOF and STA on December 29, 2018, the Circular 61 will continue to be effective.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Taxation Policy of Shanghai-Hong Kong Stock Connect

Under the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) which was issued on October 31,2014 and came into effect on November 17, 2014, for dividends and bonus obtained by mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange (the "**HKSE**") through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to the China Securities Depository and Clearing Corporation

Limited (the "CSDC") for provision by CSDC to the H-share companies register of individual investors in Mainland China, and the H-share companies shall withhold individual income tax at the rate of 20%. Income from share dividend derived by Mainland China corporate investors from investment in shares listed on the HKSE through the Shanghai-Hong Kong Stock Connect shall be included in their total income and be subject to enterprise income tax pursuant to the law. Income from share dividend derived by a Mainland China resident enterprise for holding H shares over 12 consecutive months shall be exempted from enterprise income tax pursuant to the law. The H shares company is not required to withhold income tax on share dividend for its Mainland China corporate investors, and the corporate investors shall make declaration and payment for the tax payable amount voluntarily. Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

Taxation Policy of Shenzhen-Hong Kong Stock Connect

Under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關 稅收政策的通知》) which was promulgated on November 5, 2016 and came into effect on December 5, 2016, for dividends and bonus income obtained by mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for provision by CSDC to the H-share companies register of individual investors in Mainland China, and individual income tax shall be withheld by H-share companies at the tax rate of 20%.

Income from dividends and bonuses derived by a corporate investor in Mainland China from investment in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall be included in the total income amount, and subject to enterprise income tax pursuant to the law. Income from dividends and bonuses derived by a Mainland China resident enterprise for H shares held for 12 months consecutively shall be exempted from enterprise income tax pursuant to the law. The H shares company shall not withhold income tax on dividends and bonuses for corporate investors in Mainland China, and the tax payable amount shall be declared and paid by the corporate investor.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政 策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") which was last amended on February 24, 2017 and December 29, 2018 and the Regulation on the Implementation of EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》) ([2007] Order No. 512 of the State Council) which was promulgated on December 6, 2007 and became effective from January 1, 2008, and amended on April 23, 2019 and December 6, 2024, enterprises are classified as either "resident enterprises" or "non-resident enterprises." Enterprises that are set up in the PRC under the PRC laws, or that are set up in accordance with the law of the foreign country (region) whose actual administration institution is in PRC, shall be considered as "resident enterprises." Enterprises established under the law of the foreign country (region) with "de facto management bodies" outside the PRC, but have set up institutions or establishments in the PRC or, without institutions or establishments set up in the PRC, have income originating from the PRC, shall be considered as "non-resident enterprises." A resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. A non-resident enterprise that has establishments or places of business in the PRC shall pay EIT on its income originating from the PRC obtained by such establishments or places of business, and on its income which deriving outside the PRC but has actual connection with such establishments or places of business, at the EIT rate of 25%. A non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its income derived from the PRC at a reduced EIT rate of 10%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was last amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the Enterprise Income Tax Law.

According to the Notice of the Ministry of Finance and the State Taxation Administration of the Preferential Enterprise Income Tax Policies for the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (財政部稅務總局關於延續深圳前海深港現代服務業合作區企業所得稅優惠政策的通知) dated May 27, 2021, and will be effective until December 31, 2025, enterprises that meet the conditions and are located in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone are subject to a reduced corporate income tax rate of 15%. To enjoy the aforementioned preferential policies, enterprises must meet the conditions of having their main business as the industrial projects specified in the Corporate Income Tax Preferential Directory in Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone (2021 Edition) (前海深港現代服務業合作區企業所得稅優惠目錄(2021版)), and their main business revenue must account for more than 60% of the total revenue. Cross-border logistics business is classified as the first category of industrial projects "modern logistics industry" in the Corporate Income Tax Preferential Directory in Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone (2021 Edition) (前海深港現代服務業合作區企業所得稅優惠目錄(2021版)) and is eligible for a 15% income tax preference. Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Continuing the Implementation of the Enterprise Income Tax Preferential Policies for the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (《關於延續實施前海深港現代服務業合作區企業所得稅優惠政策的通知》) (Cai Shui [2026] No. 3) promulgated on February 7, 2026, the aforesaid 15% preferential enterprise income tax rate for eligible enterprises in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone has been extended to December 31, 2027.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增 值稅暫行條例》) promulgated by the State Council, last amended and became effective on November 19, 2017 and the Implementation Rules for the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993, latest amended on October 28, 2011 and became effective on November 1, 2011, all entities or individuals in the PRC engaging in the sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the PRC shall be taxpayers of Value-added Tax (the "**VAT**") and shall pay VAT. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%, the rate for sale of service is 6% unless otherwise specified.

In accordance with Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、税務總局關於調整增值税税率的通知》), which became effective on May 1, 2018, the deduction rates of 17% or 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% or 10%.

According to Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) promulgated by the MOF, the STA and the General Administration of Customs on March 20, 2019 and became effective from April 1, 2019, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

On December 25, 2024, the SCNPC promulgated the VAT Law of the PRC (《中華人民共和國增值税法》), which came into effect on January 1, 2026, and replaced the Provisional Regulations on Value-added Tax of the PRC. The VAT Law establishes three VAT rates of 13%, 9% and 6% applicable to sale of goods, processing, repair and assembly services and leasing of tangible movable property; transportation, postal, basic telecommunications, construction and immovable property leasing services, sale of immovable property and transfer of land use rights; and other services and intangible assets respectively, with zero rate for export of goods and cross-border sale of services and intangible assets within the scope prescribed by the State Council. The levy rate applicable to small-scale taxpayers (taxpayers with annual taxable sales not exceeding RMB5 million) is 3%. The VAT Law also clarifies for the first time at the statutory level that VAT is an extra-price tax (the VAT amount shall be separately listed on the transaction voucher), statutorily entitles taxpayers to choose between carrying forward excess input VAT to subsequent periods or applying for refund (i.e., legalization of retained input VAT refund), and broadens the scope of input VAT credit. In addition, the VAT Law simplifies deemed taxable transactions to three circumstances and expressly provides that the following are not taxable transactions: services provided by employees to their employers in respect of wages and salaries, collection of administrative fees and government funds, compensation received pursuant to legal expropriation or requisition, and deposit interest income. The Implementing Regulations of the Value-added Tax Law of the PRC (《中華人民共和國增值税法實施條例》) were promulgated by the State Council on December 25, 2025 and became effective on January 1, 2026, providing detailed implementation rules for the VAT Law.

TRANSFER PRICING

Pursuant to the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國税收徵收管理法》), which was promulgated on September 4, 1992 by the SCNPC and last amended on April 24, 2015, and its implement rules, and the EIT Law and its implement rules, related party transactions should comply with the arm's length principle. In the event that the related party transactions fail to comply with the arm's length principle resulting in the reduction of the enterprise's taxable income, the tax authority has power to make adjustments with reasonable methods within ten years from the tax paying year that the non-compliant related party transaction had occurred.

Based on the Announcement of the State Administration of Taxation on Matters Relating to the Improvement of Affiliated Declaration and Contemporaneous Document Management (《國家稅務總局關於完善關聯申報和同期資料管理有關事項的公告》), promulgated and became effective on June 29, 2016, enterprises, which have related-party transactions with volume exceeding certain threshold shall prepare their contemporaneous documentation of related-party transactions per tax year and submit to the tax authority if required.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The the State Administration of Foreign Exchange (the "**SAFE**"), authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on October 23, 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being. The SAFE may adjust the aforesaid proportion in due time in light of the balance of payment.

In accordance with the Notice by the State Administration of Foreign Exchange on Facilitating Promoting Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated by the SAFE on October 23, 2019, amended on December 4, 2023, and became effective on the same day, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to law under the condition that the current Special Administrative Measures ("**Negative List**") for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements.

On December 26, 2025, the People's Bank of China and the SAFE jointly promulgated the Notice on Issues Relating to the Fund Management of Overseas Listing of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》) (Yin Fa [2025] No. 252), which unified the management policies for RMB and foreign currency funds. Under this Notice: (i) overseas listing proceeds, proceeds from reduction or transfer of shares may be remitted back to the PRC in either foreign currency or RMB; (ii) for H-share "Full Circulation" participants, dividends to domestic shareholders shall be distributed in RMB within the PRC; (iii) overseas listing proceeds remitted in foreign currency may be freely exchanged for RMB for domestic use; (iv) the registration for overseas listing is handled directly by banks, simplifying administrative procedures; and (v) funds from overseas listing proceeds and share reduction or transfer proceeds shall in principle be remitted back to the PRC, though enterprises meeting certain conditions may retain proceeds overseas for use.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H shares. However, trading gains from the sale of the H shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H shares whose deaths occur on or after February 11, 2006.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE PRC

Legal Supervision over Company Law

The Company Law of the PRC (《中華人民共和國公司法》) was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993, and was most recently revised on December 29, 2023, and became effective on July 1, 2024. The Company Law governs the establishment, organizational structure, governance, operation, and dissolution of companies in the PRC, classifying companies into limited liability companies and joint stock companies (companies limited by shares). The 2023 revision introduced significant reforms, including: (i) a requirement that registered capital contributions for limited liability companies be completed within five years from the date of establishment, with a transition period for existing companies; (ii) introduction of an authorized capital system for joint stock companies, allowing the board of directors to issue new shares within the authorized capital limit; (iii) enhancement of shareholder rights protection, including expanded information rights and simplified procedures for convening extraordinary general meetings; (iv) allowance for companies to establish only a board of directors (without a supervisory board) provided that an audit committee is established within the board; (v) introduction of a shareholder disqualification system for failure to make capital contributions; and (vi) provisions on class shares, no-par value shares, and simplified capital reduction procedures. As the Company is a PRC-incorporated joint stock company, the Company Law is directly applicable to its corporate governance, capital management, and shareholder rights obligations.

Legal Supervision over Securities Law

The Securities Law of the PRC (《中華人民共和國證券法》) was promulgated by the SCNPC on December 29, 1998, and was most recently revised on December 28, 2019, and became effective on March 1, 2020. Article 2(4) of the Securities Law provides that overseas securities issuance and trading activities that disrupt the PRC market order or harm the legitimate rights and interests of domestic investors shall be subject to the provisions of the Securities Law. The Securities Law also provides that domestic enterprises seeking to directly or indirectly issue securities overseas or list their securities on overseas exchanges shall comply with the relevant provisions of the State Council. The CSRC, as the securities regulatory authority established by the State Council, is responsible for supervising and administering the securities market.

Legal Supervision over Foreign Investment

The Interim Provisions on Investment Made by Foreign-Invested Enterprises in PRC (《關於外商投資企業境內投資的暫行規定》) which was promulgated on July 25, 2000, came into effect on September 1, 2000, and was amended on October 28, 2015, stipulates that the domestic investment of foreign-invested enterprises shall comply with the requirements set out in the (i) Interim Provisions on Guiding the Direction of Foreign Investment (《指導外商投資

方向暫行規定》) that was promulgated on June 20, 1995, came into effect on the same day and was replaced by the Provisions on Guiding the Direction of Foreign Investment (《指導外商投資方向規定》), which was promulgated on February 11, 2002 and came into effect on April 1, 2002, and (ii) the Catalog for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》) (the "**Guidance Catalog**") promulgated in 1995 and amended or restated from time to time.

Pursuant to the Guidance Catalog which was most recently amended on June 28, 2017 and came into effect on July 28, 2017, the industries invested by foreign investors are classified into two categories: encouraged industries and the industries included in special administrative measures for the access of foreign investment (including restricted industries and prohibited industries). The Special Administrative Measures for the Access of Foreign Investment (Negative List) (Version 2021) (《外商投資准入特別管理措施(負面清單)》(2021年版)) (the "**Negative List**") promulgated on June 28, 2018, restated on June 30, 2019, June 23, 2020 and December 27, 2021, and came into effect on January 1, 2022, which was further amended on September 6, 2024, with the latest amendments taking effect on November 1, 2024 replaced the portion of special administrative measures for the access of foreign investment in the Guidance Catalog. Catalog of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》) (the "**Encouraged Catalog**") which was promulgated on June 30, 2019, amended on December 27, 2020, October 26, 2022, December 15, 2025 and came into effect on February 1, 2026, replaced the encouraged industries in the Guidance Catalog. Foreign investors shall not invest in the fields for which foreign investment is prohibited in the Negative List. Investment in restricted fields of investment in the Negative List shall satisfy certain requirements stipulated in the Negative List. Unless otherwise prescribed by the PRC laws, any industries not falling into any of the encouraged, restricted or prohibited industries set out in the Encouraged Catalog and the Negative List are generally deemed as permitted for foreign investment. Accordingly, cross-border e-commerce compliance service industry is generally a permitted foreign investment industry.

On March 15, 2019, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) was adopted at the Second Session of the 13th National People's Congress and came into effect on January 1, 2020. The Foreign Investment Law of the PRC has replaced the Law on Chinese-Foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law on Chinese Foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) and the Law on Wholly Foreign-Owned Enterprises of the PRC (《中華人民共和國外資企業法》) to become the legal foundation for foreign investment in the PRC. According to the Foreign Investment Law of the PRC, foreign investment refers to any investment activity directly or indirectly carried out by foreign natural persons, enterprises or other organizations (hereinafter "**Foreign Investors**"). The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list.

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was issued by MOFCOM and State Administration for Market Regulation on December 30, 2019, which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record filling of the Establishment and Modification of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to such measures.

Under the Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**", a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise, or subscribes for new equity interest in a domestic non-foreign invested enterprise via an increase in registered capital of the domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic non-foreign invested enterprise, or which purchases the assets of a domestic non-foreign invested enterprise and injects those assets to establish a foreign-invested enterprise. The M&A Rules require that foreign investors acquiring domestic companies by means of asset acquisition or equity acquisition shall comply with relevant foreign investment industry policies and shall be subject to approval by the relevant commerce authorities. Pursuant to the provisions of the Foreign Investment Law of the People' Republic of China and the Regulations for the Implementation of the Foreign Investment Law of the People' Republic of China, which entered into force on 1 January 2020, the registration of foreign-invested enterprises shall be processed by the market supervision and administration department of the State Council or the authorized local people' government market supervision and administration departments in accordance with law.

Legal Supervision over Online Trading

The E-commerce Law of the PRC (《中華人民共和國電子商務法》), enacted by the SCNPC on August 31, 2018 and implemented from January 1, 2019, aims to regulate the e-commerce activities conducted within the territory of the PRC and proposes a series of requirements on e-commerce operators, including third-party e-commerce platform operators, registered product or service providers of platforms, and online business operators operating through a self-built website or any other network. Pursuant to this law, self-operated platforms shall fulfill obligations including business registration, transparent pricing, truthful advertising, and compliance with consumer protection and data security rules. Furthermore, if an e-commerce platform operator knows or ought to know that the goods sold or services provided by the business operators do not meet the requirements for safeguarding personal and property safety, or have other acts infringing upon the legitimate rights and interests of consumers, and fails to take necessary measures, it shall bear joint and several liability with such operator.

Pursuant to the Measures for the Supervision and Administration of Online Transactions (《網絡交易監督管理辦法》), which were promulgated by the SAMR on March 15, 2021, took effect on May 1, 2021 and amended on March 18, 2025, online transaction operators refer to natural persons, legal persons and non-incorporated organizations that organize and carry out online transaction activities, including online transaction platform operators, on-platform operators, self-built website operators, and online transaction operators that conduct online transaction activities through other online services. These measures also stipulate the obligations of online commodity dealers and relevant service providers and certain special requirements applicable to third-party platform operators.

Legal Supervision over Internet Advertising

PRC advertising laws and regulations, including the Advertisement Law of the PRC (《中華人民共和國廣告法》)(2021 Revision) which were promulgated by the SCNPC on April 29, 2021 and became effective on the same day, set forth certain content requirements for advertisements in the PRC including, among the things, prohibitions on false or misleading content, superstition violence, discrimination or infringement of the public interest.

On February 25, 2023, the SAMR promulgated the Measures on Internet Advertising (《互聯網廣告管理辦法》), or the Internet Advertising Measures, which became effective on May 1, 2023 and replaced the Interim Measures on Internet Advertising (《互聯網廣告管理暫行辦法》), to regulate any advertisement published on the internet, including but not limited to, through websites, webpage and apps, in the form of word, picture, audio and video and provides more detailed guidelines to the advertisers, advertising operators and advertising distributors, Internet advertisers are responsible for the authenticity of the content of advertisements and may publish advertisements by setting up a website or an internet medium owned by them, or by entrusting internet advertising operators or advertising publishers to publish advertisements. Any violation of the Internet Advertising Measures may result in fines, prohibition of publishing advertisements for a period of time or withdrawal of business licenses, and other penalties.

Legal Supervision over Value-Added Telecommunications Services

The Telecommunication Regulations of the PRC (《中華人民共和國電信條例》), promulgated by the State Council on September 25, 2000 and last amended on February 6, 2016, and the relevant regulations, including the Classified Catalogue of Telecommunications Services (《電信業務分類目錄》) last amended on June 6, 2019, or the Telecom Catalog, by the MIIT, specify overall provisions on the conduct of engaging in telecommunications services in Chinese Mainland. Telecommunications services consist of basic telecommunications services or value-added telecommunications services. Pursuant to the Telecommunication Regulations, operators of value-added telecommunications services, or VATS, shall be approved by MIIT, or its provincial level counterparts, and obtain a license for value-added telecommunications business, or VAT License.The Measures for the Administration of Telecommunications Business Licensing (《電信業務經營許可管理辦法》)

(2017 Revision), which were promulgated by the MIIT on March 1, 2009 and amended on July 3, 2017 and became effective on September 1, 2017, provide more detailed provisions regarding the types of licenses required for operating basic telecommunications services and value-added telecommunications services, and the qualifications and procedures for obtaining relevant licenses and the administration and supervision of relevant licenses. According to the above provisions, telecommunications services operators holding an VAT License shall submit data such as business operation and service quality to the license-issuing authorities in the first quarter of each year. The effective period of an VAT License is five years, and can be renewed within 90 days before expiry.

Pursuant to the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》), which were promulgated by the State Council on September 25, 2000 and amended on January 8, 2011 and December 6, 2024, "internet information services" refer to the service activities of providing information to online users through the internet, which can be divided into "profitable internet information service" and "non-profitable internet information service." Profitable internet information service providers shall obtain the VAT License from the telecommunications administration authorities.

The Provisions on the Administration of Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》) promulgated by the State Council on December 11, 2001 and subsequently amended on September 10, 2008, February 6, 2016 and March 29, 2022, and effective on May 1, 2022, stipulate specifically the capitalization, investor qualifications and application procedures in connection with the establishment of a foreign-funded telecommunications enterprise. These provisions prohibit a foreign entity from owning more than 50% of the total equity interest in any value-added telecommunications service business in China, unless otherwise provided by laws and administrative regulations and require foreign-funded telecommunications enterprises to obtain a basic telecommunications business license in the country or region where it is registered. However, specifically, the Negative List allows foreign investors to hold more than 50% equity interests in a value-added telecommunications service operator engaging in e-commerce, domestic multi-party communication, storage-and-forward and call center businesses. The current business of the Company does not subject to the 50% foreign equity cap requirement.

On April 8, 2024, the MIIT promulgated the Announcement on Conducting the Pilot Program for Expanding the Opening-up of Value-added Telecom Services (《關於開展增值電信業務擴大對外開放試點工作的通告》). According to this announcement, the pilot program will be initially conducted in areas such as the Beijing Comprehensive Demonstration Zone for Expanding the Opening-up of the Service Industry, Lingang New Area and Leading Area for Socialist Modernization Construction of the Shanghai Free Trade Zone, Hainan Free Trade Port, and Shenzhen Demonstration Zone of Socialism with Chinese Characteristics. The announcement further specifies that in the approved pilot areas, restrictions on foreign ownership ratio will be removed for certain value-added telecom services, including internet data centers (IDC), content delivery networks (CDN), internet service providers (ISP), online data processing and transaction processing, as well as information distribution platforms and delivery services in information services (excluding internet news information, online publishing, online audiovisual, and internet cultural operations), and information protection and processing services. On October 23, 2024, the MIIT announced that the pilot program for expanding the opening-up of value-added telecom services in Pilot Areas has officially been launched.

Legal Supervision over Inspection, Testing and Certification

The Metrology Law of the PRC (《中華人民共和國計量法》) promulgated by the SCNPC on 6 September 1985 which came into effect on 1 July 1986 and last amended on 26 October 2018, stipulate that a product quality inspection agency which is to provide notarial data on the quality of products for the society must have passed the examination of its capability and reliability of metrological verification and testing conducted by the metrological administrative department of the people's government at or above the provincial level.

According to the Administrative Measures for Qualification Accreditation of Inspection and Testing Agencies (《檢驗檢測機構資質認定管理辦法》), which was issued on April 9, 2015 and last revised on April 2, 2021, the State Administration for Market Regulation (the "**SAMR**") is in charge of the qualification accreditation of inspection and testing agencies nationwide, and is responsible for the unified management, organization, implementation and comprehensive coordination of the qualification accreditation of inspection and testing agencies. Market regulatory authorities at the provincial level are responsible for the qualification accreditation of inspection and testing agencies within their respective administrative regions. According to the Measures for the Supervision and Administration of Inspection and Testing Agencies (《檢驗檢測機構監督管理辦法》), which was last revised on March 18, 2025 and came into effect on May 1, 2025, inspection and testing agencies and their personnel shall be responsible for the inspection and testing reports they have issued, and bear civil, administrative and criminal liability in accordance with the law.

According to the Regulations of the People's Republic of China on Certification and Accreditation (《中華人民共和國認證認可條例》) promulgated by the Certification and Accreditation Administration of the People's Republic of China on 3 September 2003 and most recently amended on 20 July 2023, and the Measures for the Administration of Certification Bodies (《認證機構管理辦法》) promulgated by the AQSIQ on 20 July 2011 and most recently amended on 23 October 2020, to obtain qualification as a certification body, approval must be obtained from the certification and accreditation regulatory department of the State Council, and certification activities may only be conducted within the approved scope.

Legal Supervision over Cyber Security

According to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on November 7, 2016 and was last amended on 28 October 2025, and took effect on 1 January 2026, network operators shall comply with laws and administrative regulation and fulfill their obligations to ensure the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with laws and administrative regulation and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality, and availability of network data. In addition, the network operators shall neither collect the personal information irrelevant to the services provided by them nor collect or use the personal information in violation of the provisions of any laws or administrative regulation or the agreement between both parties.

On December 28, 2012, the SCNPC promulgated the Decision on Strengthening Information Protection on Networks (《關於加強網絡信息保護的決定》) to enhance the protection of information security and privacy on the internet. On July 16, 2013, the Ministry of Industry and Information Technology ("**MIIT**") promulgated the Provisions on Protection of Personal Information of Telecommunication and the Internet Users (《電信和互聯網用戶個人信息保護規定》), which became effective on September 1, 2013, to regulate the collection and use of personal information of users in the provision of telecommunication service and the internet information service.

According to the Several Provisions on Regulating the Market Order of the Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which was promulgated by the MIIT on December 29, 2011, and came into effect on March 15, 2012, without the consent of users, the internet information service providers shall neither collect information which is relevant to users and can serve to identify users solely or in combination with other information (the "**personal information of users**") nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. The Several Provisions on Regulating the Market Order of the Internet Information Services also require that the internet information service providers shall properly preserve the personal information of users.

The Data Security Law (《中華人民共和國數據安全法》) was promulgated on June 10, 2021 and became effective on September 1, 2021. It establishes a data protection system based on the category and security level of the data in terms of its importance for economic and social development and the potential harm caused by illegal use of such data to national security, public interest or rights and interests of individuals and organizations. Competent governmental authorities shall be responsible to formulate lists for "important data." Higher level of protection shall apply to "national core data" which refers to data that are vital to national security, economy, people's livelihood and major public interests.

According to the Data Security Law, data activities affecting or likely to affect national security will be subject to national security review under the data security review system. The data relating to safeguarding national security and interests and performance of international obligations shall be subject to export control of China. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and establish a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Furthermore, data transaction intermediary service providers shall check the sources of the data, the identities of parties involved in the data transactions and keep records accordingly. Violation of Data Security Law may subject the relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. According to the Data Security Law, the maximum monetary fine imposed on the breaching party is RMB10 million.

For purposes of ensuring the security of the supply chain for critical information infrastructure, guaranteeing the cyber security and data security and safeguarding national security, the Measures for Cyber Security Review (2021) (《網絡安全審查辦法》(2021)) (the "**Cybersecurity Review Measures**") was promulgated by the Cyberspace Administration of China (CAC), the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance, the MOFCOM, the People's Bank of China, the State Administration for Market Regulation, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration on December 28, 2021 and took effect on February 15, 2022. The Cybersecurity Review Measures specifies that the procurement of network products and services by operator of critical information infrastructure and the activities of data process carried out by online platform operator that raise or may raise "national security" concerns are subject to cyber security review by Office of Cyber Security Review established by the CAC. Before such critical information infrastructure operator purchases internet products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give raise to national security concerns, it should apply for a cyber security review by the Cyber Security Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, online platform operators that possess the personal data of at least one million users must apply for a cybersecurity review by the Cyber Security Review Office before "foreign listing" (國外上市). Furthermore, pursuant to Article 16 of the Cybersecurity Review Measures, if any member unit of the Cybersecurity Review Working Mechanism deems that any network products and services or data processing activities affect or may affect national security, the Cybersecurity Review Office shall, following the relevant procedures and upon approval by the Central Cyberspace Affairs Commission, conduct a review in accordance with the Cybersecurity Review Measures. This provision serves as the legal basis for the authorities to initiate reviews proactively regarding "network products and services or data processing activities." Pursuant to the Cybersecurity Review Measures, any violation shall be punished in accordance with the Cyber Security Law and the Data Security Law of the PRC, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties, suspension of non-compliant operations.

The cyber security review focuses on the assessment of risk related to procurement activities, data process and listing of companies overseas and the major factors that are taken into consideration includes (i) the risk of critical information infrastructure being illegally controlled, interfered or destroyed as a result of the use of the products or services; (ii) the continuous harm to the business of critical information infrastructure by the interruption of provision of products or services; (iii) the security, openness, transparency, diversity of sources, reliability of supply and potential supply interruptions of products and services due to political, diplomatic or international trade issues; (iv) whether the products and services provider comply with PRC laws and regulations; (v) the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, illegally utilized or exited the country; (vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information will be affected, controlled, or maliciously utilized by foreign governments after listing overseas and the risk of internet information security; and (vii) other factors that may endanger the security of critical information infrastructure, cyber security, and data security. It may take approximately 70 business days in maximum for the general cyber security review upon the delivery of their applications, which may be subject to extensions for a special review. Nevertheless, the exact scope of operator under the Cybersecurity Review Measures and the current regulatory regime remains unclear, and the PRC governmental authorities may have wide discretion in the interpretation and enforcement of these laws. Article 16 of the Cybersecurity Review Measures provides that the cyber security review work mechanism can initiate cybersecurity review if it considers that a network product or service or a data processing activity will or may affect national security.

The State Council had promulgated the Regulation on Cyber Data Security Management (《網絡數據安全管理條例》) on September 24, 2024, which became effective from January 1, 2025.

On July 10, 2023, the CAC and several governmental authorities promulgated Interim Measures for the Management of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) which became effective on August 15, 2023, impose compliance requirements for providers of generative AI services to the general public within the territory of PRC. Generative AI service provider shall carry the law and provisions, and assume responsibility as a producer of online information content in accordance with the law and fulfill online information security obligations.

Legal Supervision over Internet Personal Information Protection

In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. PRC law does not prohibit internet information service providers from collecting and analyzing personal information from their users. However, the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) prohibits an internet information service provider from insulting or slandering a third party or infringing the lawful rights and interests of a third party.

The Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), promulgated by the MIIT on December 29, 2011 and became effective on March 15, 2012, stipulates that internet information service providers must not, without user consent, collect user personal information, which is defined as user information that can be used alone or in combination with other information to identify the user, and may not provide any such information to third parties without user's consent. Internet information service providers may only collect user personal information necessary to provide their services and must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information. In addition, an internet information service provider may only use such user personal information for providing the service. Internet information service providers are also required to properly keep users' personal information, and take immediate remedial measures if user's personal information is or is likely to be disclosed. If the consequences of any such disclosure are expected to be serious, internet information service providers must immediately report the incident to the telecommunications regulatory authority and cooperate with the authorities in their investigations. On July 16, 2013, the MIIT issued the Provisions on the Protection of Personal Information of Telecommunications and Internet Users (《電信和互聯網用戶個人信息保護規定》). Most requirements under the said Provisions that are relevant to internet information service providers are consistent with pre-existing requirements but the requirements under the Provisions are more stringent and have a wider scope. If an internet information service provider wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Further, it must disclose to its users the purpose, method and scope of any such collection or use, and must obtain consent from its users whose information is being collected or used. Internet information service providers are also required to establish and publish their rules relating to personal information collection or use, keep any collected information strictly confidential, and take technological and other measures to maintain the security of such information. Internet information service providers are required to cease any collection or use of the user personal information, and de-register the relevant user account, when a given user stops using the relevant internet service. Internet information service providers are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties.

On May 28, 2020, the National People's Congress issued the Civil Code, which takes effect from January 1, 2021. The Civil Code requires that personal information of a natural person shall be processed under the principles of lawfulness, justification and necessity, shall not be excessively processed, and shall meet the following conditions: (1) The consent of the natural person or his or her guardian is obtained, unless as otherwise prescribed by laws and administrative regulations; (2) The rules for information processing are published; (3) The purpose, method, and scope of information processing are explicit; (4) The provisions of laws and administrative regulations and the agreement between both parties are not violated. It clarifies that a natural person has the right to access or reproduce his or her personal information from the information processor; and upon discovery of any error in the information, he or she has the right to raise an objection and request correction and other necessary measures to be taken in a timely manner. The Civil Code also stipulates that information processors shall take technical measures and other necessary measures to ensure the security of the personal information collected and stored thereby and prevent information leakage, tampering, and loss.

On August 20, 2021, the SCNPC issued the Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which takes effect from November 1, 2021. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (1) the individual's consent has been obtained; (2) the processing is necessary for the conclusion or performance of a contract to which the individual is a party or is necessary for carrying out human resources management pursuant to the labor rules and regulations formulated according to the law or the collective contracts signed according to the law; (3) the processing is necessary to fulfill statutory duties and statutory obligations; (4) the processing is necessary to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (5) the personal information that has legally been made public by the relevant individual or otherwise is processed within a reasonable scope; (6) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (7) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. No organization or individual may illegally collect, use, process or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the processing of personal information that endangers the national security or public interests. The Personal Information Protection Law clarifies the definition of "Sensitive Personal Information," which means personal information that, once leaked or illegally used, may give rise to discrimination against individuals or seriously endanger personal or property security, including information on biometrics, religious beliefs, specific identity, medical health, financial accounts, and personal whereabouts, among others. To process sensitive personal information based on an individual's consent, a personal information processor shall obtain the separate consent from the individual. Where any law or administrative regulation provides that written consent shall be obtained for processing sensitive personal information, such provision shall prevail. In terms of cross-border transmission of personal information, pursuant to the Personal Information Protection Law, a personal information processor, providing personal information to any party outside the territory of the PRC, shall notify individuals of the overseas recipient's identity, contact information, processing purposes, processing methods, categories of personal information, the methods in which individuals exercise the rights over the overseas recipient, and other matters, and obtain individuals' separate consent. Furthermore, critical information infrastructure operators and the personal information processors that process the personal information reaching the threshold specified by the national cyberspace administration in terms of quantity shall store domestically the personal information collected and generated within the territory of the PRC. Where it is truly necessary to provide the information abroad, the security assessment organized by the national cyberspace administration shall be passed, unless otherwise regulated by laws, administrative regulations, or provisions issued by the national cyberspace administrative authorities. The Personal Information Protection Law provides that if an overseas organization or individual engages in personal information processing activities that damage the rights and interests relating to personal information of citizens of the PRC or compromise national security or public interests of the PRC, the national cyberspace administration may include it or him in a list of those the provision of personal information to whom is restricted or prohibited, make an announcement, and take measures such as restricting or prohibiting the provision of personal information to it or him.

The Cyber Security Law requires that personal information collected and produced by critical information infrastructure operators during their operations within the territory of the People's Republic of China shall be stored within China. If it is indeed necessary to provide such data to overseas parties due to business requirements, security assessment shall be conducted. The Cyber Security Law imposes certain data protection obligations on network operators, including that network operators shall follow the principles of legality, rightfulness and necessity when collecting and using personal information; network operators may not divulge, tamper with, or damage users' personal information that they have collected, and are obligated to delete unlawfully collected information and to amend incorrect information; network operators shall take technical measures and other necessary measures to ensure the security of personal information collected by them, and prevent information leakage, damage and loss; network operators may not provide users' personal information to others without consent. Moreover, if personal information has been or is likely to be divulged, damaged or lost, the network operator has the obligation to report the event to the competent department.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "**Interpretations**"), effective from June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including "citizens' personal information," "provision of citizens' personal information" and "illegally obtaining any citizen's personal information by other methods." In addition, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime.

The Method for Identifying the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》) (the "**Method**") issued by the CAC, MIIT, the Ministry of Public Security and SAMR takes effect from November 28, 2019. The Method provides a detailed list of what practices will be considered as (1) non-disclosure of collection and use rules; (2) failure to expressly state the purpose, method and scope of personal information collection and use; (3) collecting or using personal information without the consent of users; (4) collecting personal information unrelated to the services which personal information processors provide in violation of the principle of necessity; (5) providing others with personal information without the consent of users; (6) failure to provide the function of deleting or correcting personal information or failure to disclose the method of complaints and reports.

Legal Supervision over Anti-Unfair Competition

The Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) was promulgated by the SCNPC on September 2, 1993, and was most recently revised on June 27, 2025, and became effective on October 15, 2025. It prohibits unfair competition activities including false or misleading commercial publicity, commercial defamation, trade secret infringement, and other acts that disrupt market order. Operators shall follow the principles of voluntariness, equality, fairness, and good faith in market transactions, and comply with laws and business ethics. Violations may result in fines, confiscation of illegal gains, revocation of business licenses, and in serious cases, criminal liability.

Legal Supervision over Intellectual Property Rights

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》)(Order No. 11 of the President of the PRC) which was promulgated by the Standing Committee of the National People's Congress on March 12, 1984, came into effect on April 1, 1985, revised on September 4, 1992, August 25, 2000, December 27, 2008 and October 17, 2020, the State Intellectual Property Office is responsible for managing patent work of the whole nation. The patent management departments of the people's governments of each province, autonomous region and municipality directly under the central government are responsible for the patent management in their respective administrative regions. Chinese patent system adopts the principle of "prior application," i.e. where two or more applicants file applications for patent for the identical invention or creation respectively, the patent right shall be granted to the applicant whose application was filed first. If one wishes to file application for patent for invention or utility models, the following three standards must be met: novelty, creativity and practicability. The validity period of a patent for invention is 20 years, while the validity period of utility models and design is 10 years. Others may use the patent after obtaining the permit or proper authorization of the patent holder, otherwise such behavior will constitute an infringing act of the patent right.

Trademark Law

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》) (Order No. 29 of the President of the PRC) which was issued by the Standing Committee of the National People's Congress on August 23, 1982, came into effect on March 1, 1983 with latest amended on April 23, 2019, and became effective on November 1, 2019 and the PRC Trademark Law Implementing Regulations (《中華人民共和國商標法實施條例》) (Order No. 651 of the State Council), which was issued by the State Council on August 3, 2002, came into effect on September 15, 2002, amended on April 29, 2014 and came into effect on May 1, 2014. The trademark bureaus under the State Administration for Market Regulation are responsible for trademark registration and authorizing registered trademarks for a validity period of 10 years. Trademarks may be renewable every ten years where a registered trademark needs to be used after the expiration of its validity period. Trademark registrants may license, authorize others to use their registered trademark by signing up a trademark license contract. The trademark license agreements shall be submitted to the trademark office for recording. For trademarks, trademark law adopts the principle of "prior application" with respect to trademark registration. Where a trademark under registration application is identical with or similar to another trademark that has, in respect of the same or similar commodities or services, been registered or, after preliminary examination and approval, this application for such trademark registration may be rejected. Anyone applying for trademark registration shall not prejudice the existing right first obtained by anyone else, or forestall others in registering a trademark which others have already begun to use and which has "sufficient degree of reputation."

Copyright Law

The Copyright Law of the PRC (《中華人民共和國著作權法》) (Order No. 31 of the President of the PRC) which was issued by the Standing Committee of the National People's Congress on September 7, 1990, revised on October 27, 2001, February 26, 2010, November 11, 2020 and came into effect on June 1, 2021 provides that works of PRC citizens, legal persons or other organizations, which include, works of literature, art, natural sciences, social sciences, engineering technologies and computer software created in writing or oral or other forms, whether published or not, enjoy copyright in their works. Copyright holders may enjoy multiple rights, which include the right of publication, the right of authorship and the right of reproduction.

Computer Software

In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended on March 2013, Chinese citizens, legal persons or other entities own the copyright in software developed by them, including the right of publication, right of authorship, right of modification, right of reproduction, distribution right, rental right, right of communication through network, translation right and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 1992 and last amended on February 2002, software copyrights, exclusive licensing contracts for software copyrights and software copyright transfer contracts may be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and designates the Copyright Protection Center of China as a software registration authority. The Copyright Protection Center of China shall grant a registration certification to a computer software copyright applicant who complies with regulations.

The Several Policies on Further Encouraging the Development of the Software and the Integrated Circuit Industries (《進一步鼓勵軟件業和集成電路業發展的若干政策》) which was promulgated by the State Council on January 28, 2011 and came into effect on the same date specifies a series of policies on tax preference, promotion of investment, scientific research, talent support, intellectual properties for the software industry. Furthermore, the Several Policies on Promoting the High-quality Development of the Integrated Circuit Industries and the Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》) which was promulgated by the State Council on July 27, 2020 and came into effect on the same date sets forth further policies on tax preference, promotion of investment, research and development, import and export, talent support, intellectual properties for the software industry.

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (Order No. 43 of the Ministry of Industry and Information Technology), which was issued on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology shall be responsible for managing internet network domain names in the PRC. The principle of "first-to-file" is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information relating to the domain name to be applied for, and sign the registration agreements as well. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

Legal Supervision over Labor Protection and Social Insurance

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated on July 5, 1994, came into effect on January 1, 1995, and was amended on August 27, 2009 and December 29, 2018, employers shall establish and improve their system of work place safety and sanitation, strictly abide by State rules and standards on work place safety, educate employee in labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with national standards. Employers shall provide employees with workplace safety and sanitation conditions which are in compliance with State stipulations and relevant articles of labor protection.

According to the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, employment contracts shall be concluded in writing if employment relationships are to be or have been established between employers and the employees. Employers are forbidden to force the employees to work beyond the statutory time limit and employers shall pay employees for overtime work in accordance with national regulations. In addition, the wages shall not be lower than local standards on minimum wages and shall be paid to the employees timely. And the Implementation Regulation on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (Order No. 535 of the

State Council) which was issued by the State Council on September 18, 2008 and came into effect on the same day, regulates both parties through a labor contract, namely the employers and the employees, and contains specific articles involving the terms of the labor contract. Meanwhile, it is stipulated that labor contracts must be concluded in written forms, upon reaching an agreement after due negotiation, an employer and an employee may enter into a fixed-term labor contract, a non-fixed-term labor contract or a labor contract that concludes upon the completion of certain work assignments. After reaching an agreement upon due negotiation with employees or by fulfilling other circumstances in line with legal conditions, an employer may legally terminate a labor contract and dismiss its employees. Labor contracts concluded before the enactment of Labor Contract Law and existing during its effective term shall continue to be honored. With respect to circumstances where an employment relationship has already been established without the conclusion of a written labor contract, the written labor contract shall be concluded within one month from the date when the employee commences work.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and came into effect on July 1, 2011 and was amended on December 29, 2018, the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was promulgated and came into effect on January 22, 1999, and was amended on March 24, 2019, the Regulations on Work-Related Injury Insurance (《工傷保險條例》), which was promulgated on April 27, 2003, came into effect on January 1, 2004 and was amended on December 20, 2010, the Regulations on Unemployment Insurance (《失業保險條例》) (Order No. 258 [1999] of the State Council), which was promulgated and came into effect on January 22, 1999, and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) (Lao Bu Fa [1994] No. 504), which was promulgated on December 14, 1994 and came into effect on January 1, 1995, employers in the PRC shall provide their employees with benefit programs including basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. Employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them, and their executive staffs and other directly responsible persons shall be fined RMB500 to RMB3,000. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the relevant administrative department.

Pursuant to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) (Order No. 262 of the State Council), which was promulgated on April 3, 1999, became effective on the same day, and was amended on March 24, 2002 and March 24, 2019, respectively, the housing provident fund contributions made by an individual employee and housing provident fund contributions made by his or her employer shall be owned by the individual employee. Employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund deposit registrations with the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process the deposit registration provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center may order such enterprises to pay up the amount within a prescribed period; if those enterprises still fails to comply with the regulations upon the expiration of the above-mentioned time limit, further application may be made to the People's Court for mandatory enforcement.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was issued by the General Office of the Communist Party of China (中共中央辦公廳) and the General Office of the State Council (國務院辦公廳) of the PRC on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities. Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》) (Shui Zong Fa [2018] No. 174) issued on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises in the previous years. Notice of the General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知》) issued on April 1, 2019 generally reduces the social insurance contribution burden of enterprises, underlines that the duties for collection of social insurances premium paid by the enterprises in any province shall not be transferred to tax authorities until the condition of the province is mature, and re-emphasizes that local authorities shall not conduct centralized self-collection of historical unpaid social insurance contributions from enterprises.

Regulations Relating to Outbound Investments by Enterprises

Pursuant to the Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》) promulgated on May 5, 2026 and effective from July 1, 2026, as an administrative regulation, it establishes the overarching legal framework for the administration of outbound investment by domestic investors. The Provisions apply to outbound investment by domestic investors, including enterprises, other organizations and resident individuals, who directly or indirectly obtain ownership, control or management rights of enterprises or assets in other countries or regions through investment of assets or equity, or provision of financing or guarantee. The State implements classified and graded whole-process supervision over outbound investment, with the investment competent department and commerce competent department of the State Council formulating, adjusting and implementing outbound investment policies to clarify encouraged, restricted and prohibited outbound investments. Investors shall, in accordance with relevant state regulations, complete procedures including approval/filing, information reporting and cross-border fund registration. The State establishes an outbound investment security review system, under which outbound investments that affect or may affect national security shall be subject to security review by the investment competent department and commerce competent department of the State Council in conjunction with other relevant departments.

Pursuant to the Administrative Measures on Outbound Investments (《境外投資管理辦法》), which was promulgated by the MOFCOM on March 16, 2009, lastly amended on October 6, 2014, overseas investments of enterprises involving sensitive countries and regions and sensitive industries shall be subject to examination and approval by the competent department of commerce and other overseas investments of enterprises shall be subject to filing. The competent department of commerce shall carry out the administration of overseas investments of enterprises through the overseas investment administration system, and issue to enterprises which have obtained filing or approval a Certificate of Overseas Investments of Enterprises. When the domestic institution invests in an overseas enterprise through its overseas subsidiary, it shall report to the competent department of commerce after completing the overseas legal formalities of reinvestment.

Pursuant to the Administrative Measures for the Outbound Investments by Enterprises (《企業境外投資管理辦法》), which was promulgated by the NDRC on December 26, 2017 and became effective on March 1, 2018, projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby and the approval authority is NDRC. Projects subject to filing are non-sensitive projects directly carried out by investors.

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on July 13, 2009 and implemented on August 1, 2009 and the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and was partially repealed on December 30, 2019, stipulates that, upon obtaining the approval for overseas investment, the overseas direct investment of PRC enterprises shall apply for foreign exchange registration to the banks at their places of registration.

Regulations Relating to Stock Incentive Plans

SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Overseas (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) or the Stock Option Rules on February 15, 2012, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. These rules are applicable to the Company as an H-share issuer, as PRC citizens and non-PRC citizens who reside in China participating in the Company's stock incentive plans are required to comply with the foregoing registration requirements.

Overseas Listing Regulations

On February 17, 2023, CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant guidelines. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of the PRC domestic companies, either directly or indirectly, into a filing-based system.

According to the Overseas Listing Trial Measures, the PRC domestic companies that seek overseas offering and listing, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and submit relevant information. The Overseas Listing Trial Measures provide that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) listing and financing is explicitly prohibited by provisions in the PRC laws, administrative regulations or relevant State regulations; (ii) overseas offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with the law; (iii) the domestic enterprises or their controlling shareholders or actual controllers have committed crimes such as corruption, bribery, embezzlement of property, misappropriation of property or disruption of the order of the socialist market economy during the latest three years; (iv) the domestic enterprises are under official investigation in accordance with the law for any suspected crime or severe violations of laws and regulations without any explicit conclusions; or (v) there are major ownership disputes over the stock rights held by the controlling shareholders and/or such shareholders as controlled by the controlling shareholders or actual controllers.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality Provisions**"), which became effective from March 31, 2023. Pursuant to the Confidentiality Provisions, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations Relating to H-Share "Full Circulation"

Pursuant to the Guidelines for the Application of "Full Circulation" of Domestic Unlisted Shares by H-Share Companies (《H股公司境內未上市股份申請"全流通"業務指引》), which was promulgated by the CSRC on November 14, 2019 and most recently amended on August 10, 2023, H-share companies may, in compliance with relevant laws and regulations as well as state-owned asset management, foreign investment, and industry regulatory policy requirements, apply to the CSRC for the conversion of domestic unlisted shares into overseas listed shares for trading on the Hong Kong Stock Exchange. "Full Circulation" refers to the conversion of domestic unlisted shares (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares issued domestically after overseas listing, and unlisted shares held by foreign shareholders) of an H-share company into shares listed on the Hong Kong Stock Exchange. Once converted, such shares may not be converted back to domestic unlisted shares. The CSRC filing under the Overseas Listing Trial Measures may be submitted simultaneously with the initial public offering for "Full Circulation" purposes.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN SPAIN

Information disclosed in this section is relevant Spanish laws, regulations and regulatory documents in effect which have a significant impact on the operations and business of Spanish Subsidiaries ("**Operations**") as of the date of this Document, which are subject to change in the future, but it does not include a detailed analysis of Spanish Laws and Regulations related to Operations in the Spain, or serve as all Spanish Laws and Regulations applicable to Operations of Spanish Subsidiaries in Spain.

General Laws and Regulations in Relation to the Operation

According to the information provided, the Operation of Spanish Subsidiaries are all similar and consist of accounting, bookkeeping, auditing and tax advisory services, and combined administrative services, other business management consultancy activities and other business support activities. However, these services will not be carried out by Spanish Subsidiaries directly but indirectly through other qualified professionals, and therefore the main operation of Spanish Subsidiary consist of intermediation of these services with local qualified professionals.

Assuming that the main Operation of Spanish Subsidiaries are advisory or consulting services as described above, in principle, is a freely practiced that no need to be a member of any professional association nor apply for a special permit, however, it must comply with the following main regulations: (I) the Spanish Corporate law (Royal Legislative Decree 1/2010, of July 2, approving the revised text of the Spanish Corporate Law) and (ii) Royal Decree 1784/1996, of July 19, approving the Commercial Registry Regulations, which establish the bases and requirements for them to be duly constituted, registered, and operational from a commercial perspective.

In addition to the commercial regulations with which Spanish Subsidiaries must comply, this type of company must also comply with tax regulations, including registering with the Census of Entrepreneurs, Professionals, and Withholders using the corresponding tax form, and subsequently complying with the general tax, accounting, and commercial obligations that all companies operating in Spain must comply with.

Main Difference Between General Advisory or Consulting Services, and Administrative Management Services ("*Gestors Administrativos*")

In general, advisory or consulting firms provide accounting, labour and tax advice. Administrative managers, on the other hand, can handle administrative procedures on behalf of their clients, which consulting firms cannot do.

Administrative managers can therefore manage and advise on general administrative matters, such as the online processing of vehicle registrations and transfers through the DGT (General Directorate of Traffic). All vehicle processing services are centralised through the Association of Administrative Managers. They also provide management and defence in tax and financial matters, as well as in labour and commercial matters.

To set up a company dedicated to administrative management, administrative management professionals are required. Administrative agents or managers are professionals who, without prejudice to the power of representation conferred on interested parties by Article 24 of the Administrative Procedure Act, regularly promote, request and carry out all kinds of procedures that do not require legal techniques reserved for lawyers. These procedures relate to matters in the interest of natural or legal persons, at their request, before the Public Administration. Administrative agents inform their clients of the status and progress of these procedures (in accordance with Article 1 of the Statute of the Administrative Management Profession).

Main Regulations and Requirements for Administrative Management Services

The profession of administrative management must be exercised personally, without the intervention of any other person, and may only be assisted by authorized employees to carry out administrative procedures in accordance with the provisions of the Article of the Profession of Administrative Managers/agents. An essential requirement for the exercise of the profession of Administrative Manager is membership of the Association of Administrative Managers (*Colegio de gestors Administrativos in Spanish*) in whose jurisdiction the professional domicile, whether sole or principal, is located. This membership will enable the profession to be practiced throughout the national territory, under the terms established by the Law on Professional Associations and the Article of the Profession.

When an administrative manager establishes an auxiliary office/company within the association's jurisdiction in which they practice the profession, they must notify the Governing Board of the Association of Administrative Managers.

Administrative Managers must adopt, in the name used to distinguish their office, the first and last names of the manager himself, preceded or followed by the words "administrative agency" or "administrative manager." Administrative managers must exercise their profession personally, without the intervention of any other person, and may associate or group together with other registered administrative managers and be assisted by authorized employees, all in accordance with the provisions of the Professional Article (Decree 424/1963, of March 1, approving the Organic Statute of the profession of Administrative Manager/Agent) and the Regulations governing the personal practice of the profession of Administrative manager, in accordance with Articles 20 and 21 of the Organic Statute of the profession, as amended by Royal Decree 2532/1998, of November 26.

The requirements for entering the profession of administrative manager are as follows:

i. Be a Spanish citizen or a foreigner residing in Spain, from a country that grants reciprocity of qualifications and categories.

ii. Be of legal age.

iii. Not have been convicted of any offense that disqualifies you from holding public office.

iv. Provide proof, by means of a certificate from the General Council of Professional Associations, that there are no adverse records in its files.

v. Pass the required aptitude tests.

vi. Be registered for the taxes corresponding to the profession of Administrative Manager.

vii. Be a member of an Official Association of Administrative Managers and have paid the membership fees for said association and the fees for issuing the professional qualification.

viii. Pass the required entrance exams or obtain an Official Master's Degree in Administrative Management, recognized by the General Council.

ix. Apply for the title of Administrative Manager.

x. Hold one of the following academic degrees:

 o Bachelor's degree in Law.

 o Bachelor's degree in Economics.

 o Bachelor's degree in business studies.

 o Bachelor's degree in political science.

In practice, also is common to be required to have civil and professional liability insurance.

The Commercial Register, Professional Associations and Competent Bodies

The Commercial Registry is the main administrative body that a general service advisory or consulting firm must take into account, since its correct registration implies the possibility of exercising and properly providing its services as a company.

The Commercial Registry is the main legal instrument for providing security to commercial transactions and for formalizing business deals. Registry entries are made after a registry qualification: control of the legality and validity of the content of corporate acts and agreements and of the capacity and legitimacy of those who sign them.

Each Registry is run by one or more commercial registrars. The registrar is a professional jurist who performs a public function: they assess and control, under their own responsibility, the legality of all documents that must be entered in the Registry.

There is also a single Central Commercial Registry that is responsible for assigning names to companies and commercial entities.

The Commercial Registry is a public office under the Directorate General of Registries and Notaries of the Ministry of Justice and exists in all provincial capitals and in the cities of Ceuta, Melilla, Ibiza, Mahon, Arrecife, Puerto del Rosario, Santa Cruz de la Palma, San Sebastián de la Gomera, Valverde, and Santiago de Compostela.

As a result of this registry control, entries in the Commercial Registry have strong legal effects:

- The content of the Registry is presumed to be accurate and valid.
- The acts registered are enforceable against third parties acting in good faith.
- The entries in the Registry are under the protection of the Courts and will remain in effect until a judicial declaration of their inaccuracy or nullity is registered. A judicial declaration of inaccuracy or nullity shall not prejudice the rights of third parties acting in good faith, acquired in accordance with the law.

In this way, companies, citizens, and public administrations avoid high transaction costs, having at their disposal sufficient accredited information about the entities with which they intend to contract and their legal and economic situation.

As administrative managers/agencies, in addition to being registered in the commercial register and complying with commercial regulations, they must comply with the professional regulations mentioned above. The main body in this regard is the Association of Administrative Managers/Agents, which is a professional association created in accordance with the Law on Professional Associations, with delegated public powers, including:

- Regulation of professional practice.
- Institutional representation of the profession.
- Ethical and disciplinary control.
- Defense of the interests of members and users.

There are regional associations (by communities or districts) coordinated by the General Council of Associations of Administrative Managers of Spain.

In this way, the Association of Administrative Managers ensures that only those who meet the legal requirements can practice as administrative managers, thus preventing professional intrusion.

The General Council of Associations of Administrative Managers is the channel for professional relations with the General State Administration, through the Ministry of Public Administration (now the Ministry of Finance and Public Service).

EU Authorised Representative

As some of the Spanish subsidiary companies act as EU Authorized Representatives, we will now explain the general concept of this role, its main regulations, functions and responsibilities in Spain.

As a general definition, an EU Authorized Representative (EU-REP/EC-REP) is a natural or legal person established in the European Union who receives a written mandate or agreement from a manufacturer outside the European Union to act on their behalf before the competent authorities of the EU Member States, in this case before the Spanish authorities. This figure acts as an intermediary and point of contact for market surveillance and, in certain cases, for notified bodies or sectoral authorities, generally market control and product surveillance authorities.

Although the concept and definition are similar across all regulations, their application varies depending on the specific sector or product being regulated. The main regulations are:

At the European level:

- Directive 2006/42/EC and Regulation 2023/1230 on machinery safety.

- Directive 2000/14/EC on noise emissions (from machinery)

- EU Regulation 2023/988 on General Product Safety (GPSR).

- Various directives for electronic devices such as Directive 2014/35/EU, Directive 2014/30/EU, Directive 2014/53/EU, Directive 2011/65/EU, and Regulation (EU) 2023/1542 of the European Parliament and of the Council of July 12, 2023, on batteries and accumulators and waste batteries and accumulators, amending Directive 2008/98/EC and Regulation (EU) 2019/1020, and repealing Directive 2006/66/EC.

- Regulation 305/2011 and Regulation 2024/31 on construction products.

- Directive 2009/48/EU on toy safety.

- European Regulations 2017/745 (MDR) and 2017/746 (IVDR).

- Other regulations: EU Regulation 2016/426, Directive 2014/34/EU, Directive 2013/29/EU, Directive 2009/125/EC, EU Regulation 2016/425, and Directive 2014/68/EU (Article 4.5 of Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and conformity of products and amending Directive 2004/42/EC and Regulation (EC) No 765/2008 and (EU) No 305/2011).

At the local level, Spain incorporates the regulation of the authorized representative through the direct application of EU Regulations in sectors where such a representative is mandatory (e.g., CE marking or GPSR). That is to say: there is no single general "Spanish law on authorized representatives," but rather the role operates by virtue of transposed or directly applicable European regulations, with its substantive regulation originating from the EU and its control and enforcement carried out by competent Spanish authorities (market, industrial safety, sectoral agencies). The main Spanish regulations requiring this figure are:

- Royal Decree 1055/2022, of December 27, on packaging and packaging waste. This regulation mandates that a producer established in another Member State or in third countries who markets packaging in Spain must designate a natural or legal person established in Spain to fulfil producer obligations. If no such representative is designated, the first distributor or trader in Spain shall bear subsidiary liability.

- Royal Decree 110/2015, of February 20, on Waste Electrical and Electronic Equipment (WEEE) incorporates Directive 2012/19/EU of the European Parliament and of the Council of July 4, on Waste Electrical and Electronic Equipment into Spanish law; it includes the new provisions of Law 22/2011, of July 28; and repeals the previous Royal Decree on WEEE to address issues identified in its implementation and incorporate experience gained in this rapidly evolving sector since the original regulation's publication in 2005. This regulation also defines and regulates the role of the authorized representative; and

- Royal Decree 106/2008, of February 1, on batteries and accumulators and the environmental management of their waste.

Specific obligations vary by sector but typically, but mainly include:

- Verifying technical documentation and the EU Declaration of Conformity.

- Maintaining records available to national authorities.

- Serving as the primary point of contact for local authorities.

- Cooperating with inspections or requests from authorities.

- Report incidents or regulatory changes affecting the product (especially in sectors such as medical devices).

- Safeguard technical documentation for the legally required period.

Main General Tax Obligations

As an advisory and/or consulting company, it is important to comply with tax obligations. The main tax obligations, among others, for a company registered in Spain are:

a. Census declaration. All companies that wish to carry out economic activities and/or pay income subject to withholding and payment on account must apply for registration in the Census of Entrepreneurs, Professionals, and Withholders.

b. Tax on Economic Activities or IAE. This is a direct tax of a real nature that is levied on the exercise of business, professional, or artistic activities in national territory, whether or not they are carried out in a specific location and whether or not they are specified in the tax rates. However, companies with a net turnover of less than one million euros are exempt from IAE (Article 35.4 of Law 58/2003, of December 17, General Taxation).

c. Value Added Tax (VAT). The supply of goods and services carried out in the territory where the tax applies by entrepreneurs or professionals for consideration, in the course of their economic activities, is subject to VAT. Natural persons, legal persons, and entities without legal personality are liable for this tax.

VAT is applied in mainland Spain and the Balearic Islands, including the adjacent islands, the territorial sea up to a limit of 12 nautical miles, and the airspace corresponding to all these territories.

The Canary Islands, Ceuta, and Melilla are excluded from the scope of the tax.

If the company also carries out transactions with other European Union member states, it must submit form 349 (Informative Declaration. Recapitulative statement of intra-Community transactions) and have an intra-Community operator registration number (ROI).

The tax rate for the provision of services is the general rate of 21%.

d. Corporation tax. This is a tax on the income of companies and certain entities resident in Spanish territory. As a general rule, taxpayers must file a corporation tax return, even if they have not carried out any activities during the tax period or have not obtained any income subject to tax, as long as they have not been dissolved. Entities that meet any of the following requirements are considered residents in Spanish territory:

– They have been incorporated in accordance with Spanish law.

– They have their registered office in Spanish territory.

– They have their effective place of management in Spanish territory (where the management and control of all their activities are located).

It is therefore important to determine the income and expenses that are tax-deductible and to settle this tax using forms 200 (annual, before July of each year) and 202 (for payments on account, submitted quarterly).

The general tax rate is 25%, but in the case of newly incorporated companies that are starting their economic activity, 15% is paid during the first two years.

e. Personal Income Tax (IRPF). Companies that have employees must manage this tax for their employees. To do so, form 111 (Withholdings and payments on account. Income from work and economic activities, prizes and certain capital gains and income allocations. Self-assessment) form must be submitted quarterly, and form 190 (Informative Declaration. Withholdings and payments on account. Income from work and economic activities, prizes and certain capital gains and income allocations. Annual summary) must be submitted annually (for information purposes). Companies that are holders of lease agreements must also declare quarterly, using form 115 (Withholdings and payments on account. Income or returns from the lease or sublease of urban properties), the withholdings made to the lessor for the rents in which their activity takes place.

Real Estate: Leasing, and Subleasing

As a general rule, the leasing of offices and premises is subject to the principle of freedom, unless the law states otherwise.

Urban leases are currently governed by the revised text of the Urban Lease Law (LAU), approved on 24 November 1994. In particular, Title III deals with leases for purposes other than housing.

As a general rule, its permitted to sublet the office or premises or assign the lease without the lessor's consent. However, it should be noted that the landlord always has the right to increase the rent by 10% in the case of a partial sublease and by 20% in the case of a transfer of the contract or a total sublease of the leased property.

Both the transfer and the sublease must be notified to the landlord in a reliable manner within one month of their conclusion. If the lease agreement contains a clause prohibiting subleasing, the tenant may not do so.

If the above does not apply, the Spanish Civil Code will apply in the event that the rules established by the parties and by the LAU leave gaps that remain unresolved.

Employment

In Spain, labour relations are generally regulated by Royal Legislative Decree 2/2015 of October 23, which approves the Workers' Statute (hereinafter "**ET**"), without prejudice to collective bargaining agreements that may regulate important issues relating to labour relations for employees: This is done through collective agreements, i.e., agreements signed between employees' representatives and employers to regulate employment conditions in the chosen area (sub-company, company, or sector).

General Rules on Hiring and Working Hours

Form of contract: Employment contracts in Spain are generally in writing. In fact, a private employment contract is usually drawn up detailing the conditions agreed between the company and the employee, and a standard contract (form) is then filled out to be submitted to the labour authority.

Types of contracts:

There are many types of contracts in Spain. Generally speaking, the most common is the indefinite contract, but the following table lists all the types of contracts that exist, along with their characteristics, what they are used for, and their duration:

Types of contract	Purpose	Maximum duration
Indefinite	Standard form of contract	No limit
Temporary due to production circumstances	Occasional or unpredictable peaks in activity	6 months (extendable to 12 months)
Temporary due to replacement	To cover someone who is on standby or has a vacancy in the selection process	Until the worker is reinstated or 3 months
Fixed-discontinuous	Seasonal or intermittent work with fixed periods	Indefinite, with inactivity ≤ 3 months (except by agreement)
Part-time	Part-time work	No limit
Remote work	Remote work for more than 30% of the working day in 3 months	No limit
Training – Professional internship	Recent graduate for professional practice	6 months – 1 year
Training – Work-study program	To combine employment and formal training	3 months – 2 years
Assignment through a temporary employment agency (ETT)	Temporary employment agency hires and assigns to user company	Same limits as the temporary contract
Senior management	Employment relationship for executive managers	No limit

As explained above, the permanent/infinitive contract is the most commonly used, however, depending on the purpose, different options are available.

General terms and conditions:

- The minimum age for working in Spain is 16 with parental consent. From the age of 18, this consent is not required.

- The minimum wage is €1,134/month. Salaries cannot be paid in periods longer than one month (The government has proposed increasing the minimum wage in 2026 by 3.1%, bringing it to €1,221 gross per month in 14 payments (€17,094 per year), without income tax).

- The working week is 40 hours.

- Trial period: as a general rule and in the absence of provisions in the collective agreement:

  - Six (6) months for qualified technicians.

  - Two (2) months for other workers. In companies with fewer than twenty-five employees, the trial period may not exceed three (3) months for those who are not qualified technicians.

  - One (1) month for fixed-term temporary contracts for a period not exceeding six months.

Training contracts and special employment relationships (domestic workers, senior management, etc.) have their own specific probationary periods.

Maximum length of the working day: The maximum working hours depend on collective agreements or individual employment contracts (without contravening the provisions of the applicable collective agreement).

In the absence of an agreement, the company may distribute 10% of the working hours irregularly throughout the year. The company must ensure that a daily record of working hours is kept, which must include the specific start and end times of each employee's working day, without prejudice to any flexible working hours that may be established, and these records must be kept for four years (they must be available to employees, their legal representatives, and the Labor and Social Security Inspectorate). In addition, employees have the right to digital disconnection to ensure that, outside of legal or conventionally established working hours, their rest periods, leave, and vacations, as well as their personal and family privacy, are respected.

Overtime: Overtime is any work performed in excess of the maximum length of the ordinary working day. By collective agreement or, failing that, by individual contract, a choice shall be made between paying overtime at the rate set, which in no case may be less than the value of the ordinary hour, or compensating it with equivalent paid time off. If not compensated by time off, overtime may not exceed 80 hours per year. Compensation by equivalent time off, in the absence of an agreement, must be taken within four months of the overtime being worked. In general, overtime is voluntary.

Breaks/public holidays/vacation/paid leave: A minimum of one and a half uninterrupted days off per week is mandatory, which can be accumulated for periods of up to 14 days. Official public holidays cannot exceed 14 days per year.

Employees are entitled to a minimum of 30 calendar days of holidays (Generally is 22 labour days), which cannot be replaced by financial compensation, except in cases of termination of the contract with holidays time pending.

Employees are entitled to paid leave in certain circumstances, such as marriage, performing trade union duties, fulfilling unavoidable public and personal obligations, breastfeeding, change of habitual residence, accident or serious illness, hospitalization or death of relatives up to the second degree of consanguinity or affinity, prenatal examinations and childbirth preparation techniques, etc.

Reductions in working hours and the right to adapt the duration and distribution of the working day: Employees may be entitled to a reduction in their working hours in certain circumstances, such as for the direct care of children under 12 years of age.

Employees are also entitled to request adjustments to the duration and distribution of their working hours, in the organization of their working time and in the way their work is performed, including teleworking, in order to exercise their right to a work-life balance. In the case of employees with children, this right shall exist until the children reach the age of 12.

Substantial changes to working conditions: Employers may substantially modify the working conditions of employees (working hours, schedule, salary, duties, among others) provided that there are proven economic, technical, organizational, or production reasons and that the legal procedure is followed (15 days' notice in the case of individual modifications or a consultation period with employee representatives in the case of collective modifications).

Termination of employment contracts: In the event of termination by the employer, there are three main grounds for dismissal of an employee:

Collective dismissal	A special process is followed and must be justified on collective economic, technical, organizational, or production grounds whenever it affects, within a period of 90 days, at least: • All staff if the number of people affected exceeds five and there is a total cessation of business activity. • At least 10 employees in companies with fewer than 100 employees. • 10% of employees in companies with between 100 and 300 employees. • 30 employees in companies with 300 or more employees. The legally established compensation consists of 20 days' salary per year of service, with a maximum of 12 monthly payments, or higher compensation if agreed, and the requirements for notification of individual objective dismissals must be met.
Objective causes dismissal	For reasons such as: • Ineptitude of the employee known or discovered after their effective placement in the company. • Failure of the employee to adapt to changes in their job. • When there are economic, technical, organizational, or production reasons (see the definition of the causes in the case of collective dismissal). Etc. The employee must be given at least 15 days' notice (which may be replaced by payment of the corresponding wages) and written notification. The compensation (20 days' salary per year of service, up to a maximum of 12 months' salary) must be made available to the employee at the same time as the written notice of dismissal is delivered.

Dismissal by disciplinary action	Serious and culpable breach by the employee: • Repeated and unjustified absences. • Discipline or disobedience. • Physical or verbal offenses against the employer. • Breach of contractual good faith and abuse of trust. • Voluntary reduction in work performance. • Habitual drunkenness or drug addiction if it affects work. • Harassment on the grounds of racial or ethnic origin, religion or beliefs, disability, age or sexual orientation, and sexual harassment or harassment on the grounds of sex against the employer or persons working in the company. Disciplinary dismissal must be communicated in writing, stating the reasons and the date on which it takes effect. Failure to comply with the above formalities may result in a new dismissal within 20 days, with the employee being paid the wages for the period between the date of dismissal and the date of the new notification. Compensation for unfair dismissal is calculated on the basis of 33 days' salary per year worked, up to a maximum of 24 months' salary.

Industrial and Intellectual Property

In Spain, industrial property protection requires prior registration with the relevant industrial property office. Furthermore, as a general rule, Spain operates a *first-to-file* system, meaning that priority rights are granted to the first applicant to file for registration. Use does not confer any rights against third parties, except in the case of well-known trademarks.

To apply for registration, official fees must be paid, the amount of which will depend on the type of right in question and circumstances such as the number of classes of goods or services for which a trademark is sought, territory, etc.

The main regulations governing industrial property in Spain are (i) Law 24/2015, of July 24, on Patents; (ii) Law 3/2000, of January 7, on the Legal Regime for the Protection of Plant Varieties; (iii) Law 11/1988, of May 3, on the Legal Protection of Topographies of Semiconductor Products; (iv) Law 17/2001, of December 7, on Trademarks; and (v) Law 20/2003, of July 7, on the Legal Protection of Industrial Designs, which have led to the gradual repeal of the century-old Industrial Property Statute.

These essentially substantive rules must be supplemented by the provisions contained in Law 1/2000, of January 7, on Civil Procedure, whether of a general nature or specific to this area, which together allow to affirm that regulations are in line with European guidelines guaranteeing respect for industrial property and offering adequate and sufficient means for its judicial protection entrusted to the Commercial Courts following the amendment of the Organic Law on the Judiciary by Organic Law 8/2003, of July 9, which created them, although since the entry into force on January 23 of LO 1/2025, of January 2, on measures relating to the efficiency of the Public Justice Service, it falls to the Commercial Section of the Court of First Instance based in the capital of each province (art. 87 LOPJ). In turn, Articles 82.3 LOPJ and 87.10 LOPJ regulate the European Union Trademark Court, which is based in the Commercial Section of the Court of First Instance of Alicante and in the Section or Sections of the Provincial Court of Alicante specializing in commercial matters, in the first and second instances, respectively, extending its jurisdiction – for these exclusive purposes – to the entire national territory.

All of this is in addition to the criminal actions provided for in Articles 270 et seq. of the Criminal Code and the provisions contained in Regulation (EU) No. 608/2013 of the European Parliament and of the Council of June 12, 2013, on the enforcement of intellectual property rights by customs authorities, in force since July 19, 2013, and repealing Council Regulation (EC) No. 1383/2003, supplemented at the domestic level by Order EHA/2343/2006, of July 3, on the intervention of customs authorities in cases of declaration of goods suspected of infringing intellectual property rights, this expression being understood in the broad sense.

The Spanish Patent and Trademark Office (OEPM) is responsible for managing industrial property rights in Spain. Is an institution that depends to the Ministry of Industry, Trade, and Tourism, the OEPM acts as a public entity with legal personality and economic and administrative autonomy. Its main mission is to guarantee the protection of inventions, trademarks, industrial designs, and other manifestations of industrial property, in accordance with current national and international legislation.

The OEPM performs various key functions to ensure the protection of industrial property rights in Spain. Among the most notable are:

1. Management of files for the recognition and maintenance of industrial property rights, such as patents, trademarks, and industrial designs.

2. Regular dissemination of technological information and records, both nationally and internationally, contributing to transparency and access to information.

3. Application and promotion of international agreements on industrial property, facilitating Spain's participation in relevant treaties.

4. Promotion of knowledge about industrial property through activities and relationships with specialized organizations at the global level.

5. Issuing opinions and advice on industrial property issues to authorities, courts, and official entities.

6. Resolution of conflicts through mediation and arbitration in the field of industrial property, in accordance with current regulations.

On the other hand, the main intellectual property regulation is found in Royal Legislative Decree 1/1996, of April 12, approving the revised text of the Intellectual Property Law, regularizing, clarifying, and harmonizing the legal provisions in force on the subject.

Data Protection

The general data protection regime for companies in Spain is governed by the European GDPR (General Data Protection Regulation) and the Spanish LOPDGDD (Organic Law 3/2018, of December 5, on Personal Data Protection and Guarantee of Digital Rights), which complements the GDPR, requiring companies to protect the personal data of their customers, employees, and suppliers, and to comply with the laws and regulations. Spanish companies must implement adequate security measures to protect the personal data they collect, process, and store.

In general, all individuals have the right to know what personal data is being collected and how it is being used, as well as the right to access, rectify, delete, object to the processing of, and limit the use of their personal data. Spanish companies must respect these rights and facilitate their exercise.

In some cases, companies may be required to appoint a data protection officer or carry out a data protection impact assessment, depending on the nature of the data proceed by the company.

The Spanish company may collect customer data, such as their name, address, email, phone number, etc. Employee data, such as their name, address, social security number, salary, etc. Financial data such as credit card information, bank accounts, invoices, etc. Marketing data such as the email history and social media activity of its customers or prospects. As a result, the company will be obliged to guarantee the security of personal data, taking appropriate technical and organizational measures to do so, informing individuals about the processing of their data, guaranteeing their rights, and notifying the Spanish Data Protection Agency in the event of a data breach.

The Spanish Data Protection Agency is an independent administrative authority at the state level, as provided for in the Article 109 of Law 40/2015, of October 1, on the Legal Regime of the Public Sector, with its own legal personality and full public and private capacity, which acts with full independence from public authorities in the exercise of its functions. The Agency's headquarters are located in the city of Madrid, and it is linked to the Government through the Ministry of Justice.

Its functions include (i) supervising the application of current regulations on personal data protection in order to protect the rights and freedoms of individuals with regard to processing and, in particular, exercising the functions established in Article 57 and the powers provided for in Article 58 of Regulation (EU) 2016/679 of the European Parliament and of the Council, of April 27, 2016, in Organic Law 3/2018, of December 5, and in its implementing provisions; (ii) supervising the application of current regulations on the guarantee of digital rights; (iii) issuing circulars establishing criteria; and (iv) exercising control over compliance with the provisions of Articles 4, 7, and 10 to 22 of Law 12/1989, of May 9, on the Public Statistical Function, and in particular with (a) the mandatorily report on the content and format of questionnaires, census forms, and other documents for the collection of data for statistical purposes, rule on the processes of collection and processing of personal data for statistical purposes, (b) reporting on draft bills that require mandatory data and their compliance with the provisions of Article 7 of Law 12/1989, of May 9, on the Public Statistical Function, and (c) ruling on the security conditions of processing carried out for exclusively statistical purposes.

Money Laundering, Anti-Terrorism Law and Obligation to Cooperate in Reporting

The main regulations on the prevention of anti-money laundering and anti-terrorist financing include:

- Organic Law 9/2022 of July 28, which establishes rules facilitating the use of financial and other information for the prevention, detection, investigation, or prosecution of criminal offenses.
- Law 10/2010, of April 28, on the prevention of money laundering and terrorist financing.
- Law 19/2003, of July 4, on the legal regime governing capital movements and economic transactions with foreign countries.
- Law 12/2003, of May 21, on the blocking of terrorist financing.
- Law 40/1979, of December 10, on the Legal Regime for Exchange Control.
- As well as a series of royal decrees such as
    - Royal Decree 413/2015, of May 29, approving the Regulations of the Commission for the Surveillance of Terrorist Financing Activities.
    - Royal Decree 304/2014, of May 5, approving the Regulations of Law 10/2010, of April 28, on the prevention of money laundering.
    - Royal Decree 1816/1991, of December 20, on Foreign Economic Transactions. and

- Royal Decree 1080/1991, of July 5, determining the countries or territories referred to in Article 2, paragraph 3, number 4, of Law 17/1991, of May 27, on Urgent Fiscal Measures, and Article 62 of Law 31/1990, of December 27, on the General State Budget for 1991.

The legislation establishes that certain entities and professionals are obligated parties. These include:

- Financial and insurance entities.

- Investment services companies.

- Real estate developers.

- Notaries and registrars.

- Lawyers, legal advisors, and legal agencies when they participate in specific transactions such as the sale of real estate, the management of funds or securities, the incorporation or management of companies, or the administration of trusts and fiduciary, provided that they are not acting as defence counsel in litigation or determining the legal position of their client.

- Legal consultancies that advise on the creation of companies or asset management.

The main obligations of legal and tax advisory companies are (i) to identify clients by collecting and retaining documentation on beneficial ownership; (ii) to analyse risk, as a professional, it is mandatory to perform a risk assessment of money laundering associated with the transaction; (iii) to report suspicious transactions to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses; (iv) to keep documents for ten years from the date the transaction is executed or the business relationship ends; and (v) in certain cases, to have internal control and external audit or independent expert.

Failure to comply with the legislation may result in significant financial penalties, disqualifications (both administrative and criminal), and even criminal liability. Fines can reach up to €10 million or 10% of turnover.

The Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offenses ("**SEPBLAC**") is Spain's Financial Intelligence Unit, the only one in the entire country. SEPBLAC is also the Supervisory Authority for the prevention of money laundering and terrorist financing. SEPBLAC's current organizational structure was approved by Resolution of the Standing Committee of the Commission for the Prevention of Money Laundering and Monetary Offenses on October 17, 2023. The Directorate, consisting of a Director and a Deputy Director, directly oversees three units that provide cross-cutting services and four divisions, two of which are Financial Intelligence (Operational and Strategic, which also includes international cooperation in intelligence matters) and two of which are Inspection (which also include the functions of Technical Secretariat and international cooperation as a supervisory authority). Each of these four Divisions is responsible for two Units.

Likewise, the Directorate, which has the technical support of the Bank of Spain's IT Services Unit, has three functionally attached Units: the Central Financial Intelligence Brigade of the National Police Force, the Civil Guard Investigation Unit, and the State Tax Administration Agency Unit.

Alongside the hierarchical structure, SEPBLAC has established a horizontal structure to coordinate and integrate its activities, which is organized through a Management Committee and two Commissions.

Within the framework of the European Union (EU), SEPBLAC participates in the specialized Committee of European Supervisory Authorities and collaborates in the development of its rules and regulations.

Foreign Direct Investment ("FDI")

Foreign investment in Spain is regulated by European requirements, through European Regulation 2019/452 of the European Parliament and of the Council of March 19, 2019, on the screening of foreign direct investments into the Union, and national regulations such as Royal Decree 571/2023 of July 4 on foreign investments. Under these rules, all foreign investments made in Spain must be declared, generally for administrative and statistical purposes, except for (i) investments from tax havens, which are generally also subject to prior administrative declaration, and (ii) foreign investments in activities directly related to national defence and investments in real estate by non-EU member states for their diplomatic headquarters, which are subject to prior authorization by the Council of Ministers.

Foreign investments in the sectors of air transport, radio, raw materials, minerals of strategic interest and mining rights, television, gambling, telecommunications, private security, manufacturing, marketing or distribution of weapons and explosives, and activities related to national defence (the latter also subject to an authorization regime) shall comply with the requirements established by the competent bodies set forth in specific sectoral legislation, without prejudice to the applicability of general rules once those requirements have been met.

Furthermore, the regime liberalising foreign direct investment in Spain has been suspended and, therefore, prior authorisation must be obtained if the foreign investor is directly or indirectly controlled by the government, including public bodies or the armed forces, of a third country.

To avoid any doubt as to whether prior authorization is required for the investment, we recommend that Client consult the investment control authority, which generally responds within 30 days and whose response is binding for the Spanish authority, unless, after consultation, the Client has made any changes to the transaction or the form of the transaction, that differs from the transaction described in the initial consultation.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED KINGDOM

Overview

The Group conducts its UK operations through six subsidiaries incorporated in the United Kingdom (the "**UK Subsidiaries**").

The UK Subsidiaries are subject to the laws and regulatory regimes applicable in the United Kingdom, including corporate, financial services, anti-money laundering and data protection legislation, depending on the nature of their respective businesses.

Regulatory requirements applicable to one UK Subsidiary may not apply to other UK Subsidiaries, depending on their respective permitted activities and regulatory status.

Regulations in Relation to Corporate Structure

The principal legislation governing the incorporation, organisation and operation of companies in the United Kingdom is the Companies Act 2006.

Each of the UK Subsidiaries is incorporated as a private limited company under the Companies Act 2006. The Companies Act 2006 regulates, among other matters, corporate governance, directors' duties, shareholder rights, financial reporting, distributions, and filing and disclosure obligations.

Under UK law, foreign shareholders are generally permitted to establish and hold interests in UK companies without prior governmental approval. Changes to share capital, share transfers, and constitutional documents are subject to statutory procedures and public filing requirements but generally do not require regulatory consent, unless such changes affect a regulated entity's permissions or control status.

Regulations in Relation to Financial Services and Payment Activities

None of the UK Subsidiaries is authorised or regulated by the Financial Conduct Authority ("**FCA**"). The UK Subsidiaries do not, in the Company's opinion, conduct regulated payment services or other activities requiring FCA authorisation under the Financial Services and Markets Act 2000 or the Payment Services Regulations 2017 (as amended).

The UK regulatory framework for payment services was established primarily through the transposition of the Payment Services Directive 2 (PSD2) into UK domestic law via the Payment Services Regulations 2017 (as amended). Following the United Kingdom's withdrawal from the European Union on 31 January 2020, this regulatory framework continues to apply in the United Kingdom as domestic UK law.

Entities providing regulated payment services in the UK must be authorised by the FCA as payment institutions or registered as small payment institutions, and are subject to ongoing regulatory requirements, including those relating to:

- safeguarding of customer funds;
- capital and prudential requirements;
- governance and systems and controls;
- conduct of business rules; and
- regulatory reporting and supervision by the FCA.

As at the Latest Practicable Date, none of the UK Subsidiaries is required to obtain FCA authorisation or registration, as they do not carry on regulated payment services. However, the UK regulatory framework for financial services may continue to evolve independently of the European Union. Should the nature of the UK Subsidiaries' activities change in the future, additional compliance requirements or regulatory authorisations may become necessary.

Regulations in Relation to Anti-Money Laundering and Counter-terrorist Financing

The UK Subsidiaries may be subject to UK anti-money laundering and counter-terrorist financing ("**AML/CTF**") laws and regulations, which are broadly aligned with international standards issued by the Financial Action Task Force (FATF), depending on whether they fall within the scope of "relevant persons" under the applicable legislation.

Key legislation and guidance include, among others:

- the Proceeds of Crime Act 2002;
- the Terrorism Act 2000;
- the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended (the "**MLR 2017**"); and
- guidance issued by the Joint Money Laundering Steering Group (JMLSG).

The MLR 2017 apply to a broad range of entities, including (but not limited to) credit institutions, financial institutions, auditors, accountants, lawyers, tax advisers, insolvency practitioners, external accountants, trust or company service providers, estate agents, high value dealers, and casinos.

Entities falling within the scope of the MLR 2017 are required to implement risk-based AML and CTF policies and procedures, including customer due diligence, ongoing monitoring, record-keeping, and reporting of suspicious activities. Certain regulated sectors are also subject to supervision by designated supervisory authorities.

All UK entities and persons are also subject to the criminal offences set out in the Proceeds of Crime Act 2002 and the Terrorism Act 2000, including offences relating to money laundering, terrorist financing, and the failure to report suspicious activity.

Failure to comply with applicable AML and CTF requirements may result in civil, criminal or regulatory sanctions, including imprisonment, unlimited fines, and administrative penalties.

Regulations in Relation to Data Protection and Privacy

The processing of personal data by the UK Subsidiaries is governed primarily by the UK General Data Protection Regulation ("**UK GDPR**") and the Data Protection Act 2018.

The UK GDPR sets out principles governing the lawful processing of personal data, requirements relating to data security, and restrictions on cross-border data transfers. Data subjects have rights under the UK GDPR including rights of access, rectification, erasure, restriction of processing, data portability, and objection to processing. Data subjects also have the right to lodge complaints with the Information Commissioner's Office (the UK's data protection supervisory authority) and to seek compensation through the courts for material or non-material damage suffered as a result of breaches of the UK GDPR.

The UK Subsidiaries are required to implement appropriate technical and organisational measures to protect personal data and may be subject to enforcement action, including administrative fines of up to the higher of €20 million or 4% of annual worldwide turnover for the most serious infringements, in the event of non-compliance.

Following the United Kingdom's withdrawal from the European Union, the UK GDPR operates as a separate regime from the EU GDPR, and the UK government has the ability to diverge from EU data protection standards. Transfers of personal data from the UK to countries outside the UK (including to Hong Kong) require appropriate safeguards to be in place, such as adequacy decisions, standard contractual clauses, or binding corporate rules.

Regulations in Relation to Product Safety and Product Liability

Product safety. The principal general legislation is the General Product Safety Regulations 2005 (the "GPSR 2005"). Producers must not place a product on the market unless it is safe, and must take measures commensurate with the product, including withdrawal or recall where necessary. Distributors must act with due care and must not supply products they know or should presume to be dangerous. Both must notify the enforcement authority of products posing risks. Product-specific legislation supplements the GPSR 2005 in respect of, among other things, electrical and electronic equipment, machinery, toys and batteries. Where conformity assessment is required, products must bear the UKCA marking, although CE marking is recognised in Great Britain indefinitely for most regimes. Products placed on the Northern Ireland market remain subject to EU rules under the Windsor Framework. The Office for Product Safety and Standards and trading standards services may serve suspension, withdrawal and recall notices and bring criminal proceedings.

Reform. The Product Regulation and Metrology Act 2025 confers powers to make regulations governing the marketing and use of products. Consultations published on 31 March 2026 propose replacing the GPSR 2005 with a framework extending beyond consumer products, restructuring supply chain duties and imposing express obligations on online marketplaces and overseas distance sellers.

Product liability. Part I of the Consumer Protection Act 1987 imposes strict liability on producers, own-branders and importers into the United Kingdom, and on suppliers who fail to identify them, for death, personal injury or damage to private property caused by a product whose safety is not such as persons generally are entitled to expect. Limited defences apply, including for development risks. Liability cannot be excluded, and is subject to a ten-year long-stop. Liability may also arise in contract, principally under the Consumer Rights Act 2015, and in negligence.

Regulatory Risk

The UK regulatory environment applicable to corporate governance, financial services, payment services, anti-money laundering and data protection is complex and subject to change.

Regulatory developments, including those arising from the United Kingdom's withdrawal from the European Union and the UK government's ongoing review of retained EU law, may result in additional compliance obligations or costs for the Group's UK Subsidiaries. In particular:

- changes to the scope of regulated payment services or financial services activities could require the UK Subsidiaries to obtain FCA authorisation or registration;
- amendments to AML/CTF legislation or supervisory expectations could impose additional due diligence or reporting obligations;
- divergence between UK and EU data protection standards could complicate cross-border data transfers and increase compliance costs; and
- changes to corporate governance or reporting requirements could affect the administrative burden on the UK Subsidiaries.

Any such regulatory changes could adversely affect the Group's business, financial condition and results of operations.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN GERMANY

Product Compliance

As a general rule, all products that are placed on the German market must be designed, manufactured and provided with appropriate user information (manuals, warning messages as well as safety signs and labels) in a way that does not pose hazardous risks to its user. This rule is reflected by rules and regulations within the Law on Product Safety/Market Surveillance and the Product Liability Law in Germany. Furthermore, a product may be subject to further legal requirements imposing formal requirements on the economic operators (manufacturers, importer and authorised representative amongst others) such as a specific certification or documentation of the product quality. Before entering the German market, a proper product compliance organization must be managed to ensure the fulfilment of the aforementioned requirements.

Whilst the majority of such compliance obligations are met either by the manufacturer or importer (if any), it is generally required to have at least one economic operator within the European Union itself. Hence, the need for an authorised representative if there is no importer. In exceptional cases, an authorised representative is mandatory if the manufacturer of a product is not established in one of the EU member states, for example Article 11 (1) of Regulation (EU 2017/745) on medical devices.

This section sets forth a summary of the principal legal framework applicable to our Business serving as authorized representatives.

Product Safety Law

The relevant product safety law consists of European and German rules, such as the Market Surveillance Regulation (EU) 2019/1020, the German Market Surveillance Act (*Marktüberwachungsgesetz (MüG)*), the General Product Safety Regulation (GPSR) ((EU) 2023/988), the German Product Safety Act (P*roduktsicherheitsgesetz (ProdSG)*), and a number of different European and national regulations apply to specific product groups. These rules and regulations apply automatically when a product enters the German market. According to Section 3 Market Surveillance Act and Article 6 Market Surveillance Regulation a product enters the market if it is offered on an online platform to consumers situated in the EU. All these rules and regulations are compulsory and cannot be excluded nor modified by a contractual agreement.

EU Market Surveillance Regulation

The Market Surveillance Regulation (EU) 2019/1020 (the "MSR") establishes a comprehensive framework to ensure that products placed on or made available in the EU market comply with applicable EU harmonisation legislation, particularly regarding product safety, conformity, and fair competition. Most parts of this regulation have been fully applicable since July 16, 2021. Articles 29, 30, 31, 32, 33, and 36 have been applicable since January 1, 2021.

This regulation strengthens the powers of national market surveillance authorities and enhances cooperation between EU member states, customs authorities, and economic operators. It is designed to address challenges arising from global supply chains, online sales, and direct-to-consumer imports from third countries, ensuring that products sold to EU consumers meet the same regulatory standards regardless of their origin or sales channel. According to the Market Surveillance Regulation, economic operator means the manufacturer, the authorised representative, the importer, the distributor, the fulfilment service provider or any other natural or legal person who is subject to obligations in relation to the manufacture of products, making them available on the market or putting them into service in accordance with the relevant Union harmonisation legislation (Article 3 No. 13).

This regulation shall apply to products that are subject to the EU harmonisation legislation listed in Annex I ('EU harmonisation legislation') of this regulation, in so far as there are no specific provisions with the same objective in the EU harmonisation legislation, which regulate in a more specific manner particular aspects of market surveillance and enforcement.

Key objectives of this regulation include a) ensuring a high level of protection of public interests such as health, safety, and the environment; b) preventing the placement of non-compliant or unsafe products on the EU market; c) supporting a level playing field between EU-based and non-EU economic operators; d) enhancing enforcement effectiveness through improved market surveillance and controls at EU borders.

According to Article 4 (1) of this regulation, a product subject to legislation referred to in Article 4 (5) may be placed on the market only if there is an economic operator established in the EU who is responsible for the tasks set out in Article 4 (3) in respect of that product. Unlike the definition of economic operator in Article 3 No. 13 of this regulation, the economic operator in Article 4 (1) only includes the following persons: a) a manufacturer established in the EU; b) an importer, where the manufacturer is not established in the EU; c) an authorised representative who has a written mandate from the manufacturer designating the authorised representative to perform the tasks set out in Article 4 (3) on the manufacturer's behalf; and d) a fulfilment service provider established in the Union with respect to the products it handles, where no other economic operator as mentioned in points a), b) and c) is established in the EU. One category of such economic operators is the authorized representative. The authorized representative must be legally established in the EU. The manufacturer must appoint the authorized representative in writing, clearly defining the scope of authority and responsibilities. The authorized representative acts on behalf of the manufacturer in relation to specified compliance and liaison tasks with EU authorities.

The authorized representative is responsible, in particular, for a) keeping the declaration of conformity or declaration of performance at the disposal of market surveillance authorities for the period required by that legislation and ensuring that the technical documentation can be made available to those authorities upon request; b) providing that authority with all information and documentation necessary to demonstrate the conformity of the product in a language which can be easily understood by that authority; c) when having reason to believe that a product in question presents a risk, informing the market surveillance authorities thereof; d) cooperating with the market surveillance authorities, including following a reasoned request making sure that the immediate, necessary, corrective action is taken to remedy any case of non-compliance with the requirements set out in Union harmonisation legislation applicable to the product in question (Article 4 (3) of this regulation).

According to Article 4 (4), without prejudice to the respective obligations of economic operators under the applicable EU harmonisation legislation, the name, registered trade name or registered trade mark, and contact details, including the postal address, of the economic operator referred to in Article 4 (1) shall be indicated on the product or on its packaging, the parcel or an accompanying document.

The liability of the authorized representative concerned in the event of a breach of its obligations is governed by the national law of the respective EU Member State. Any breach of Article 4 (3) of this regulation by the authorized representative constitutes an administrative offense under Section 21 (2) of the German Market Surveillance Act (MüG) and is punishable by a fine.

The appointment of an authorized representative does not transfer the manufacturer's overall responsibility for product compliance, conformity assessment, or product safety, unless explicitly required by specific EU harmonisation legislation. The manufacturer remains primarily liable for ensuring that products placed on the EU market comply with all applicable legal requirements.

German Market Surveillance Act

The German Market Surveillance Act serves to implement the Market Surveillance Regulation of the European Union at the national level. It governs the powers and interactions of the market surveillance authorities, as well as the various market surveillance measures, they may take. Of particular relevance for the activities of EU authorized representatives within the meaning of the MSR is Section 21 (2), which provides for administrative fines for violations of the MSR and for non-compliance with instructions issued by the market surveillance authorities. Such fines may amount to up to EUR 100,000 or EUR 10,000, respectively.

EU General Product Safety Regulation (GPSR)

The General Product Safety Regulation (EU) 2023/988 ("GPSR") establishes a harmonised and directly applicable legal framework governing the safety of products placed on or made available in the European Union. This regulation has been fully applicable since December 13, 2024 and replaces the former General Product Safety Directive (Directive 2001/95/EC). EU member states shall not impede the making available on the market of products covered by Directive 2001/95/EC which are in conformity with that Directive and which were placed on the market before December 13, 2024.

The objective of the GPSR is to improve the functioning of the internal market while providing for a high level of consumer protection. This regulation lays down essential rules on the safety of consumer products placed or made available on the market.

Under the GPSR, economic operators are subject to enhanced obligations relating to risk assessment, documentation, traceability, and communication with authorities and consumers. Market surveillance authorities are granted expanded powers to investigate, require corrective measures, and impose sanctions in cases of non-compliance.

According to Article 4 of the GPSR, products offered for sale online or through other means of distance sales shall be deemed to be made available on the market if the offer is targeted at consumers in the EU. An offer for sale shall be considered to be targeted at consumers in the EU if the relevant economic operator directs, by any means, its activities to one or more EU member states.

A product covered by the GPSR shall not be placed on the market unless there is an economic operator established in the EU who is responsible for the tasks set out in Article 4 (3) of the MSR in respect to that product. Responsible for the tasks are the following persons: a) a manufacturer established in the EU; b) an importer, where the manufacturer is not established in the EU; c) an authorised representative who has a written mandate from the manufacturer designating the authorised representative to perform the tasks set out in Article 4 (3) on the manufacturer's behalf; and d) a fulfilment service provider established in the Union with respect to the products it handles, where no other economic operator as mentioned in points a), b) and c) is established in the EU. Authorized representative appointed by the manufacturer is therefore such an economic operator.

The authorized representative must be legally established within the EU, be appointed in writing by the manufacturer and have a mandate that clearly defines the scope of authority and assigned responsibilities. According to Article 10 (2) of the GPSR, an authorised representative shall perform the tasks specified in the mandate received from the manufacturer. The authorised representative shall provide the market surveillance authorities with a copy of that mandate upon request. The mandate shall allow the authorised representative to perform at least the following tasks: a) providing a market surveillance authority, upon that authority's reasoned request, with all information and documentation necessary to demonstrate the safety of the product in an official language which can be understood by that authority; b) where the authorised representative considers or has reason to believe that a product in question is a dangerous product, informing the manufacturer thereof; c) informing the competent national authorities about any action taken to eliminate the risks posed by products covered by their mandate through a notification in the Safety Business Gateway, where the information has not been already provided by the manufacturer or upon instruction of the manufacturer; and d) cooperating with the competent national authorities, at their request, on any action taken to eliminate in an effective manner the risks posed by products covered by their mandate.

The appointment of an authorized representative does not transfer the manufacturer's overarching responsibility for ensuring product safety, compliance, and risk management under the GPSR, unless expressly provided for by applicable EU legislation. However, the authorized representative may be liable as a manufacturer if the conditions set out in Article 13 GPSR are met. A natural or legal person shall be deemed to be a manufacturer for the purposes of this regulation and shall be subject to the obligations of the manufacturer set out in Article 9 where that natural or legal person places a product on the market under the natural or legal person's name or trademark. A natural or legal person, other than the manufacturer, that substantially modifies the product, shall be deemed to be a manufacturer for the purposes of this regulation and shall be subject to the obligations of the manufacturer set out in Article 9 for the part of the product affected by the modification or for the entire product if the substantial modification has an impact on its safety.

The liability of authorized representative concerned in the event of a breach of its obligations is governed by the national law of the respective EU member state. Any breach of the authorized representative's obligations under the GPSR constitutes an administrative offense under Section 28 (1) and (12) of the German Product Safety Act (ProdSG).

An authorized representative acts as a legally recognised intermediary between the manufacturer and EU market surveillance authorities. Pursuant to the MSR and GPSR, the importer is not mandatory, when products are directly sent from third countries, such as China, to end customers in the EU and an authorized representative has already been duly appointed as the contact person (Article 39, 40, 42 and Article 49 of the GPSR; Article 18, 23 and 4 (4) of the MSR).

For the purpose of placing products on or making them available to the EU market, it is sufficient that there is at least one economic operator established in the EU, either an importer or an authorized representative (Article 16 (1) of the GPSR; Article 4 (1) of the MSR).

For products imported from third countries, an authorized representative may perform certain tasks on behalf of the manufacturer. However, if the authorized representative of a manufacturer from a third country delivers a product to a distributor or end-user in the EU, the representative ceases to act solely as an authorized representative and, by assuming responsibility for placing the product on the market, becomes the importer and is subject to the associated obligations. Only in such exceptional cases does the authorized representative incur liability equivalent to that of an importer.

EU Product Liability Directive

The Product Liability Directive (EU) 2024/2853 establishes a harmonised regime for liability for damages caused by defective products within the EU. It replaces the earlier Directive 85/374/EEC, updating the legal framework to reflect developments in technology, global supply chains, digital products, and consumer protection. The directive was adopted by the European Parliament and the Council and was published in the Official Journal on November 18, 2024. EU member states shall bring into force the laws, regulations and administrative provisions necessary to comply with this directive by December 9, 2026. In the case of a manufacturer of a product or a component established outside the EU, and without prejudice to the liability of that manufacturer, EU member states shall ensure that the following economic operators are liable for product or component defects of manufacturer in accordance with this directive: a) the importer of the defective product or component; b) the authorised representative of the manufacturer; and c) where there is no importer established within the EU or authorised representative, the fulfilment service provider (Art. 8 (1)(c) of this directive).

Once Germany completes the transposition of the provisions of this directive into national law, authorized representatives will also be held liable for damages caused to third parties by the manufacturer's products. This will significantly increase the operational risks for the German subsidiaries. Among other things, the German government bill implementing the Directive (Bundestag Drucksache 21/4297) would expand the statutory definition of "product" to expressly include software, regardless of how it is supplied, introduce court-ordered disclosure obligations and rebuttable presumptions of defectiveness and causation that shift elements of the burden of proof onto defendants, impose liability on manufacturers for failing to provide necessary safety updates after a product has been placed on the market, and abolish the current EUR 85 million cap on liability for personal injury and the EUR 500 deductible for property damage under the existing ProdHaftG (see "German Product Liability Act" below). The authorized representative may exclude contractual liability by agreement with the contracting parties such as manufacturer, provided that the relevant provisions do not concern mandatory statutory requirements. Any contractual exclusion of liability shall have effect only *inter partes*, i.e. exclusively between the contracting parties, and shall not produce any legal effect vis-à-vis third parties.

Any exclusion or limitation of the authorized representative's liability on the label of the respective product is invalid vis-à-vis third parties, regardless of whether online trade is involved or not.

- **Electrical and electronic equipment**

  The German subsidiaries offer their customers registration, quantity reporting, labelling, and recycling of equipment services in Europe. The currently applicable directive is Directive 2012/19/EU of July 4, 2012, which has been partially amended by Directive (EU) 2024/884. The GPSR applies directly to the products specified in Directive 2012/19/EU (Art. 2 (1) in conjunction with Annex I GPSR). The liability risk as an authorized representative arises from the breach of the obligations provided for in the GPSR and the negligent conveyance of the manufacturer's breach of duty pursuant to Section 823 of the German Civil Code (BGB).

- **Batteries**

  The German subsidiaries also offer their clients services of recycling and disposal of used batteries, labels, and registration of new batteries in Europe. The original Directive 2006/66/EC of September 6, 2006, which was partially modified by Directive 2013/56/EU, was repealed with effect from August 18, 2025. The current Battery Regulation of July 12, 2023 (Regulation (EU) 2023/1542) imposes various obligations on the authorized representative (Article 40 of the regulation). Separately, Chapter VII of the regulation (Articles 47-53) imposes battery due diligence obligations on manufacturer established in the EU or, where the manufacturer is established outside the EU, on the importer of the relevant batteries; the application of these due diligence obligations has been postponed from August 18, 2025 to August 18, 2027 by Regulation (EU) 2025/1561. Insofar as an authorized representative assumes the function of importer in the circumstances described above, it may itself become subject to these due diligence obligations. Pursuant to Article 93 of the regulation, EU member states shall lay down rules on penalties applicable to infringements of this regulation and shall take all measures necessary to ensure that they are implemented by August 18, 2025. In Germany, this has been implemented by the Act Implementing Regulation (EU) 2023/1542 on Batteries and Waste Batteries (Battery Law Implementation Act – BattDG). Violation of the obligations of the authorized representative under the Regulation constitutes an administrative offense under Section 60 (2) BattDG.

- **Packaging**

  The German subsidiaries also offer their clients packaging services in Europe. Directive 94/62/EC applied until it was repealed with effect from August 12, 2026 (see below). GPSR applies directly to the products specified in Directive 94/62/EC (Article 2 (1) in conjunction with Annex I GPSR). The liability risk arises from a breach of the obligations of the authorized representative provided for in GPSR and the negligent conveyance of the manufacturer's breach of duty pursuant to Section 823 of the German Civil Code (BGB).

  Regulation (EU) 2025/40 of December 19, 2024, has repealed Directive 94/62/EC with effect from August 12, 2026, and applies as of that date. In Germany, the former Verpackungsgesetz has been repealed and replaced by the Verpackungsrecht-Durchführungsgesetz (VerpackDG), which entered into force on August 12, 2026, and governs matters such as registration, system-participation obligations, and market restrictions for packaging placed on the German market. The penalties for infringing Regulation (EU) 2025/40 are governed by the national law of the respective EU member state. The liability risk also arises from a breach of the obligations of the authorized representative provided for in this regulation (Article 17) and under the VerpackDG.

German Law on Product Safety

The German Product Safety Act (ProdSG) provides a national legal framework to translate and anchor European product safety law into national law. Amongst other things, it forms the legal framework for further national regulations, e.g. on electrical equipment, toys, pressurized containers, machines, sport boats, explosive devices, elevators, and packaged aerosol mixtures, if there is a special risk involved with these products, or to translate European directives into legally binding national regulations.

Until February 19, 2026, authorized representatives were subject to a comprehensive set of obligations pursuant to former Section 6 (1) – (4) of the Product Safety Act (ProdSG), the scope of which was similar to the obligations arising out of Article 4 EU Market Surveillance Regulation and Article 16 EU Product Safety Regulation.

These obligations contained a labelling and product safety information obligation, an obligation to prepare for risk-aversion measures, such as a product recall, a duty to inform the responsible market surveillance authority of dangers or risks known to the economic operator, and, where possible, to perform spot checks on the products in circulation (with a consumer-feedback alternative under former section 6 (3)1 where spot checks were not feasible with reasonable effort). With effect from February 19, 2026, the Act Amending the Product Safety Act and Other Product-Safety-Law Provisions (Gesetz zur Änderung des Produktsicherheitsgesetzes und weiterer produktsicherheitsrechtlicher Vorschriften, BGBl. I 2026 No. 29) repealed former Section 6 (1) – (4) ProdSG as duplicative of Article 16 of the GPSR (see "EU General Product Safety Regulation (GPSR)" above), which imposes materially the same obligations directly and without the need for national implementing legislation. Section 6 ProdSG now instead requires that GPSR-mandated product information, instructions and warnings be provided in German.

Failure to comply with obligations from the German Product Safety Act may lead to administrative fines of up to either EUR 10,000 or EUR 100,000 under Section 28 of the German Product Safety Act, which retains its numbering post-amendment and has been expanded (Sections 28 -30 ProdSG) to sanction violations of the GPSR itself, including a new criminal offense for persistent intentional violations.

Intellectual Property Law

The relevant IP law can broadly be categorized into patent and design law.

Patent Law

Patents in Germany can either be national patents registered with the German Patent Office or European Patents with or without Unitary Effect registered directly at the European Patent Office. Furthermore, there can be increasingly rare cases of European Patents with an "opt-out" option. These are European patents that cannot be prosecuted in the European Patent Court, but within the national justice system of Germany.

The central statutory provisions governing German patents are Sections 9 to 13 in conjunction with Section 139 of the German Patent Act. Pursuant thereto, any person who unlawfully uses a patented invention may be subject to claims for injunctive relief, damages, and/or surrender of profits. However, such claims will generally affect only manufacturers and importers, since EU representatives should not manufacture, offer, place on the market, use, import, or possess the relevant products.

With regards to European patents with unitary effect, the rights of the patent proprietor are governed by Articles 25 and 26 of the Agreement on a Unified Patent Court, as well as Articles 63–64 and Articles 67–68 thereof. The patent proprietor is entitled to exclude third parties from using the products in question and, where appropriate, may assert claims for injunctive relief, provision of information, and damages. The products in question may also be subject to seizure or destruction. However, as a general rule, such claims are directed against the manufacturer rather than against EU representatives.

Even though representatives may not be direct infringers both in national and European patent law, they can be liable as accessory infringers under German tort law.

Design Law

The primary source of law governing the relevant design (industrial design) rights is the German Design Act (Designgesetz – DesignG). Any person who uses a design in violation of Section 38 DesignG may, pursuant to that provision, be subject to claims for removal of the infringement and, in the event of a risk of repetition, to injunctive relief. Pursuant to Section 42 (2) DesignG, the infringer may also be liable for damages.

The EU design law framework has recently been overhauled. Regulation (EU) 2024/2822, which recast the Community design regime as the "EU design" and abolished the possibility of filing EU design applications through national offices, has applied since May 1, 2025, with a further tranche of provisions (governing expanded registrable subject matter, including graphical user interfaces, icons, animated designs and 3D-printed products) applying from July 1, 2026. The accompanying Design Directive (EU) 2024/2823, which will replace the former Design Directive 98/71/EC, must be transposed into German law by December 9, 2027; the DesignG has not yet been amended to reflect it.

As a rule, however, the EU authorized representative is not a direct infringer, since it does not carry out the acts listed in Section 38 (1) DesignG. Nevertheless, such a representative may be exposed to accessory liability under the law of torts, as the relevant provisions of the Design Act constitute protective statutes within the meaning of Section 823 (2) of the German Civil Code (BGB).

Brand Law

In Germany, trademarks can be protected either through a national or a European registry. The primary legislation is the Regulation on the European Union Trade Mark (EUTMR) and the German Trademark Act (Markengesetz – MarkenG). The rights resulting from a European Union trademark are expressed in Art. 5 EUTMR, whilst the claims of the brand owner against third parties can be found in Art. 10–13 EUTMR. Furthermore, owners of a European Union trademark can have claims resulting from German national law, under Section 119 No. 2 German Trademark Act in conjunction with specific sections of the same act. These are namely claims for damages (Section 14 (6) and (7)), destruction and recall (Section 18), information (Section 19), submission and inspection (Section 19a), securing of claims for damages (Section 19b), and publication of judgments (Section 19c). It has to be noted thought, that the correct respondent to these claims usually will be the manufacturer or importer. However, the representative might be concerned as an accessory or interfering party ("Gehilfe" or "Störer") under tort law.

Competition Law

The German Unfair Competition Act (UWG) is the main legislative framework for competition law in Germany. It encompasses a plethora of provisions that aim at creating a fair competitive environment within the free market.

The basis for a violation of provisions set by the UWG is a "commercial act" as defined by Section 2 (1) No. 2 UWG. This potentially can include the activities of an authorized representative. An authorized representative can thus be exposed to cease-and-desist claims under section 8 UWG. Claims for damages under section 9 UWG are thinkable too. However, the representative will often be able to defend against such claims by referring to his lack of intent or negligence. This defence will, however, become weak if the authorized representative is alerted by third parties to a violation or otherwise becomes aware of it. In order to avoid liability for damages in this case, it is recommended to take immediate action and, if necessary, terminate the representative role altogether.

The UWG was further amended, with effect from September 27, 2026, to transpose the EU Empowering Consumers for the Green Transition Directive (EU) 2024/825. The amendment introduces a catalogue of per se prohibited practices, including misleading environmental and sustainability claims (e.g. unsubstantiated "carbon neutral" claims based solely on offsetting) and non-disclosure of planned obsolescence or of software-related limitations on product functionality or durability, with fines of up to 4% of annual turnover for violations. These obligations principally target the manufacturer, distributor or online marketplace making the relevant claims; an authorized representative could nonetheless be exposed under Sections 8 and 9 UWG to the same extent as for other UWG violations described above, in particular where it disseminates or fails to correct such claims on the manufacturer's behalf.

Product Liability Law

In Germany, either the seller or the manufacturer, or both jointly, can be held liable if the product is defective. The harmed person may assert claims arising from product liability, producer liability, and warranty for defects. The rules for liability are to be found in the German Product Liability Act ("Produkthaftungsgesetz – ProdHaftG") and the German Civil Code ("Bürgerliches Gesetzbuch – BGB") as well as in special laws.

Under the current legal framework, risks to the representative mainly arise from an indirect liability, e.g. as an assistant to a liable manufacturer. Also, there can be situations where the representative might be considered a manufacturer due to wrong documentation or labelling. Furthermore, borderline cases in which a direct representative liability might be considered can arise if the representative has personal control or check-up obligations regarding a product.

However, as previously stated, once Germany completes the transposition of the EU Product Liability Directive into national law, the liability of authorised representatives will be significantly strengthened.

German Product Liability Act

In the event a product has caused damage to persons or items (other than the defective product), the manufacturer is strictly liable pursuant to the German Product Liability Act ("Produkthaftungsgesetz – ProdHaftG"). The maximum liability for damages relating to a human-being as a consequence of a defective product is currently EUR 85 million (Section 10 ProdHaftG), subject to a deductible of EUR 500 for property damage claims (Section 11 ProdHaftG); both the cap and the deductible are expected to be abolished once Germany transposes the EU Product Liability Directive (EU) 2024/2853 into national law (see "EU Product Liability Directive" above). Generally, representatives aren't liable under the German Product Liability Act. However, they could become liable as a manufacturer by labelling under section 4(1) of the Product Liability Act if their name is printed on a product without specific notice that they are merely the representative, and hence not the manufacturer. Therefore, it is important for the representative to make sure they are correctly named on the label.

Tort Law

Tort law in Germany is primarily codified in Sections 823–853 of the German Civil Code (BGB). Most relevant for product liability law is Section 823 (1) and (2). Tort law liabilities under Section 823 (1) and (2) BGB are unlimited, as there is no ceiling on the maximum amount of money that a culprit can be liable for. Therefore, being exposed to a tort law liability can be especially dangerous.

- **Direct liability of the representative**

  Whilst manufacturers may be held liable under Section 823 (1) BGB if the product is defective, in this respect, the manufacturer has the obligation to properly design and produce a product, to instruct its use, and to monitor it. Representatives usually will not be exposed to such a direct liability under Section 823 (1) of the German Civil Code.

  For liability under § 823 (2) of the German Civil Code (BGB), the question of whether a protective statute ("Schutzgesetz") exists is decisive. Essential provisions that regulate the scope of duties of an EU authorized representative quite often do not constitute protective statutes within the meaning of § 823 (2) BGB. In this regard, the Court of Justice of the European Union (CJEU) has ruled that neither the fact that a directive imposes monitoring obligations on certain economic operators, nor the fact that the directive also aims to protect the injured parties, necessarily entails that it creates rights for the injured parties in the event that the economic operators concerned fail to fulfil their obligations ("Breast-implant case", February 16, 2017).

  It tends to be generally agreed upon that this also applies to regulations and national law which oblige EU authorized representatives. E.g. Article 4 Market Surveillance Regulation, Article 16 General Product Safety Regulation, and former Section 6 (1) – (4) ProdSG (in force until February 19, 2026; see "German Law on Product Safety" above) were considered not to be protective statutes with regards to Section 823 (2) BGB.

  Although no higher court rulings on this matter exist to date in some instances. Therefore, a certain risk remains in this matter. Especially with regards to Section 6 (3) 1. and (4) of the German Product Safety Act (repealed with effect from February 19, 2026; see "German Law on Product Safety" above) and, on a forward-looking basis, the corresponding obligations now imposed directly by Article 16 GPSR, there is a bigger than 0 possibility for a court establishing a direct liability under tort law of the representative. It is therefore highly advisable to establish on-board compliance protocols to ensure these provisions are followed by the representative.

- **Liability of the representative as an accessory**

In contrast to the EU authorized representative, manufacturers can be subjected to a multitude of direct tort law claims, either via Section 823 (1) BGB, as mentioned above, or under Section 823 (2) BGB in conjunction with a protective statute.

For the latter, a multitude of provisions comes into question, e.g. Article 5 of the General Product Safety Regulation or Section 3 of the German Product Safety Act (ProdSG) — noting that, with effect from February 19, 2026, Section 3 ProdSG was narrowed to apply only to products outside the scope of the GPSR or other EU harmonisation legislation, so that Article 5 GPSR will be the more relevant protective statute for most of products handled by the German subsidiaries — provisions from other areas of law, e.g. intellectual property, trademark, or competition law.

In cases where the representative knowingly or negligently assists the manufacturer or another third party in their infringement, they can become liable as an accessory under Section 830 of the German Civil Code in conjunction with the section relevant to the infringement of the main culprit.

This requires a so-called "double–accessory–intent" (or negligence) ("doppelter Gehilfenvorsatz"). This means the representative needs to have intent (or negligence) regarding the main culprit's infringement, and, furthermore, he also needs to intentionally (or negligently) help the main culprit in their infringement.

Since the role of an EU authorized representative is characterized by representing the manufacturer in the EU market, an intent to help will most likely be established easily. Henceforth, the main question, given the manufacturer is liable under tort law, will mostly be whether or not the representative had intent, or rather negligence, with regards to the manufacturer's infringement.

To answer this question, it mainly must be examined what constitutes negligence of the representative. This directly depends on the scope of the representative's obligations.

Luckily, as seen in earlier chapters, the main obligations of the representative are focused on retaining and providing relevant documentation for the products, as well as assisting market authorities in potentially necessary consumer safety measures. In short, it is usually not the obligation of the representative to control the product itself for infringement of relevant protective statutes and Section 823 (2) BGB.

For example, the representative must only make sure there is documentation from the manufacturer about product compliance with European safety regulations, but he must not ensure the product is compliant with said safety regulations himself, since that is the primary task of the manufacturer.

Therefore, as has been established by the Higher Regional Court of Frankfurt am Main (March 16, 2023 – 6 U 189/22), a representative is generally not negligent regarding infringements of the manufacturer, since most of the time he has no obligation to control for such infringements. This is because it would be unreasonable to demand such consistent and broad control from the representative without a clear legal basis.

However, if the representative receives notice, e.g., via a letter of complaint or a cease-and-desist claim, about an infringement of the manufacturer, he will have to act immediately against the infringement, and, if that is not possible, terminate the representative role without further ado, so as to avoid negligence and, therein, a potential liability as an accessory.

A relatively new and not yet fully determinable risk in that regard is posed by Art. 16 of the General Product Safety Regulation (GPSR). That requires the representative to regularly control whether the product is still in line with the documentation provided by the manufacturer, and whether it has the necessary labelling. It is conceivable that a court could establish negligence regarding a manufacturer's infringement by the representative, on the basis that the representative should have noticed irregularities during their mandatory control of the product's compliance with the provided documentation, as they are obliged to perform under Art. 16 (2) a GPSR.

The establishment of onboard product controlling procedures as deemed desirable in recital (37) of the GPSR, by EU-representatives therefor seems to be generally necessary.

- **Liability of the representative as "interfering party"**

  EU authorized representatives might be exposed to claims directed at them as an interfering party if they somehow help or enable manufacturers' infringements without being negligent or having intent. The legal basis for this was mainly established by court rulings and is anchored in Section 1004 of the German Civil Code (BGB). This liability, however, poses lesser risk insofar as claims against the interfering party are purely negative in nature and do not give rise to a claim for damages (BGH NJW-RR 2002, 832). Likewise, attorney's fees for an initial cease-and-desist warning directed at the authorized representative are not recoverable.

Laws and Regulations about E-Commerce/Data Privacy

In Germany, there are various legal regulations in e-commerce and data protection which apply to companies offering goods or services on the German market, including companies established outside of Germany and the European Union.

Data Protection Law

Data protection in Germany is primarily governed by the EU General Data Protection Regulation (EU) 2016/679 (GDPR), which applies directly and with priority. The German Federal Data Protection Act (Bundesdatenschutzgesetz – BDSG) supplements the GDPR by making use of national opening clauses, regarding specific processing contexts such as employment-related data processing and certain procedural aspects. In addition, the Telecommunications and Digital Services Data Protection Act (Telekommunikation-Digitale-Dienste-Datenschutz-Gesetz – TDDDG) applies as a sector-specific law governing the protection of privacy in electronic communications and digital services, in particular the storage of information on, and access to information from, users' end devices (e.g. cookies and comparable technologies).

Pursuant to the so-called marketplace principle set out in Article 3 (2) GDPR, the GDPR also applies to foreign companies, including companies established outside the European Union, insofar as they process personal data of individuals located in the EU and such processing is related to the offering of goods or services to such individuals or the monitoring of their behaviour. The decisive connecting factor is the targeting of sales, distribution or advertising measures at persons located in the EU. In this context, the GDPR applies not only to the offering of goods or services against payment, but also to free digital services, applications or platforms, as well as to the monitoring of the behaviour of individuals in the EU, for example through tracking, profiling or analytics technologies.

The GDPR primarily addresses the controller of the data processing, as the controller constitutes the legally responsible entity regarding compliance with the obligations and duties arising from the processing of personal data. Depending on the specific business model and factual circumstances, companies involved in e-commerce or digital services may act as independent controllers, joint controllers or data processors. Where an online platform enables third-party sellers or service providers to offer goods or services via the platform, the platform operator and the sellers may qualify either as independent controllers, each responsible for their own processing activities, or as joint controllers within the meaning of Article 26 GDPR.

Irrespective of whether a company acts as an independent or joint controller, it must comply with the GDPR principles of data processing and ensure the existence of appropriate legal bases for processing as well as the provision of transparent information on the processing of personal data from the perspective of customers or users. Additional data protection obligations may arise depending on the individual case, including the requirement to conclude data processing agreements pursuant to Article 28 GDPR with service providers such as hosting providers, IT service providers, payment service providers or logistics partners acting on behalf of a controller.

EU Representative Function (Article 27 GDPR)

Where non-EU companies, in particular companies established in the People's Republic of China, are subject to the GDPR pursuant to Article 3 (2) GDPR, they are generally required to designate an authorised representative within the European Union in accordance with Article 27 GDPR. Companies acting as such authorised EU representatives assume a legally distinct function under EU data protection law, subject to the limited statutory exceptions set out in Article 27(2) GDPR.

In this capacity, the EU representative serves as the designated point of contact within the EU for supervisory authorities and data subjects in connection with the processing activities of the represented non-EU company. While the EU representative does not become the controller for the underlying data processing operations of the represented company, it may itself process personal data while fulfilling its statutory representative obligations, in particular contact, correspondence and documentation data. Regarding such processing, the EU representative acts as an independent data controller and must comply with the applicable obligations under the GDPR.

In addition to the EU representative function pursuant to Article 27 GDPR, non-EU companies may be subject to separate representative or authorised person requirements under sector-specific EU regulatory regimes, such as packaging, electrical and electronic equipment, battery or product compliance legislation. These representative functions are legally distinct from the EU representative under Article 27 GDPR, but may entail additional statutory documentation, communication and retention obligations involving the processing of personal data.

E-Commerce and Digital Services Law

Regarding applicable e-commerce law, several German legal provisions are relevant. In particular, the Digital Services Act (Digitale-Dienste-Gesetz – DDG), the Telecommunication Act (Telekommunikationsgesetz – TKG), the Unfair Competition Act (Gesetz gegen den unlauteren Wettbewerb – UWG) and the provisions of the German Civil Code (Bürgerliches Gesetzbuch – BGB) governing digital or electronic means of contracting are of importance.

Among other things, the DDG contains provisions on the obligation to provide an imprint (Impressum) including mandatory business information, such as name, address and further contact details. This obligation also applies to foreign companies insofar as the respective requirements can be fulfilled under foreign law and the services are directed at the German market.

The UWG contains specific rules applicable to electronic means of communication and commercial practices. Section 7 UWG governs unsolicited advertising and generally requires prior consent, particularly for email marketing, subject to the statutory exception for existing customers.

The TDDDG provides specific regulations governing the storage of information in, and access to information from, a user's end device (including cookies and similar technologies). Such technologies may generally only be placed on a user's end device if the user has given prior consent, unless a statutory exception applies.

The UWG and the DDG also apply to foreign companies pursuant to the so-called "success location rule", meaning that where an act carried out by a non-German entity constitutes an unfair commercial practice within the meaning of the UWG or a violation of the DDG and produces effects in Germany, such act is assessed in accordance with the relevant German legal provisions.

Consumer Contracts and Information Obligations

For individual legal transactions with consumers initiated by electronic means, the German Civil Code (BGB) provides for extensive consumer protection and information obligations. These include clear and comprehensible information on the identity of the seller, the essential characteristics of the goods or services, pricing including shipping costs, and the ordering process, particularly a clear indication of the button initiating a binding order.

Furthermore, the seller must provide the consumer with a copy of the contract or a contract confirmation reflecting the content of the contract on a durable medium. The consumer must also be informed of their right of withdrawal and, where applicable, the costs of returning goods. Operators of online marketplaces are additionally required to disclose the main criteria determining product rankings in search results. Where prices are determined on a customer-specific basis by automated means ("personalised pricing"), this must be disclosed.

The provisions of the BGB apply to foreign companies regarding contracts concluded with consumers habitually resident in Germany, provided that the offer of the platform or online shop is directed at customers in Germany. The applicability of German consumer protection law may be limited by clearly identifying the geographical scope and target markets addressed by the platform or online shop.

Tax Laws

The German tax system comprises two basic categories, namely direct and indirect taxes. For direct taxes, the taxable entities bear the ultimate tax burden, e.g. income tax, corporation tax and trade tax. For indirect taxes, the tax debtor transfers the tax burden to another party.

Direct tax

The taxation of German companies depends on the entity's legal form. Corporations are treated as non-transparent for tax purposes, i.e. that the taxable profit is subject to taxation at the level of the corporation itself. Profits of corporations are subject to corporation tax (*Körperschaftssteuergesetz*; "**KStG**"), solidarity surcharge and trade tax (*Gewerbesteuergesetz*; "**GewStG**").

(a) Corporation Tax Act (KStG)

Corporation tax is the income tax for corporations such as a liability limited company (*Gesellschaft mit beschränkter Haftung*; "**GmbH**") or a stock corporation (*Aktiengesellschaft*, "**AG**"). The tax is calculated based on the taxable income earned during the calendar year. Corporation tax is levied at the rate of 15% on taxable profits. In addition, a solidarity surcharge of 5.5% is applied to the corporation tax, resulting in an effective total tax rate of 15.825%.

(b) Trade Tax Act (GewStG)

All commercial businesses operating in Germany are also subject to trade tax (*Gewerbesteuer*). A business is considered to operate in Germany if it maintains a permanent establishment, i.e. a place of business, in the country. The activities of a corporation such as a GmbH are always regarded as commercial business operations. Trade tax is assessed and collected by the relevant local authority, which also sets the applicable tax rate. Consequently, rates vary by municipality, ranging from approximately 13% to 18% of taxable business income, with smaller towns generally applying lower rates and larger cities higher rates.

Indirect tax, Value Added Tax

In addition, all sales of goods and services are subject to value-added tax (VAT). Standard VAT under the Value Added Tax Act (*Umsatzsteuergesetz*; "**UStG**") in Germany is 19%, with a reduced rate of 7% applicable to certain goods and services. Intra-EU deliveries and exports are subject to special VAT rules to ensure proper tax treatment across borders.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN FRANCE

Legal Supervision over Corporation

Under French law, commercial companies are governed primarily by the *Code de commerce*, supplemented where relevant by provisions of the *Code civil*, as well as by secondary regulations and administrative practice. The legal form adopted by an entity determines, inter alia, the organisation of its governance, the extent of the liability of its shareholders, the rules governing capital structure and the formalities applicable to its constitution and operation.

Legal Forms and Governance

The most frequently used legal forms for business entities in France include the *Société par Actions Simplifiée (SAS)*, governed notably by Articles L.227-1 et seq. of the *Code de commerce*, the *Société à Responsabilité Limitée (SARL)* under Articles L.223-1 et seq., and the *Société Anonyme (SA)* pursuant to Articles L.225-1 et seq.

As a general rule, shareholders' liability is limited to the amount of their contributions, subject to exceptional circumstances such as abuse of corporate form or fraudulent management. Each corporate form provides for distinct rules concerning: 1) the appointment and powers of directors or managers, 2) the transferability of shares or equity interests, 3) minimum share capital requirements (notably for SA), and 4) decision-making procedures at shareholder level.

Registration, Filings and Good Standing

Commercial entities must be registered with the *Registre du Commerce et des Sociétés (RCS)* pursuant to Articles L.123-1 and following of the *Code de commerce*. Companies are further required to: 1) maintain updated articles of association, 2) file annual accounts within statutory deadlines (Articles L.232-21 et seq.), 3) keep corporate and shareholder registers, 4) declare changes affecting management, registered office or share capital.

Failure to comply with these obligations may result in administrative fines, civil liability of managers, or, in serious and persistent cases, judicial dissolution under Article L.237-1 of the *Code de commerce*.

Legal Supervision over Labor and Employment

Employment relationships in France are primarily governed by the *Code du travail*, collective bargaining agreements applicable to the relevant sector, and established case law of the *Cour de cassation*. French labour law is characterised by a high degree of mandatory provisions designed to ensure employee protection and social stability.

Employment Contracts and Working Conditions

An employment contract may be concluded in writing or implied from factual circumstances, but certain forms of employment, such as fixed-term contracts (*CDD*), require strict written formalisation under Articles L.1242-12 et seq. of the *Code du travail*. Employers must comply with rules relating to: 1) the statutory minimum wage (*SMIC*), 2) maximum working hours and overtime compensation, 3) paid leave entitlements, and 4) workplace health and safety obligations under Articles L.4121-1 et seq.

Social Security Contributions and Declarations

Employers are required to register employees with social security bodies and make periodic declarations through the *Déclaration Sociale Nominative (DSN)* system. Contributions cover retirement pensions, unemployment insurance, health insurance and family benefits, as governed by the *Code de la sécurité sociale*.

Non-compliance may result in reassessment of contributions, financial penalties and, in cases of intentional evasion, criminal sanctions under Articles L.8221-1 et seq. concerning undeclared work.

Legal Supervision over Tax

Corporate and business taxation in France is primarily governed by the *Code général des impôts (CGI)* and related administrative guidelines published by the French tax authorities (*BOFiP*). Companies operating in France may be subject to several layers of taxation, depending on their legal form, turnover and activities.

Corporate Income Tax

Corporate income tax (*Impôt sur les Sociétés – IS*), governed by Articles 205 et seq. of the CGI, applies to profits realised by corporate entities. The standard tax rate is currently 25%, with reduced rates available for qualifying small and medium-sized enterprises under Article 219-I-b of the CGI, subject to turnover and capital thresholds.

Value Added Tax (VAT)

VAT obligations arise under Articles 256 et seq. of the CGI. Businesses engaged in taxable transactions must: 1) obtain a VAT registration number, 2) issue invoices compliant with Article 289 CGI, 3) submit periodic VAT returns, and 4) remit collected VAT to the tax authorities.

Failure to comply may lead to reassessment procedures, late payment interest and penalties pursuant to Articles 1727 and 1731 CGI.

Local Business Taxes

Companies may also be subject to the *Contribution Économique Territoriale (CET)*, which comprises the *Cotisation Foncière des Entreprises (CFE)* and the *Cotisation sur la Valeur Ajoutée des Entreprises (CVAE)*, governed by Articles 1447 et seq. CGI. These taxes are based respectively on property occupancy and value added.

Legal Supervision over Fiscal Representative Activity

The activity of fiscal representation in France, particularly in the context of VAT compliance for taxable persons established outside the European Union, is governed mainly by Article 289 A of the *Code général des impôts* and related administrative doctrine.

Appointment and Eligibility Conditions

A fiscal representative must generally: 1) be a taxable person established in France and accredited by the competent French tax office, 2) demonstrate sufficient financial solvency, 3) maintain a compliant tax record, and, 4) where required, provide financial guarantees acceptable to the tax administration.

The tax authorities retain discretionary power to refuse or withdraw approval where these conditions are no longer met.

Obligations and Liability Regime

A fiscal representative acts in the name and on behalf of the foreign taxable person for VAT purposes and may be held jointly liable for VAT debts and compliance failures. In practice, professional indemnity insurance and robust accounting procedures are commonly required, even if not systematically mandated by statute.

Non-compliance may lead to administrative sanctions, withdrawal of representative status and financial penalties, as well as potential civil liability toward the represented entity.

LAWS AND REGULARIONS RELATED TO OUR BUSINESS IN ITALY

Compliance with Data Protection Law

Primarily it is worth noting that the application of GDPR turns on whether an organization is established in the European Union ("**EU**"). An "establishment" may take a wide variety of forms and is not necessarily a legal entity registered in an EU Member State. However, the GDPR also has extra-territorial effect. An organization that it is not established within the EU will still be subject to the GDPR if it processes personal data of data subjects who are in the Union where the processing activities are related "to the offering of goods or services" to such data subjects in the EU or "the monitoring of their behaviour" as far as their behaviour takes place within the EU.

The Italian data protection law framework mainly include, in addition to GDPR, the Italian Legislative Decree no. 196 of 30 June 2003, Italian Data Protection Code, as subsequently amended and supplemented, in particular by Italian Legislative Decree no. 101/2018, setting forth provisions on the harmonization of the national laws to GDPR ("**Privacy Code**"). We would like to draw your attention on the following provision:

– **minors**: for consent to the processing of personal data in relation to the offer of information society services directly to a child, 14 is the minimum age in Italy. Italy has exercised the power set forth in the GDPR which sets 16 as the minimum European standard but allows member states to lower the threshold;

– **unsolicited communication**: marketing by e-mail, facsimile, MMS or SMS-type messages requires prior recipients' consent (Article 130 of the Privacy Code). Prior consent for marketing by email is not required for recipients who have already purchased similar products or services. In this case, data subjects must be informed that their email address will be used for marketing purposes and that they have the right to object to such processing (e.g., through an opt-out/unsubscribe link at the end of the message). These restrictions also apply in a business-to-business context. A consumer who wishes not to receive unsolicited sales and marketing proposals by phone or by mail can object to such activities by joining a public opt-out register (so called "***Registro Pubblico delle Opposizioni***"). Using the data listed in this register for marketing purposes is allowed subject to strict compliance with specific requirements (*e.g.* data subject's prior consent within an ongoing relationship that has not expired for more than 30 days or the data subject has not entered in the *Registro Pubblico delle Opposizioni*).

– **Cookie and other tracking tools**: in July 2021 Garante released a new set of guidelines for the use of cookies and other tracking tools which introduce a number of new provisions (applicable as of 9 January 2022 – "**New Cookie Guidelines**") according to which, *inter alia*: (i) it must be obtained user's consent before setting non-technical cookies; (ii) users visiting a web site for the first time must be shown a cookie banner to be set up in strict compliance with the requirements under New Cookie Guidelines; (iii) scrolling or swiping a page is not considered a valid mechanism to collect the user's consent, unless it can be proved that scrolling or swiping of the user is the result of an unequivocal choice; (iv) cookie walls are unlawful; (v) analytics cookies can be used without consent only when it is not possible to single out a data subject; (vi) at least 6 months must elapse before you can show your cookie banner again.

Supervision over the GDPR and the Privacy Code is conducted by the Garante per la Protezione dei Dati Personali ("**Garante**") that has the power to impose administrative fines, as well as the corrective powers provided for by Article 58 (2) of GDPR. Within the sanctioning framework set forth by the GDPR, Article 166 of the Privacy Code further specifies the applicable administrative fines under Italian law, providing that (i) administrative fines up to Euro 10 million or up to 2% of the total worldwide annual turnover apply to the infringements of the certain provisions of Privacy Code, including, by way of example only, failure to use clear and plain language for the purpose of obtaining valid consent for processing minors' personal data in relation to the direct offer of services of the information society; (ii) higher administrative fines, up to Euro 20 million or 4% of the total worldwide annual turnover, also apply in case of infringement of certain provisions of the Privacy Code, including, by way of example only, failure to obtain a valid consent for processing minors' personal data in relation to the direct offer of services of the information society; infringements of certain provisions in the context of electronic communications services. Moreover, any infringement of data protection law may also result in criminal prosecution of individuals[1].

Legal Consequences of Violations of the GDPR

Any person who has suffered material or non-material damage as a result of an infringement of this Regulation shall have the right to obtain compensation from the controller or processor for the damage suffered. The data subjects may therefore bring an action for damages before the civil courts. In May 2023, the European Court of Justice ruled that no materiality threshold is to be observed and thus also allows for "trivial cases". In addition to legal action in the civil courts, administrative proceedings can also be brought before the supervisory authorities. These can either carry out an inspection of the company on their own initiative or because someone, e.g. a data subject, has issued a notification. Infringements of the provisions of the GDPR can lead to fines of up to 20,000,000 EUR or up to 4% if the total worldwide annual turnover of the preceding financial year, whichever is higher. Strictly adhering to the GDPR is therefore important for any company operating within it's framework. Each supervisory authority has the corrective powers to impose a temporary or definitive limitation including a ban on processing. In this case, the data processing that is not lawful in the opinion of the supervisory authority must be stopped accordingly. Depending on the circumstances, this can cause the entire operation of a company to come to a standstill.

Compliance with Additional Law and Regulations under the Italian Law

The Civil Liability of the Management under Italian Laws

The Italian international private Law framework (Law no. 218/1995), which is applicable in cross border cases, provides under Article 25 that "*companies, associations, foundations and any other public or private entity including those without associative nature are governed by the Law of the State in which their incorporation took place. However, Italian Law applies if the headquarters of the management is located in Italy, or if the main purpose of such entities is located in Italy*". In principle, for companies based abroad having no business unit located in Italy, the civil and corporate law principles concerning the liability of the board of directors (appointed by the shareholder's or by the By-Laws, so called "***amministratori***") and the senior management team (so called "***direttori generali***" and/or "***figure apicali***") shall not apply.

1 The unlawful processing of data, the unlawful communication or disclosure of data related to a relevant number of data subjects and the fraudulent acquisition of personal data (according to Articles 167, 167-bis and 167-ter of the Privacy Code, respectively) are punished, provided that they are carried out intentionally and for the purpose of obtaining profit for themselves or for others. Criminal offences may be punished with imprisonment for a period of 6 months up to one year and 6 months (for unlawful processing of personal data), imprisonment for a period of one year up to six years (for unlawful disclosure and dissemination of personal data), imprisonment for a period of one year up to four years (in case of unlawful acquisition of personal data). More sever criminal sanctions may be provided in specific cases, such as whenever the criminal offence concerns special categories of personal data (e.g. data on health status, religious or political beliefs, sex life).

For sake of completeness, the Italian Law provides a combination of duties, including the compliance with the obligations imposed by the law, the articles of association and the by-laws of the company and, more generally, the diligence required by the duty to manage and represent a company over the directors. Compliance with these obligations contributes to ensure that the company operates properly and carries out its business on a regular basis. The breach of the abovementioned obligations may imply prejudicial consequences both for the company and for third parties (including, but not limited to, creditors and shareholders); for the effect, the director may be held liable for any damage resulting from his or her lack of diligence.

The directors have to fulfil with the duties provided by the law and/or the corporate by-laws using the diligence required by the nature of their office and their specific expertise and operating with full compliance to the technical (as well as legal) rules of good corporate management. Such duties are general in scope and their practical application depends not only on the type and size of the company, but also on the context in which it operates. Under a general standpoint, directors may be held liable for any damage caused through a deliberate act of willful misconduct or gross negligence.

Article 2395 of the Italian Civil Code provides that "*The provisions of the previous articles shall not exclude the right of a shareholder or a third party who have been directly damaged by the directors' negligent or willful acts to claim for damages. The action shall be filed within five years from the occurrence of the act that has damaged the shareholder or third party*". Therefore, the directors and the senior management team may be held liable for damages suffered by third parties, as a result of their willful or negligent conduct. Moreover, as a result of their failure to fulfill their supervisory duties (so called "***culpa in vigilando***"), the board of directors and the senior management team could be held liable for acts of unfair competition committed by the company (jointly with the latter) and be required to indemnify the damage suffered by the company's competitors. Lastly, as mentioned above, it should be ruled out that the AGCM may impose sanctions directly against the directors of the company.

Corporate Administrative Liability under Italian Legislative Decree No. 231/2001

Italian Legislative Decree no. 231/2001 (the "**Legislative Decree 231/2001**") establishes corporate liability for crimes committed by individuals in the interest or to the advantage of a legal entity. In particular, the Legislative Decree 231/2001 provides for a form of liability to be borne by legal entities (such as companies) for certain crimes specifically enlisted in the Decree (so-called "**predicate offences**") committed in the interest or to the advantage of the entity by (a) individuals who hold the position of representatives, directors or managers of the entity or of one of its organizational units, or by (b) individuals subject to the management or supervision of the latter. A company may be exempt from liability if, prior to the commission of the offence, it has adopted and efficiently enacted an organizational, management and control model aimed at preventing the offences referred to in Legislative Decree 231/2001.

Penalties specifically envisaged by Legislative Decree 231/2001 include pecuniary sanctions, seizure of the "gain" of crime (so called "***confisca***") and disqualification sanctions.

With reference to the liability of foreign entities in relation to offences committed in Italy, according to prevailing case-law a company is liable for the effects of its conduct irrespective of its nationality or where its head office is located, and of the existence in the country to which it belongs of rules similar to Legislative Decree 231/2001.

The crimes specifically mentioned in Legislative Decree 231/2001 that could be potentially relevant are the following:

– Article 25-*bis,* Legislative Decree 231/2001 – Forgery of money, public credit cards, revenue stamps and instruments or identifying marks: in case of commission of one of the predicate offences enlisted, pecuniary sanction of up to 800 units and disqualification sanctions may be applied.

– Article 25-*bis*.1, Legislative Decree 231/2001 – Crimes against industry and trade: in case of commission of one of the predicate offences enlisted, pecuniary sanctions of up to 800 units and disqualification sanctions may be applied.

– Article 25-*quinquiedecies,* Legislative Decree 231/2001 – Tax Crimes: in case of commission of one of the predicate offences enlisted, pecuniary sanctions of up to 500 units and disqualification sanctions may be applied.

– Article 25-*sexiesdecies,* Legislative Decree 231/2001, as updated by Legislative Decree No. 141/2024 – Smuggling: in case of commission of one of the predicate offences enlisted, pecuniary sanctions of up to 400 units and disqualification sanctions may be applied.

VAT Tax Representative

(i) Regulatory references:

– Council Directive 2006/112/EC of 28 November 2006 (European Directive on VAT);

– Decree of the President of the Republic No. 633 of 26 October 1972 (Establishment and regulation of value added tax – DPR 633/1972);

– Legislative Decree No. 471 of 18 December 1997 (Reform of non-criminal tax penalties relating to direct taxes, value added tax, and tax collection – D.Lgs. 471/1997);

– Decree of the President of the Republic No. 322 of 22 July 1998 (Regulations governing the submission of tax returns relating to income tax, regional tax on productive activities, and value added tax – DPR 322/1998);

– Legislative Decree No. 13 of 12 February 2024 (Provisions on tax assessment – Legislative Decree No. 13/2024);

– Decree of the President of the Republic No. 441 of 10 November 1997 (Regulation containing rules for the reorganization of the discipline of presumptions of sale and purchase – DPR 441/1997);

– Legislative Decree No. 74 of 10 March 2000 (New regulations governing income tax and value added tax offenses – Legislative Decree No. 74/2000).

(ii) Definition and regulation of VAT tax representation

VAT tax representation, governed by Article 17, paragraph 2, of Presidential Decree 633/1972, applies to taxable persons not resident in the European Union who do not have a permanent establishment in Italy. It provides for the appointment of a resident representative with a VAT number, by means of a public deed or registered private agreement (Article 1 of Presidential Decree 441/1997), as opposed to the direct identification required for EU/EEA entities.

The rationale behind this institution lies in the Italian tax authorities' need to ensure a national interlocutor for VAT obligations vis-à-vis entities established abroad.

Article 4 of Legislative Decree No. 13/2024 (the so-called "**assessment**" decree) amended Article 17, paragraph 3.

(iii) Main responsibilities

The relationship between the non-resident entity and the tax representative qualifies as a mandate with representation. The representative acts as the agent of the principal and is jointly and severally liable for omissions and/or infringements and/or irregularities in relation to VAT, pursuant to Article 17, paragraph 3, of Presidential Decree 633/1972: "The tax representative is jointly and severally liable with the represented party for the obligations arising from the application of the rules on value added tax".

The representative's liability is partial, limited to the passive transactions specifically assigned to them by the non-resident principal, for which they act in the name and on behalf of the latter.

Joint and several liability does not arise from the mere existence of the mandate, but from the actual execution of irregular transactions in the interest of the represented party.

In concrete terms, the representative must fulfil the main obligations as a taxable person:

– Keeping purchase/sales records (Articles 23-25 of Presidential Decree 633/1972).

– Periodic settlements and payments (Articles 27 and 33 of Presidential Decree 633/1972).

– Annual VAT return (Article 8 of Presidential Decree 322/1998).

– Invoicing and data communications.

The tax authorities may notify the tax representative of assessment notices or the imposition of penalties. In addition, the Revenue Agency may collect penalties directly from the tax representative.

(iv) Extension of joint and several liability

Article 17, paragraph 3, of Presidential Decree 633/1972 establishes joint and several liability for all VAT obligations, including the payment of unpaid tax (Article 60, paragraph 1, on the payment of assessed tax; note that paragraphs 2 to 5 of Article 60 were repealed by Legislative Decree No. 33/2025), penalties and interest (Article 13, Legislative Decree No. 471/1997, for penalties; Article 20, Presidential Decree No. 602/1973, for interest). This liability also extends to criminal liability under Legislative Decree 74/2000 (e.g. Article 10-ter, failure to pay).

(v) Guarantees required

The guarantee provided for in Article 17, paragraph 3, Presidential Decree 633/1972 (supplemented by Ministerial Decree No. 164 of 21 December 1999 on requirements and guarantees) covers unpaid VAT, but excludes penalties (Legislative Decree No. 471 of 18 December 1997) and interest, unless specifically extended in the representation contract or surety policy.

(vi) Civil Law Framework of Agency with Representation

Under Italian civil law, the relationship between a company and the foreign entities for which it performs fiscal representation activities may, in certain circumstances, qualify as a mandate with representation ("***mandato con rappresentanza***"), pursuant to Articles 1703 et seq. of the Italian Civil Code.

In a mandate with representation, the agent (the "***mandatario***") is granted the power to act in the name and on behalf of the principal (the "***mandante***"), with the result that the legal effects of the acts performed by the agent arise directly in the legal sphere of the principal. Accordingly, third parties acquire rights and obligations directly against the principal, and not against the agent, provided that the agent acts within the limits of the powers conferred under the mandate.

In the context of fiscal representation, this structure implies that the company acts as a disclosed representative of the foreign principal *vis-à-vis* the Italian tax authorities and, where applicable, *vis-à-vis* third parties, carrying out legal and administrative acts directly attributable to the principal. As a consequence, the substantive tax position, as well as the related rights and obligations arising from such acts, are borne directly by the foreign principal, while the company acts solely as an intermediary exercising the powers granted under the mandate.

Pursuant to the provisions of the Italian Civil Code, the agent is required to perform the mandate with the diligence of a professional operator ("***diligenza professionale***"), taking into account the nature of the activity carried out and to comply with the instructions received from the principal. The agent is liable towards the principal for damages arising from the non-performance or improper performance of the mandate, subject to the limitations provided by law. Where the mandate is gratuitous, the agent's liability for negligence is assessed with a lower degree of strictness. In any event, the agent remains liable for damages caused by willful misconduct or gross negligence.

This appendix contains the summary of the principal provisions of the Articles of Association adopted by the Company on August 26, 2026 and will take effect on the date of the H-Shares being [**REDACTED**] *on the* [**REDACTED**]. *The main purpose of this appendix is to provide an overview of the Company's Articles of Association for potential* [**REDACTED**], *so it may not contain all the information that is important to potential* [**REDACTED**].

SHARES AND REGISTERED CAPITAL

1 Issuance of Shares

The shares of the Company shall take the form of stocks.

The Company may take the form of overseas depositary receipt or other derivative form of share certificate to issue overseas listed foreign shares in accordance with laws and securities registration and depository practice of the place where the Company's shares are listed. Where the share capital of the Company includes shares that do not carry voting rights, the words "non-voting" must appear on the name of such shares. Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting right" or "limited voting right".

Shares of the same class issued at the same time shall have the same issuance conditions and price per share; all subscribers shall pay the same price per share for shares they subscribed for.

The shares issued by the Company are all stocks with par value, and the par value of each share is RMB0.04.

The shares [**REDACTED**] by the Company and [**REDACTED**] on the Hong Kong Stock Exchange be referred to as "H shares", the par value of which are denominated in Renminbi, and which are [**REDACTED**] for and [**REDACTED**] in Renminbi and Hong Kong dollars. H shares [**REDACTED**] by the Company are mainly deposited with the custodian company under the [**REDACTED**].

The shares issued by the Company but not listed or traded in any overseas stock exchange shall be referred to as "unlisted domestic shares" (including unlisted shares held by shareholders of the Company prior to overseas [**REDACTED**] and unlisted shares issued in the PRC after overseas [**REDACTED**]). Unlisted domestic shares issued by the Company shall be collectively deposited with China Securities Depository and Clearing Co., Ltd.

With the approval from the Hong Kong Stock Exchange and filing with the China Securities Regulatory Commission, the shareholders of unlisted domestic shares of the Company may apply to convert the unlisted domestic shares into H shares and have such shares [**REDACTED**] on the Hong Kong Stock Exchange.

2 Increase, Decrease and Repurchase of Shares

The Company, based on its operational and development needs, may adopt the following methods to increase registered capital upon the resolution of the general meeting of shareholders in accordance with laws, regulations, and the securities regulatory rules of the place where the company's shares are [**REDACTED**]:

(I) [**REDACTED**] of shares to unspecified [**REDACTED**];

(II) placement of shares to specific [**REDACTED**];

(III) distributing bonus shares to its existing shareholders;

(IV) convert capital reserves into share capital; and

(V) other methods permitted by laws, administrative regulations, securities regulatory rules of the place where the company's shares are [**REDACTED**], and approved by the China Securities Regulatory Commission.

The Company may reduce its registered capital. The reduction in registered capital shall be made in accordance with the procedures set out in the Company Law, the Listing Rules, the Articles of Association of the Company and other relevant regulations.

The Company shall not repurchase its shares, except under any of the following circumstances:

(I) Reducing the Company's registered capital;

(II) Merge with another company which holds the shares of the Company;

(III) For the purpose of setting up Employee Stock Ownership Plan or equity incentive scheme;

(IV) Acquiring shares held by Shareholders, who vote against any resolution proposed in any general meeting on the merger or division of the Company, upon their request;

(V) Conversion of shares into the convertible bonds to be issued by the Company;

(VI) Being necessary for the Company to maintain its corporate value and the equity of shareholders;

(VII) Other circumstance permitted by laws, administrative regulations and the listing rules of the stock exchange of the place where the Company's shares are [**REDACTED**].

If the relevant laws, administrative regulations, departmental rules, other regulatory documents and the relevant requirements of the securities regulatory authority of the place where the Company's shares are [**REDACTED**] otherwise have provisions in respect of matters related to the aforesaid share repurchase, such provisions shall prevail.

3 Transfer of Shares

Shares of the Company shall be transferred in accordance with the laws and regulations.

Shares issued by the Company prior to its public [**REDACTED**] shall not be transferred within 1 year as of the date on which the shares are [**REDACTED**] and [**REDACTED**] in the stock exchange.

The directors and senior management of the Company shall declare, to the Company, the information on their holdings of the shares of the Company and the changes thereto. During the term of office determined upon taking office, the shares of the same class they transfer each year shall not exceed 25% of the total number of shares of the company they hold. The shares that they hold in the Company shall not be transferred within 1 year of the date on which the shares of the Company are [**REDACTED**] and [**REDACTED**]. The aforesaid persons shall not transfer their shares of the Company within half a year from the date of their resignation.

SHAREHOLDERS AND GENERAL MEETINGS

4 Shares Certificate and Register of Shareholders

The Company shall maintain a register of shareholders based on the vouchers provided by securities depository and clearing institutions. The register of shareholders shall be the sufficient evidence proving the shareholders' holding of the Company's shares.

Register of members for shareholders of unlisted domestic shares are subject to the records under the security record system of China Securities Depository and Clearing Corporation Limited. Register of members for shareholders of H shares are subject to the information provided by the custodian company under [**REDACTED**].

5 Shareholders

The shareholders of the Company shall have the following rights:

(I) to receive dividends and other profit distribution in proportion to the number of shares held by them;

(II) to propose, convene, preside over, attend in person or appoint a proxy to attend and vote on his/her behalf at shareholders' meeting in accordance with laws, except where a shareholder is required by the securities regulatory rules of the place where the Company's shares are [**REDACTED**] to abstain from voting on specific matters;

(III) to supervise and to put forward proposals and make enquires relating to the operation of the Company;

(IV) to transfer, donate or pledge their shares in accordance with relevant laws, administrative regulations and the Articles of Association;

(V) to inspect and to copy the Articles of Association, register of shareholders (including register of shareholders of H shares), minutes of the shareholders' meeting, resolutions of Board meetings and financial reports, to inspect the Company's accounting books and vouchers for shareholders meeting statutory requirements;

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company according to the number of shares held by them;

(VII) for shareholders who dissent to a resolution for the merger or demerger of the Company, to demand the Company to acquire their shares;

(VIII) other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

The shareholders of ordinary shares of the Company shall have the following obligations:

(I) to abide by laws, administrative regulations and the Articles of Association;

(II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(III) not to make divestment unless in the circumstances stipulated by laws and regulations;

(IV) not to abuse the rights of shareholders to prejudice the interests of the Company or other shareholders; not to abuse the Company's independent status as legal person and the limited liability of shareholders to prejudice the interests of the Company's creditors;

(V) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders shall be liable for compensation pursuant to applicable laws for losses caused to the Company or other shareholders due to their abuse of shareholder's rights. Shareholders shall be jointly accountable for the Company's liabilities where they abuse the Company's independent status as legal person and limited liability as a shareholder to evade debts, or seriously prejudice the interests of the Company's creditors.

6 General Provisions of Shareholder's Meetings

The shareholders' meeting is the governing authority of the Company, and shall exercise the following functions and powers in accordance with the law:

(I) to elect and change the directors and determine the remuneration of the directors;

(II) to examine and approve report submitted by the Board;

(III) to examine and approve the profit distribution plan and the plan for making up accrued losses of the Company;

(IV) to resolve on the increase or reduction in the registered capital of the Company;

(V) to resolve on the issue of bonds by the Company;

(VI) to resolve on such matters as the merger, division, dissolution, liquidation and change of company form;

(VII) to amend the Articles of Association;

(VIII) to resolve on the Company's appointment, dismissals of accounting firms engaged for the company's audit services;

(IX) to examine and approve guarantees under Article 45 of Articles of Association;

(X) to examine and approve connected transactions under Article 46 of Articles of Association;

(XI) to examine any acquisition or disposal of any material asset whose asset value exceeds 30% of the latest audited total assets of the Company for one year;

(XII) to examine and approve any change in the use of proceeds from funds raised;

(XIII) to examine share incentive schemes and employee stock ownership plan;

(XIV) any other matters required by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are [**REDACTED**] or the Articles of Association to be resolved at the shareholders' meeting.

The shareholders' meeting can authorize the Board to resolve on issuance of corporate bonds.

Shareholders' meetings include annual meetings and extraordinary meetings. Annual meetings shall be held once every year within six months after the end of each financial year.

The Company shall hold an extraordinary meeting within two months upon the occurrence of any of the following events:

(I) when the number of directors is less than the number prescribed by the Company Law or less than two thirds of the number prescribed by the Articles of Association;

(II) when the accumulated losses of the Company amount to one third of the total amount of its share capital;

(III) upon the requisition in writing of shareholders individually or collectively holding 10% or more of shares of the Company (on a one share one vote basis);

(IV) whenever the Board deems necessary;

(V) when the audit committee proposes to convene the meeting;

(VI) when two or more of independent non-executive directors propose to convene the meeting;

(VII) other circumstances stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are [**REDACTED**] or the Articles of Association.

7 Convening of Meetings

The shareholders' meeting shall be convened by the Board. The publication of the notice of the shareholders' meeting (including the supplementary notice) shall follow relevant laws and regulations and the securities regulatory rules of the place where the Company's shares are [**REDACTED**].

With the affirmative vote of more than half of all independent non-executive directors, independent non-executive directors are entitled to propose to the Board for convening an extraordinary meeting. In response to such proposal of the independent non-executive directors to convene an extraordinary meeting, the Board shall, within ten days after receiving such proposal, provide a response in writing to indicate whether or not the Board agrees to convene such extraordinary meeting pursuant to the laws, administrative regulations and the Articles of Association. Where the Board agrees to convene such extraordinary meeting, a notice to convene such shareholders' general meeting shall be issued within five days after the passing of the relevant resolution by the Board. Where the Board disagrees to convene such extraordinary meeting, the Board shall give reasons for such decision, which shall also be announced. The preceding rule shall be obeyed unless otherwise stipulated in the laws, administrative regulations, departmental rules or listing rules of the stock exchange where the shares of the Company are [**REDACTED**].

The audit committee has the right to propose the Board to convene extraordinary meetings and such proposal shall be made by way of written request(s). The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary meeting within ten days upon receiving the written proposal in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

Shareholders separately or aggregately holding 10% or more of the Company's voting shares have the right to propose the Board to convene an extraordinary meeting by way of written request(s). The Board shall reply in writing regarding the acceptance or refusal to convene an extraordinary meeting within ten days upon receiving the request in accordance with the requirements of the laws, administrative regulations and the Articles of Association. If the Board agrees to convene the extraordinary meeting, notice convening the meeting shall be issued within five days after the Board resolved to do so.

If the Board makes alterations to the original proposal in the notice, consent has to be obtained from the related shareholders.

If the Board does not agree to convene the extraordinary meeting or does not reply within ten days upon receiving the request, shareholders separately or aggregately holding 10% or more of the Company's issued shares have the right to propose the audit committee to convene an extraordinary meeting by way of written request(s).

If the audit committee agrees to convene the extraordinary meeting, notice convening the extraordinary general meeting shall be issued within five days upon receiving the request. Should there be alterations to the original requests in the notice, consent has to be obtained from the related shareholders.

If the audit committee does not issue notice of the shareholders' meeting within the required period, it will be considered as not going to convene and preside over the meeting, and shareholders separately or aggregately holding 10% or more of the shares of the Company for ninety or more consecutive days have the right to convene and preside over the meeting on their own. The preceding rule shall be obeyed unless otherwise stipulated in the laws, administrative regulations, departmental rules or listing rules of the stock exchange where the shares of the Company are [**REDACTED**].

8 Proposals and Notices of Shareholder's Meetings

When the Company convenes the shareholders' meeting, the Board, the audit committee or shareholders individually or aggregately holding 1% or more of the total shares of the Company shall have the right to propose motions.

Shareholders separately or aggregately holding 1% or more of the shares of the Company may propose extraordinary motions to the convener in writing ten days before the convening of such shareholders' meeting.

The convener shall issue supplementary notice of the shareholders' meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions and submit such motions for deliberation at the shareholders' meeting, unless the extraordinary motions violate laws, administrative regulations or the Articles of Association, or fall outside the scope of authority of the shareholders' meeting.

Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the shareholders' meeting. Where an annual meeting is convened by the Company, it shall issue a written notice 21 days prior to the meeting to notify all the registered shareholders of the matters proposed to be considered as well as the date and place of the meeting. An extraordinary meeting shall be notified to the shareholders at least 15 days prior to the meeting. In relation to the publication of the notice under this Article, the date of publication of notice represents the date that the Company or the share registrar as engaged by the Company delivers the relevant notice at the post office for posting. When calculating the number of days for the issuance of notices, the intended day of the meeting shall be excluded.

9 Holding of Shareholder's Meetings

All the shareholders or their proxies recorded in the register of shareholders on the record date are entitled to attend the shareholders' meeting, and shall exercise their voting rights pursuant to the laws, regulations and the Articles of Association. Any shareholder entitled to attend and vote at a shareholders' meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his/her proxy to attend and vote instead of him/her.

An individual shareholder who attends the shareholders' meeting in person shall present his/her identification card or other valid identification documents or certificates that can verify his/her identity. Where a proxy is appointed to attend the meeting, the proxy shall produce his/her own valid identification documents and the power of attorney.

A corporate shareholder shall attend the meeting by its legal representative or a proxy appointed by the legal representative. The legal representative who attends the shareholders' meeting shall present his/her identification card and valid certification documents which can prove his/her authority to act as the legal representative. Where a proxy is appointed to attend the meeting, the proxy shall present his/her own identity card and the written power of attorney issued in accordance with the law by the legal representative of the corporate shareholder.

A shareholder shall appoint his/her proxy by an instrument in writing. Such instrument shall be made under the hand of the appointer or his/her attorney duly authorized in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or under the hand of the directors or a person duly authorized in writing.

The power of attorney issued by shareholders to authorize other persons to attend the shareholders' meeting on their behalf shall clearly state the following:

(I) The name or designation of the principal, class and quantity of the Company shares held;

(II) The name or designation of the proxy;

(III) The specific instructions of the shareholder, including directions to vote for, against or abstain from voting respectively on each proposal of consideration listed on the agenda of the shareholders' meeting;

(IV) The signing date and the period of validity of the proxy form;

(V) signature (or seal) of the appointing shareholder; if the appointing shareholder is a body corporate, the document shall be affixed with the legal person's seal or be signed by its director or an attorney duly authorised;

(VI) Specifying the number of shares held by the principal represented by such proxy;

(VII) If more than one proxy is appointed, the instrument shall specify the number of shares held by the principal represented by each proxy respectively.

The shareholders' meeting shall be chaired by the chairperson of the board. In the event the chairperson of the board is unable to perform his/her duties or fails to perform his/her duties for any reason, the shareholders' meeting shall be chaired by the vice chairperson (and in case of two or more vice chairpersons in the Company, the vice chairperson designated by more than half of directors shall preside over the meeting). Where the position of vice chairman does not exist, or where the vice chairperson is unable to perform his/her duties or fails to perform his/her duties, the shareholders' meeting shall be chaired by a director jointly nominated by no less than half of the directors.

A shareholders' meeting convened by the audit committee shall be chaired by the chairperson of the audit committee. In the event the chairperson of the audit committee is unable to perform his/her duties or he/she fails to perform his/her duties, a member of audit committee jointly designated by more than half of the members of audit committee shall preside over the meeting.

A shareholders' meeting convened by shareholders shall be chaired by the representative nominated by the convener of such meeting.

In convening any shareholders' meeting, if the chairperson of the meeting has violated any rules of meeting such that the meeting may not proceed further, with the consent of shareholders representing more than half of the voting rights present at such meeting, the meeting may designate a person to chair the meeting so that the meeting may proceed further.

10 Voting and Resolutions at the Meetings

Resolutions of shareholders' meetings include ordinary resolutions and special resolutions. An ordinary resolution shall be passed by shareholder in attendance holding half or more of the voting rights. A special resolution shall be passed by shareholders in attendance holding two-thirds or more of the voting rights.

The following matters shall be approved by an ordinary resolution of a shareholders' meeting:

(I) work reports of the Board;

(II) proposals formulated by the Board for distribution of profits and for making up accrued losses;

(III) election and removal of members of the Board not being representatives of the employees, as well as the determination of their remuneration and the method of its payment;

(IV) balance sheet, income statement and other financial statements of the Company;

(V) annual report of the Company;

(VI) to hire and terminate the accounting firm of the Company and the remuneration of accounting firm hired;

(VII) issuance of bonds or other securities;

(VIII) to consider and approve the guarantees stipulated in Article 45 and the related transactions stipulated in Article 46 of the Articles of Association;

(IX) such matters other than those required to be passed by special resolutions under the laws and administrative regulations and the listing rules of the stock exchange on which the Company's shares are [**REDACTED**] or the Articles of Association.

For the purpose of the Articles of Association, the "shareholder(s)" includes those who attend the shareholders' meeting through proxies.

The following matters shall be approved by special resolution of a shareholders' meeting:

(I) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other similar securities by the Company;

(II) the separation, division, merger, dissolution and liquidation or change in the corporate form of the Company;

(III) any amendment of this Articles of Association;

(IV) purchase or disposal of material assets or the provision of guarantee to third parties within one year with the amount exceeding 30% of the total assets of the Company;

(V) share incentive scheme;

(VI) other matters which are stipulated by the laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are [**REDACTED**] or the Articles of Association, and which are resolved by way of an ordinary resolution to have a material impact on the Company and therefore shall be adopted by special resolutions.

Except for when company is in crisis, the Company shall not, without prior approval at a shareholders' meeting by a special resolution, enter into any contract with any person other than a director, senior management whereby the administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

THE BOARD OF DIRECTORS

11 Directors

Directors include executive directors and non-executive directors. Executive director refers to a director who participates in the daily operations and management of the Company or its controlling subsidiary; Non-executive directors refer to directors who do not participate in the daily operations and management of the Company or its controlling subsidiaries. Non-executive directors include independent non-executive directors.

The Board of directors shall include one employee representative. Such representative shall be democratically elected by the company's employees through the employees' congress, general staff meeting, or other forms of democratic election, which shall not require approval by the shareholders' meeting.

The Company shall not engage personnel who do not meet the qualifications to serve as directors, and shall not authorize personnel who do not meet the qualifications to actually exercise their duties in violation of regulations.

Directors shall be elected or replaced by the shareholders' meeting and may be removed from office by the shareholders' meeting prior to the expiration of their term. Directors serve for a term of three years, whose term is renewable upon re-election, unless otherwise required by the laws, regulations, the Articles of Association and the listing rules of the stock exchange where the Company's shares are [**REDACTED**]. The senior management member of the Company may hold the post of director concurrently, provided that the number of directors who also hold the post of the senior management member shall not exceed half of the total number of the directors of the Company. If the Board appoints a new director to fill a casual vacancy or as an addition to the Board, the appointed director shall be subject to election by shareholders at the first shareholders' meeting after the appointment and shall be eligible for re-election.

Directors shall observe the laws, administrative regulations, the Articles of Association, and the listing rules of the stock exchange where the Company's shares are [**REDACTED**]. Directors shall undertake fiduciary duties and shall take proactive measures to avoid conflicts of interest between themselves and the Company, and shall refrain from using their position to seek improper gains. Directors shall undertake the following fiduciary duties to the Company that they should:

(I) not to expropriate the assets of the Company, and not to misappropriate the funds of the Company;

(II) not to open any account in their own names or in others' names for the purpose of depositing any of the Company's funds;

(III) not to solicit or accept bribes or other illegal gains through abuse of official powers;

(IV) not to conclude any contract or conduct transactions with the Company directly or indirectly without reporting to the Board or shareholders' meeting and obtaining approval of the board of directors or the meeting in accordance with the Articles of Association. The provisions of the previous paragraph shall apply to the close relatives of the directors or senior management, enterprises directly or indirectly controlled by the directors or senior management or their close relatives, and related persons with other associations with the directors or senior management when entering into contracts or transactions with the Company;

(V) not to take advantage of their positions to seek business opportunities for the benefits of themselves or others that should belong to the Company. However, this does not apply in the following cases: (i) the business opportunity is reported to the board of directors or shareholders' meeting and is approved by a resolution, or (ii) the Company is legally prohibited from utilizing the business opportunity according to laws, administrative regulations, or the Articles of Association.

(VI) Directors shall not engage in or operate a business that competes with the Company's business, either personally or on behalf of others, unless the business opportunity has been reported to and approved by the board of directors or shareholders' meeting in accordance with the provisions of the Articles of Association.

(VII) not to keep as their own, the commission for transaction with the Company;

(VIII) not to disclose secret of the Company without authorization;

(IX) not to use their related-party relationships to damage the interests of the Company;

(X) to fulfill other fiduciary duties stipulated by the laws, administrative regulations, departmental rules, the Articles of Association and the listing rules of the stock exchange where the Company's shares are [**REDACTED**].

Any income obtained by directors in violation of any of the provisions of this Article shall belong to the Company.

The director shall be accountable to compensate the Company against any loss incurred. The directors shall, both collectively and individually, fulfill fiduciary duties and duties of skill, care, and diligence to a standard at least commensurate with the standard established by Hong Kong law. Every director must, in the performance of his/her duties as a director:

(I) to act honestly in good faith in the interests of the Company as a whole;

(II) to act for proper purpose;

(III) to be accountable to the Company for the application or misapplication of its assets;

(IV) to avoid actual and potential conflicts of interest and duty;

(V) to disclose fully and fairly his/her interests in contracts with the Company;

(VI) to apply such degree of skill, care and diligence as may reasonably be expected of a person of his/her knowledge and experience and holding his/her office as a director of the Company;

(VII) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure that the business operations of the Company comply with PRC laws, administrative regulations and all the PRC economic policies and are not beyond the business scope specified in the business license of the Company;

(VIII) to treat all shareholders fairly;

(IX) to acquire the knowledge of the business operation and management of the Company on a timely basis;

(X) to sign the written confirmation of regular reports of the Company and ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;

(XI) to honestly inform the audit committee with the relevant circumstances and information, not to prevent the audit committee from exercising their functions and powers;

(XII) to fulfill other obligations of diligence stipulated by the laws, administrative regulations, departmental rules, the Articles of Association and the listing rules of the stock exchange where the Company's shares are [**REDACTED**].

12 Board of Directors

The company has a board of directors.

The Board shall consist of 8 directors, including 4 independent non-executive directors and accounting for at least one-third of the members of the Board. At least one independent non-executive director shall have appropriate professional qualifications, and one independent non-executive director shall reside in Hong Kong.

The Board shall exercise the following duties and powers:

(I) to convene shareholders' meetings and report its work to the shareholders' meeting;

(II) to implement the resolutions of shareholders' meetings;

(III) to decide on the Company's business plans and investment plans;

(IV) to formulate the Company's profit distribution plans and plans on making up of losses;

(V) to formulate plans for increase or reduction of the registered capital of the Company and issue of bonds or other securities of the Company and listing plans;

(VI) to formulate plans for merger, division, dissolution and alteration of corporate form;

(VII) to formulate plans for significant asset acquisition and selling and repurchase of shares of the Company;

(VIII) to decide on, among others, external investments, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions and external donations of the Company within the authorization of the shareholders' meeting;

(IX) to determine the establishment of the Company's internal management structure;

(X) to decide the establishment of committees of the Board; appoint or dismiss chairman (convenor) of the committees of the Board;

(XI) to decide on the appointment or dismissal of the general manager and other senior management members of the Company according to the nomination of the chairman and matters concerning their remuneration, punishment and reward, and according to the nomination by the general manager, to decide on the appointment or dismissal of deputy general managers, chief financial officer and other senior management members of the Company and matters concerning their remuneration, punishment and reward;

(XII) to formulate basic management policies of the Company;

(XIII) to formulate proposals for amendment to the Articles of Association;

(XIV) to formulate proposals to adopt share incentive plan of the Company;

(XV) to manage information disclosure of the Company;

(XVI) to submit proposals to the shareholders' meeting on the engagement or replacement of the accounting firm providing audit services to the Company;

(XVII) to receive reports from and inspect the work of the general manager;

(XVIII) to decide material matters and administrative matters other than those matters required to be decided by the shareholders' meeting of the Company in accordance with laws, administrative regulations, departmental rules, the Article of Association and the listing rules of the stock exchange where the Company's shares are [**REDACTED**];

(XIX) other functions and powers provided for in laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are [**REDACTED**] and the Article of Association, and conferred at shareholders' meetings.

The above matters of authority exercised by the Board or any transaction or arrangement of the Company which shall be considered and approved at the shareholders' meeting according to the listing rules of the stock exchange where the Company's shares are [**REDACTED**], shall be submitted to the shareholders' meeting for consideration and approval.

Except for the board resolutions in respect of the matters specified in paragraphs (V), (VI) and (XIII) which shall be passed by more than two-thirds of the directors, the board resolutions in respect of all other matters may be passed by more than one half of the directors.

The Board shall have one chairman and may have vice chairman, who shall be elected by a majority of all directors. The chairman shall perform the following functions:

(I) to preside over the shareholders' meetings and convening and presiding over meetings of the Board;

(II) to oversee and inspect the execution of the resolutions of the Board;

(III) other functions and powers provided for in laws, administrative regulations, departmental rules, the Article of Association and the listing rules of the stock exchange where the Company's shares are [**REDACTED**], and conferred by the Board.

The Board meetings include regular meetings and extraordinary meetings.

The Board shall hold at least four meetings per annum, which shall be convened by the chairman, and all the directors shall be notified in writing at least 14 days before the regular meeting and 10 days before the extraordinary meeting.

Unless or otherwise provided in other articles herein, a Board meeting can be held only if more than half of the directors are present. Resolutions of the Board must be passed by more than half of all directors. In respect of resolutions of the Board, each director shall have one vote.

13 Special Committees of the Board of Directors

The Board of the Company shall establish the audit committee, the nomination committee and the remuneration and appraisal committee and shall, as needed, establish relevant special committees such as the strategy committee. Each special committee shall be accountable to the Board and perform the duties prescribed by the Articles of Association and the Board. Any proposals of the special committee shall be submitted to the Board for consideration and approval. All member of the special committees shall be directors, among which, the majority of the members of the audit committee, the nomination committee and the remuneration and appraisal committee shall be independent directors who also convene the meeting of such committees. The convener of the audit committee shall be an accounting professional. The Board is responsible for formulating working rules, to standardize the operation of the special committees.

The audit committee shall exercise the powers and functions of the board of supervisors provided in the PRC Company Law. The audit committee shall be responsible for reviewing the Company's financial information and disclosures, overseeing and evaluating internal and external audits, and monitoring internal controls. The following matters shall be submitted to the Board of Directors for deliberation only after obtaining approval by more than half of the audit committee members:

(I) to disclose financial accounting reports, financial information in periodic reports and internal control evaluation reports;

(II) to appoint or dismiss an accounting firm that undertakes the audit business of the Company;

(III) to appoint or dismiss the Company's chief financial officer;

(IV) to change accounting policies or estimates, or to correct material accounting errors, except when resulting from changes in accounting standards;

(V) other matters stipulated by laws, administrative regulations, provisions of the CSRC, and the Company's Articles of Association.

The nomination committee shall be responsible for formulating selection criteria and procedures for Directors and senior management, conducting reviews and assessments of candidates for Director and senior management positions, and submitting the following matters to the Board of Directors for deliberation:

(I) to nominate or dismiss Directors;

(II) to appoint or dismiss the senior management personnel;

(III) other matters stipulated by laws, administrative regulations, provisions of the CSRC, and the Company's Articles of Association.

The remuneration and appraisal committee shall be responsible for formulating appraisal standards and conducting appraisals for Directors and senior management, developing and reviewing remuneration policies and schemes for Directors and senior management, including remuneration determination mechanisms, decision-making processes, payment, withholding, and clawback arrangements, and submitting the following matters to the Board of Directors for deliberation:

(I) remuneration of Directors and senior management;

(II) to formulate or to modify equity incentive plans or employee stock ownership plans, including the granting of entitlements to incentive recipients and the fulfillment of conditions for exercising entitlements;

(III) to arrange shareholding plans for Directors and senior management in proposed spin-off subsidiaries;

(IV) other matters stipulated by laws, administrative regulations, provisions of the CSRC, and the Company's Articles of Association.

SENIOR MANAGEMENT

14 General Manager and Other Senior Management Officers

The Company has one general manager and may appoint deputy general manager to assist the general manager; and one chief financial officer. The general manager, deputy general managers and chief financial officer shall be appointed or dismissed by the Board. The general manager, the deputy general managers and the chief financial officer, as well as other persons expressly appointed by the Board as other senior management personnel of the Company are senior management officers of the Company.

The term of office of the general manager shall be three years, renewable upon reappointment. The general manager may resign before his or her term of office expires. The procedure and rules for such resignation shall be specified in the labor contract between the general manager and the Company. If the general manager is unable to fulfil his or her duty for any special reason, the Board shall designate one deputy general manager to act on his or her behalf. Directors may concurrently serve as general manager or other senior management officers.

The general manager shall be responsible for the Board and exercise the following functions and powers:

(I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his or her works to the Board;

(II) to organize the implementation of the Company's annual business plans and investment plans;

(III) to draft plans for the establishment of the Company's internal management organization;

(IV) to draft the Company's basic management system;

(V) to formulate the Company's specific regulations;

(VI) to propose the appointment or dismissal of the Company's chief financial officer or other senior management officers;

(VII) to decide the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;

(VIII) such other functions and powers conferred by the Articles of Association and the Board.

FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION AND AUDITING

15 Financial Accounting System

The company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the financial regulatory department of the State Council.

16 Profit Distribution

Where the Company distributes its after-tax profits of the current year, it shall allocate 10% of the profits after tax as the Company's statutory common reserve, provided that no allocation is required if the accumulated statutory common reserve represents no less than 50% of the registered capital of the Company. Where the statutory common reserve fund of the Company is not sufficient to cover the Company's loss from the previous year, the current year profits shall be used to cover such loss before allocation is made to the statutory common reserve fund pursuant to the previous paragraph. After allocation to the statutory common reserve fund has been made from the after-tax profits of the Company, the discretionary surplus reserve of any amount fund may be allocated from the after-tax profits upon approval by shareholders' meeting. Any profit after taxation and after making up losses and making appropriation to the statutory surplus reserve shall be distributed by the Company to shareholders in proportion to their shareholdings, unless these Articles of Association provide that distributions are to be made otherwise than proportionally. Where the shareholders' meeting distributes profits to shareholders in violation of the Company law, the shareholders shall return to the Company the profit distributed. Where such distribution causes losses to the Company, the shareholders, the responsible directors and senior management shall be liable for compensation. The Company shall not participate in profit distribution in respect of shares held under its name.

The Company's common reserves shall be used for making up accrued losses, expanding the business operations or increasing the registered capital of the Company. When covering the Company's losses with the Company's common reserves, the discretionary surplus reserve and statutory common reserve shall be used first. If the losses still cannot be fully covered, the capital reserve may be utilized in accordance with applicable regulations. When the statutory common reserve is converted into capital, the balance of such reserve shall not be less than 25% of the registered capital prior to the conversion.

APPOINTMENT OF AN ACCOUNTING FIRM

17 Appointment of Accounting Firm

The Company shall appoint an independent accounting firm which satisfies the Securities Law and the relevant PRC state regulation, audit the annual financial report of the Company, and verify other financial reports of the Company. The term of appointment is one year and is renewable. The appointment and dismissal of an accounting firm shall be made only by a shareholders' meeting, and no accounting firm should be appointed by the Board prior to the decision of shareholders' meeting.

18 Merger, Division, Capital Increase and Capital Reduction

In the case of merger, the Company may take the form of merger by absorption or merger by new establishment. In the case of mergers by absorption, a company absorbs other companies and the absorbed company is dissolved. In the case of mergers by new establishment, two or more companies combine together for the establishment of a new one, and the pre-merger companies are dissolved.

To split the Company, the properties thereof shall be divided accordingly. To split the Company, each party to the split-up shall conclude an agreement with each other and balance sheets and checklists of properties shall be worked out. The Company shall, within 10 days after the decision of split-up is made, inform the creditors and make a public announcement on newspapers recognized by the stock exchange where the Company's shares are [**REDACTED**] or the state enterprise credit information publicity system within 30 days, in accordance with the Company Law.

Where the Company reduce its registered capital, it shall work out balance sheets and checklists of properties. The Company shall, within ten days after the resolution of the shareholders' meeting to reduce the registered capital, notify the creditors and make a public announcement on newspapers recognized by the stock exchange where the Company's shares are [**REDACTED**] or the state enterprise credit information publicity system within 30 days. The creditors shall, within 30 days after receiving the notice or within 45 days after the issuance of the public announcement if it fails to receive the notice, be entitled to demand the Company to pay off the debts or to provide respective guaranties. When reducing registered capital, the Company shall proportionally reduce shareholders' capital contributions or shares according to their respective shareholding percentages, unless otherwise provided by law or these Articles of Association. Where, in the process of merger or split-up of the Company, any of the registered items is changed, the Company shall go through the registration for change with the company registration authority.

Where the Company is dissolved, it shall be deregistered according to law. If a new company is established, it shall go through the procedures for company establishment abiding by law. In the case of increasing or reducing its registered capital, the Company shall go through registration of change with the company registration authority abiding by law.

19 Dissolution and Liquidation

The Company may be dissolved under one of the following circumstances:

(I) the term of business operation as prescribed by the Articles expires or any of the situations for dissolution prescribed in the Articles occurs;

(II) the shareholders' meeting has adopted a special resolution for dissolution;

(III) it is necessary to be dissolved due to merger or split-up of the Company;

(IV) the business license of the Company is revoked, or the Company is ordered to close down or is closed down in accordance with laws; or

(V) the Company meets any serious difficulty in its operations or management so that the interests of the shareholders will face material loss if the Company continues to exist and the difficulty cannot be solved by any other means, the shareholders who hold ten percent or more of the voting rights may plead the people's court to dissolve the Company.

The liquidation committee shall notify the creditors within ten days of and make announcements on newspapers recognized by the stock exchange where the Company's shares are [**REDACTED**] or the state enterprise credit information publicity system within 60 days of the date of its establishment. A creditor shall, within 30 days of receipt of the notice, or in the case of failure to receive the notice, within 45 days of the date of the announcement, claim its rights to the liquidation committee. In claiming its rights, the creditor shall explain the relevant issues on the creditor's rights and provide evidential materials in respect thereof. The liquidation committee shall register the creditors' rights. While claiming of creditors' rights, the liquidation committee shall not make any repayment to creditors.

After paying off the liquidation expenses, wages of employees, social insurance premiums and legal indemnities, the outstanding taxes and the debts of the Company, the remaining assets may be distributed according to the proportion of shares held by the shareholders.

20 Amendments to the Articles of Association

The Company may amend the Articles in accordance with the requirements of law, administrative regulations, the Articles of Association and listing rules of the stock exchange where the Company's shares are [**REDACTED**]. Amendments to the matters of the Articles of Association adopted by a resolution of the shareholders' meeting which are subject to approval from relevant competent authority shall be submitted to the competent approval authority for approval; if there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the law. The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting and the comments of the relevant competent authority.

NOTICE AND ANNOUNCEMENT

21 Notice

The notice of the Company shall be issued in the following form:

(I) Personal delivery;

(II) Mail;

(III) Facsimile or e-mail;

(IV) Subject to laws, regulations and listing rules of the stock exchange where the Company's shares are [**REDACTED**], by publishing them on the website of the Company and the website designated by the stock exchange;

(V) Announcement;

(VI) Other forms agreed in advance by the Company or the recipients, or approved by the recipients upon the receipt of the notice; or

(VII) Other forms approved by relevant regulatory authority where the Company's shares are [**REDACTED**] or stipulated by the Articles of Association.

Notwithstanding the provisions of the Articles, subject to the relevant provisions of the stock exchange where the Company's shares are [**REDACTED**], the Company has the right to publish the corporate communication in the form of notice provided for in paragraph 1 (4) of this Article in lieu of sending paper documents to each H-share shareholder either by personal delivery or mail. Such corporate communications shall mean any document issued or to be issued by the Company for the reference or action of shareholders, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), board reports (together with balance sheets and profit and loss statements), shareholders' meeting notices, circulars, and other communications documents.

22 Announcement

The Company has designated the official website of the Stock Exchange of Hong Kong Limited as the media for publication of the Company's announcements and other required disclosure of information.

FURTHER INFORMATION ABOUT OUR GROUP

Establishment of our Company

Our Company was incorporated as a limited liability company under the laws of the PRC on December 22, 2020, and was converted into a joint stock company with limited liability on July 23, 2026. Our Company's registered office is located at Room 2012, T2 China Resources Qianhai Financial Center, 55 Guiwan 4th Road, Nanshan Street, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, Guangdong Province, PRC. As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law are set out in "Taxation and Foreign Exchange," "Summary of Principal Legal and Regulatory Provisions" and "Summary of Articles of Association" in Appendices III, IV and V to this document, respectively.

Our Company has established a place of business in Hong Kong at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Ms. Mak Sin Ki (麥善琪) and Ms. Wong Wai Yee Ella (黃慧兒) have been appointed as our authorized representatives for acceptance of service of process and notices in Hong Kong whose correspondence addresses are the same as our place of business in Hong Kong.

Changes in the Share Capital of our Company

Save as disclosed in "History, Development and Corporate Structure," there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

Changes in the Share Capital of our Subsidiaries

Details of our subsidiaries are set out in "History, Development and Corporate Structure — Our Major Subsidiaries" and Note 33 to the Accountants' Report as set out in Appendix I to this document.

Save as disclosed below, there has been no alteration in the registered capital of our subsidiaries within two years immediately preceding the date of this document.

Shenzhen Oushuitong Technology Co., Ltd. (深圳歐税通技術有限公司)

On March 7, 2025, the registered share capital of Shenzhen Oushuitong increased from RMB8,000,615.92 to RMB266,955,237.66.

On April 27, 2025, the registered share capital of Shenzhen Oushuitong decreased from RMB266,955,237.66 to RMB5,840,449.62.

On June 25, 2025, the registered share capital of Shenzhen Oushuitong decreased from RMB5,840,449.62 to RMB4,840,372.63.

On March 4, 2026, the registered share capital of Shenzhen Oushuitong increased from RMB4,840,372.63 to RMB10,000,000.

Shenzhen GoingGreen Technology Co., Ltd. (深圳綠舟永續科技有限公司)

On September 20, 2024, the registered share capital of Shenzhen GoingGreen decreased from RMB1,000,000 to RMB400,000.

On October 14, 2024, the registered share capital of Shenzhen GoingGreen increased from RMB400,000 to RMB1,000,000.

Shenzhen Oushuitong Testing Certification Co., Ltd. (深圳歐税通檢測認證有限公司)

On May 27, 2025, the registered share capital of Shenzhen Oushuitong Testing Certification Co., Ltd. increased from RMB100,000 to RMB5,000,000.

Shenzhen Shuyou Technology Service Co., Ltd. (深圳數游科技服務有限公司)

On March 5, 2025, the registered share capital of Shenzhen Shuyou Technology Service Co., Ltd. increased from RMB100,500 to RMB300,000.

On July 15, 2025, the registered share capital of Shenzhen Shuyou Technology Service Co., Ltd. increased from RMB300,000 to RMB316,667.67.

VATAI Technology SRL

On November 13, 2024, the share capital of VATAI Technology increased from EUR25,000 to EUR200,000.

ElektroG Solutions GmbH

On May 22, 2025, the share capital of ElektroG Solutions GmbH increased from EUR5,000 to EUR25,000.

The following subsidiaries of our Company were incorporated within the two years immediately preceding the date of this document:

Name of subsidiaries	Place of incorporation	Date of incorporation	Registered share capital
VATAI HOLDINGS INC.	United States	October 24, 2024	USD10,000
QUOTA GENIALE SRL	Italy	December 19, 2024	EUR10,000

Name of subsidiaries	Place of incorporation	Date of incorporation	Registered share capital
Shenzhen Shuyou Technology Service Co., Ltd.	PRC	February 14, 2025	RMB316,667
ElektroG Solutions GmbH	Germany	March 20, 2025	EUR25,000
Nomad Tech Co., Ltd	Korea	April 29, 2025	KRW10,000,000
TURKAREP ULUSLARARASI YONETIM DANISMANLIK LIMITED SIRKETI	Turkey	July 10, 2025	TRY50,000
Shenzhen Yisi	PRC	October 30, 2025	RMB1,000,000
IPP MASTER PTY LTD	Australia	March 6, 2026	USD5,000
ANCHORGUARD DANISMANLIK LIMITED SIRKETI	Turkey	July 17, 2026	TRY55,000
VATAI HK LIMITED	Hong Kong	March 7, 2025	USD100

Resolutions of the Shareholders

Written resolutions of our Shareholders were passed on August 26, 2026, pursuant to which, among others:

(a) the Articles of Association were approved and adopted with effect from the [**REDACTED**] Date, and our Board and/or its authorized person(s) have been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities;

(b) the subdivision of the Shares with nominal value of RMB1.00 each on the basis of 1:25, effective immediately prior to the [**REDACTED**], and taking into account the Share Subdivision, the [**REDACTED**] of H Shares of nominal value of RMB0.04 each and such H Shares being [**REDACTED**] on the Stock Exchange;

(c) the [**REDACTED**] (including the [**REDACTED**], [**REDACTED**] and [**REDACTED**]) and the [**REDACTED**] were approved and our Directors were authorized to allot and issue the [**REDACTED**] pursuant to the [**REDACTED**];

(d) the number of H Shares to be [**REDACTED**] shall be up to [**REDACTED**]% of the total share capital of our Company upon completion of the [**REDACTED**] and before any exercise of the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares initially [**REDACTED**] under the [**REDACTED**]; and

(e) conditional upon the completion of the [**REDACTED**] and taking into account the Share Subdivision, [**REDACTED**] Unlisted Shares held by our existing Shareholders will be converted into H Shares on a one-for-one basis.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We [have] entered into the following contract[s] (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) the [**REDACTED**].

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiry date
1. . .	VAT Ai	8024147	EVAT Master Limited	The United States	35	November 11, 2035
2. . .	VAT Ai	8024148	EVAT Master Limited	The United States	42	November 11, 2035
3. . .	VAT Ai	018865945	EVAT Master Limited	The European Union	9, 35, 42	April 23, 2033
4. . .	VAT Ai	UK00003904102	EVAT Master Limited	The United Kingdom	9, 35, 42	April 24, 2033
5. . .	VAT Ai	306229260	EVAT Master Limited	Hong Kong	9, 35, 42	April 26, 2033
6. . .	eVat Master	68727980	Shenzhen Oushuitong	PRC	35	July 6, 2033

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Expiry date
7. . .	eVat Master	43829789	Shenzhen Oushuitong	PRC	42	September 20, 2030
8. . .	eVat Master	43819120	Shenzhen Oushuitong	PRC	9	September 27, 2030
9. . .	E.VAT MASTER	018975508	Shenzhen Oushuitong	The European Union	35, 42	January 18, 2034
10. .	E.VAT MASTER E.VAT MASTER	UK00004003572	Shenzhen Oushuitong	The United Kingdom	35, 42	January 18, 2034
11. .	VM E.VAT MASTER	71810136	Shenzhen Oushuitong	PRC	9	December 6, 2034
12. .	VM E.VAT MASTER	71815925	Shenzhen Oushuitong	PRC	35	November 27, 2034
13. .	VM E.VAT MASTER	71808567	Shenzhen Oushuitong	PRC	42	January 6, 2034
14. .	麦德通	50727747	Shenzhen Oushuitong	PRC	35	June 20, 2031
15. .	小贸出海	71197567	Shenzhen Xiaomao	PRC	35	November 13, 2033
16. .	VM 欧税通 E.VAT MASTER	307128072	Shenzhen Oushuitong	Hong Kong	9, 35, 42	December 14, 2035
17. .	VM 欧税通 E.VAT MASTER	307128072	Shenzhen Oushuitong	Hong Kong	9, 35, 42	December 14, 2035
18. .	VM 欧税通 E.VAT MASTER	019291652	Shenzhen Oushuitong	The European Union	9, 35, 42	December 15, 2035
19. .	VM 欧税通 E.VAT MASTER	UK00004310643	Shenzhen Oushuitong	The United Kingdom	9, 35, 42	December 15, 2035

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Registration date
1. . .	A Visualization Teaching Method and System Applied to Corporate Tax Filing Systems (應用於企業報税系統的可視化示教方法及系統)	Shenzhen Oushuitong	ZL 2023 1 0388668.7	PRC	Invention Patent	July 25, 2023
2. . .	A Big Data-Based Cross-Border Corporate Tax Filing Status Monitoring and Management System (一種基於大數據的跨境企業税務申報狀況監測管理系統)	Shenzhen Oushuitong	ZL 2023 1 0215956.2	PRC	Invention Patent	November 28, 2023
3. . .	An Intelligent Tax Invoice Data Recognition Method, System, and Medium (一種税務發票數據智能識別方法、系統和介質)	Shenzhen Oushuitong	ZL 2023 1 1112456.2	PRC	Invention Patent	December 22, 2023
4. . .	An Internet of Things (IoT)-Based Cross-Border Tax Data Service Management System (一種基於物聯網的跨境税務數據服務管理系統)	Shenzhen Oushuitong	ZL 2023 1 0215954.3	PRC	Invention Patent	December 22, 2023
5. . .	Intelligent Business Email Management Method, System, and Readable Storage Medium (業務郵件智能管理方法、系統和可讀存儲介質)	Shenzhen Oushuitong	ZL 2023 1 0799784.8	PRC	Invention Patent	January 19, 2024
6. . .	A Data Security Storage Method and System Suitable for Cross-Border Payments (一種適用於跨境支付的數據安全存儲方法及系統)	Shenzhen Oushuitong	ZL 2024 1 0052892.3	PRC	Invention Patent	May 7, 2024

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Registration date
7. . .	A Trademark Similarity Assessment Method and System (一種商標相似度評估方法及系統)	Shenzhen Oushuitong	ZL 2024 1 0192592.5	PRC	Invention Patent	May 10, 2024
8. . .	A Product Recommendation System and Method for Cross-Border E-Commerce Platforms (一種用於跨境電商平台的產品推薦系統及方法)	Shenzhen Oushuitong	ZL 2024 1 0233703.2	PRC	Invention Patent	June 25, 2024
9. . .	A Cloud Computing-Based Cross-Border E-Commerce Multi-Platform Sales System (一種基於雲計算的跨境電商多平台銷售系統)	Shenzhen Oushuitong	ZL 2024 1 1301435.X	PRC	Invention Patent	November 29, 2024
10. .	An Intelligent Tax Data Analysis and Management Method, System, and Medium (一種智能稅務數據分析和管理方法、系統和介質)	Shenzhen Oushuitong	ZL 2024 1 0982243.3	PRC	Invention Patent	January 24, 2025
11. .	A Cloud Platform-Based Cross-Border E-Commerce Account Data Security Management Method and System (基於雲平台的跨境電商賬號數據安全管理方法及系統)	Shenzhen Oushuitong	ZL 2024 1 1475013.4	PRC	Invention Patent	February 11, 2025
12. .	AI Algorithm-Based Intelligent Product Classification Method and Device for Cross-Border E-Commerce (基於AI算法的跨境電商商品智能分類方法和裝置)	Shenzhen Oushuitong	ZL 2024 1 1718512.1	PRC	Invention Patent	February 18, 2025

No.	Patent name	Patent holder	Patent number	Place of registration	Patent type	Registration date
13. .	A SaaS System-Based Sensitive Data Protection Method, System, and Medium (一種基於SaaS系統的敏感數據保護方法、系統及介質)	Shenzhen Oushuitong	ZL 2024 1 1622512.1	PRC	Invention Patent	March 11, 2025
14. .	A Tax Number Data Intelligent Monitoring System Based on Tax Compliance (一種基於稅務合規的稅號數據智能監控系統)	Shenzhen Oushuitong	ZL 2024 1 1123586.0	PRC	Invention Patent	April 11, 2025
15. .	A SaaS Service Management Method and System, and computer equipment and storage medium (一種SaaS 服務管理方法、系統、計算機設備及儲存介質)	Shenzhen Oushuitong	ZL 2025 1 0231261.2	PRC	Invention Patent	May 2, 2025
16. .	A Customer Relationship Management System Under the SaaS Model (一種SaaS模式下的客戶關係管理系統)	Shenzhen Oushuitong	ZL 2024 1 1825451.9	PRC	Invention Patent	June 20, 2025
17. .	An IoT-Based Invoice Automatic Monitoring and Distribution Method (基於物聯網的發票自動監測發放方法)	Shenzhen Maidetong	ZL 2023 1 0067571.6	PRC	Invention Patent	August 22, 2023
18. .	A Cloud Platform-Based Work Order Intelligent Generation System (一種基於雲平台的工單智能生成系統)	Shenzhen Maidetong	ZL 2023 1 0053366.4	PRC	Invention Patent	August 29, 2023

Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we considered to be material to our business:

No.	Copyright Name	Registered owner	Registration number	Place of registration	Registration date
1.	EVAT MASTER Document Management System [Abbreviation: EVAT MASTER Document Management] V1.0 (歐稅通信件管理系統[簡稱:歐稅通信件管理]V1.0)	Shenzhen Oushuitong	2020SR0613796	PRC	June 12, 2020
2.	EVAT MASTER System [Abbreviation: EVAT MASTER] V2.0 (歐稅通系統[簡稱:歐稅通]V2.0)	Shenzhen Oushuitong	2020SR0623292	PRC	June 15, 2020
3.	EVAT MASTER VAT Automatic Filing System V1.0 (歐稅通VAT自動申報系統V1.0)	Shenzhen Oushuitong	2021SR0831757	PRC	June 3, 2021
4.	EVAT MASTER VAT Toolbox System V1.0 (歐稅通VAT工具箱系統V1.0)	Shenzhen Oushuitong	2021SR0831724	PRC	June 3, 2021
5.	EVAT MASTER Task Delivery Flow System V1.0 (歐稅通交付任務流轉系統V1.0)	Shenzhen Oushuitong	2021SR1947398	PRC	November 30, 2021
6.	EVAT MASTER Intelligent Tax Simulation System V1.0 (歐稅通智能模擬算稅系統V1.0)	Shenzhen Oushuitong	2021SR1947399	PRC	November 30, 2021
7.	EVAT MASTER Tax Number Validity Intelligent Query System V1.0 (歐稅通稅號有效性智能查詢系統V1.0)	Shenzhen Oushuitong	2021SR1947400	PRC	November 30, 2021
8.	EVAT MASTER EPR Intelligent Filing Software V1.0 (歐稅通EPR智能申報軟件V1.0)	Shenzhen Oushuitong	2022SR0470194	PRC	April 14, 2022
9.	EVAT MASTER EPR Intelligent Delivery Software V1.0 (歐稅通EPR智能交付軟件V1.0)	Shenzhen Oushuitong	2022SR0470195	PRC	April 14, 2022

No.	Copyright Name	Registered owner	Registration number	Place of registration	Registration date
10. .	EVAT MASTER User Behavior Tracking Subsystem V1.0 (歐稅通用戶行為軌跡採集分析系統V1.0)	Shenzhen Oushuitong	2023SR1150223	PRC	September 25, 2023
11. .	EVAT MASTER Marketing Platform Software V1.0 (歐稅通營銷平台軟件V1.0)	Shenzhen Oushuitong	2023SR0902505	PRC	August 8, 2023
12. .	EVAT MASTER Product Packaging Label System [Abbreviation: Product Packaging Label System] V1.0 (歐稅通產品包裝標籤系統[簡稱:產品包裝標籤統]V1.0)	Shenzhen Oushuitong	2025SR0066152	PRC	January 10, 2025
13. .	EVAT MASTER Cross-Border Product One-Stop Solution Platform V1.0 (歐稅通跨境商品一站式解決方案平台V1.0)	Shenzhen Oushuitong	2025SR0486982	PRC	March 20, 2025
14. .	Comprehensive Intelligent Customer Service Support Platform V1.0 (全方位智能客服支持平台V1.0)	Shenzhen Oushuitong	2025SR0486984	PRC	March 20, 2025
15. .	EVAT MASTER Linksafe Comprehensive Compliance Testing Platform [Abbreviation: Linksafe] V1.0 (歐稅通Linksafe全方位合規檢測平台[簡稱Linksafe]V1.0)	Shenzhen Oushuitong	2025SR2479441	PRC	December 25, 2025
16. .	EVAT MASTER Logo (歐稅通logo)	Shenzhen Oushuitong	Guo Zuo Deng Zi-2022-F-10174843	PRC	August 24, 2022
17. .	Little O (小O)	Shenzhen Oushuitong	Guo Zuo Deng Zi-2022-F-10174842	PRC	August 24, 2022
18. .	IPP MASTER Logo (麥德通logo) MaiMai (麥麥)	Shenzhen Maidetong	Guo Zuo Deng Zi-2024-F-00136287	PRC	May 22, 2024

No.	Copyright Name	Registered owner	Registration number	Place of registration	Registration date
19. .	Oushuitong Compliance Guide Intelligent Solutions Platform [Abbreviation: Compliance Guide] V1.0 (歐稅通合規指南智能解決方案平臺[簡稱:合規指南] V1.0)	Shenzhen Oushuitong	2025SR2466721	PRC	December 23, 2025

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we considered to be material to our business:

No.	Domain name	Owner	Expiry date
1. . .	evatmaster.com	Shenzhen Oushuitong	October 23, 2029
2. . .	ippmaster.com	Shenzhen Maidetong	December 25, 2031
3. . .	goinggreen2050.com	Shenzhen GoingGreen	August 22, 2028
4. . .	xmsail.com	Shenzhen Xiaomao	May 26, 2030
5. . .	lidobiz.com	Shenzhen Liudu Information Service Co., Ltd.	July 13, 2028
6. . .	shuyoucn.com	Shenzhen Shuyou Technology Service Co., Ltd.	April 1, 2030
7. . .	axisacct.com	Shenzhen Yisi	September 12, 2027
8. . .	nbtszg.com	Guangdong Newbest	October 29, 2028

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Particulars of Directors' Service Contracts

We [have] entered into a service contract with each of our Directors in respect of, among others, (i) term of service, (ii) termination, (iii) compliance with the relevant laws and regulations and (iv) observance of the Articles of Association. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

Remuneration of Directors

For details of the remuneration of Directors, please see "Directors and Senior Management — Remuneration" and Note 11 to the Accountants' Report as set out in Appendix I to this document.

Disclosure of Interests

Interests of our Directors and Chief Executive of our Company

Save as disclosed in "Substantial Shareholders" in this document and "— Pre-[**REDACTED**] Equity Incentive Scheme" below, immediately following the completion of the [**REDACTED**] assuming no exercise of the [**REDACTED**], so far as our Directors are aware, none of our Directors or chief executive of our Company will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of [**REDACTED**] Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company and the Stock Exchange, once our H Shares are [**REDACTED**] on the Stock Exchange.

Interests of Substantial Shareholders

Save as disclosed in "Substantial Shareholders" in this document, our Directors are not aware of any other person (other than our Directors or chief executive of our Company) who will, immediately following the completion of the [**REDACTED**] assuming no exercise of the [**REDACTED**], have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

Agency Fees or [REDACTED] Received

The [**REDACTED**] will receive an [**REDACTED**] in connection with the [**REDACTED**]. For details, please see "[**REDACTED**]" Save in connection with the [**REDACTED**], no [**REDACTED**], discounts, brokerages or other special terms have been granted by our Group to any person (including our Directors, promoters and experts referred to in "— Other Information — Qualifications of Experts" below) in connection with the issue or sale of any capital or security of our Company or any member of our Group within the two years immediately preceding the date of this document.

Within the two years immediately preceding the date of this document, no [**REDACTED**] has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company.

Disclaimers

(a) none of our Directors nor any of the experts referred to in "— Other Information — Qualifications of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by, or leased to, any member of our Group;

(b) save in connection with the [**REDACTED**], none of our Directors nor any of the experts referred to "— Other Information — Qualifications of Experts" below is (i) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and

(c) none of our Directors or their respective close associates or the Shareholders who to the knowledge of our Directors are interested in more than 5% of our issued share capital has any interest in our top five customers or suppliers during the Track Record Period.

PRE-[REDACTED] EQUITY INCENTIVE SCHEME

The following is a summary of the principal terms of the Pre-[**REDACTED**] Equity Incentive Scheme, which was adopted in July 2026. The Pre-[**REDACTED**] Equity Incentive Scheme is not subject to Chapter 17 of the Listing Rules as it does not involve any grant of new Awards (as defined below) after the [**REDACTED**].

Purpose

The purposes of the Pre-[**REDACTED**] Equity Incentive Scheme are to improve corporate governance and establish effective long-term incentive mechanisms, motivate, attract and retain key talent and align the interests of our Shareholders, our Company and our employees.

Administration

The Pre-[**REDACTED**] Equity Incentive Scheme was approved by the Shareholders' meeting of our Company, which is responsible for considering and approving its implementation, amendment and termination. As authorized under the Pre-[**REDACTED**] Equity Incentive Scheme, Mr. Sun acts as the administrator of the first tranche of the Pre-[**REDACTED**] Equity Incentive Scheme, and Mr. Sun and Mr. Su Hongying jointly act as the administrators of the second tranche of the Pre-[**REDACTED**] Equity Incentive Scheme. The administrators are responsible for granting incentive interests to Eligible Participants (as defined below) and the day-to-day administration and implementation of the Pre-[**REDACTED**] Equity Incentive Scheme.

Eligible Participants

The eligible participants ("**Eligible Participants**") under the Pre-[**REDACTED**] Equity Incentive Scheme include mid-level and senior management personnel, core technical personnel and employees who have made special contributions to our Company.

Form of Awards

The awards under the Pre-[**REDACTED**] Equity Incentive Scheme (the "**Awards**") source from 457,248 Shares and 132,752 Shares (or 11,431,200 Shares and 3,318,800 Shares taking into account the Share Subdivision) respectively held by Maidehao Management and Maidetong Business, our Equity Incentive Platforms (representing appropriately [**REDACTED**]% and [**REDACTED**]% of our total issued Shares upon completion of the [**REDACTED**], taking into account the Share Subdivision and assuming no exercise of the [**REDACTED**]), and are in the form of the right to subscribe for partnership interests in the Equity Incentive Platforms. Upon satisfaction of the terms and conditions as set forth in the award grant letter (the "**Grant Letter**"), an Eligible Participant may receive partnership interests in Maidehao Management under the first tranche or Maidetong Business under the second tranche, thereby indirectly holding equity interests in our Company.

Vesting Period

Subject to the terms and conditions of the Pre-[**REDACTED**] Equity Incentive Scheme, the Awards granted to the Eligible Participants shall vest in accordance with the following vesting schedules and subject to the applicable vesting conditions as specified in the Grant Letter.

Under the first tranche of the Pre-[**REDACTED**] Equity Incentive Scheme, all Awards granted to an Eligible Participant shall vest upon completion of our Company's [**REDACTED**].

Under the second tranche of the Pre-[**REDACTED**] Equity Incentive Scheme, Awards granted to an Eligible Participant shall vest in three tranches as follows:

(a) 40% upon completion of our Company's [**REDACTED**];

(b) 30% upon the first anniversary of the completion of our Company's [**REDACTED**]; and

(c) 30% upon the second anniversary of the completion of our Company's [**REDACTED**].

Details of interests granted under the Pre-[REDACTED] Equity Incentive Scheme

As of the Latest Practicable Date, all Awards under the Pre-[**REDACTED**] Equity Incentive Scheme had been granted to 243 Eligible Participants. Details of the partnership interests underlying Awards granted to (i) Directors and senior management of our Company, (ii) connected persons of our Company, and (iii) other grantees under the Pre-[**REDACTED**] Equity Incentive Scheme as of the Latest Practicable Date are set out below:

		Approximate percentage of partnership interests underlying granted Awards in	
Participants	**Current position in our Group**	**Maidehao Management**	**Maidetong Business**
Directors and senior management of our Company			
Mr. Sun	Executive Director, chairperson of our Board and chief executive officer	2.45%	1.66%
Mr. Luo Shimin	Executive Director and chief technology officer	9.50%	1.46%
Mr. Zhang Jian	Executive Director and vice president	7.50%	2.59%
Ms. Shi Rongyue	Executive Director and chief financial officer	4.00%	2.73%
Mr. Su Hongying	Vice president	7.00%	0.97%
Connected persons of our Company			
Sun Mengtao (孫孟濤)[1]	Deputy sales director	1.40%	0.53%
Zheng Keqiang (鄭可強)[1]	Sales supervisor	0.70%	0.48%
Ding Yanyan (丁言言)[1]	Customer service manager	1.00%	0.37%
Guo Tao (郭桃)[1]	Sales supervisor	0.40%	0.65%
Zhang Huimin (張會敏)[1]	Business supervisor	–	0.21%
Zhang Enhui (張恩慧)[1]	Sales specialist	–	0.30%
Sun Lingchen (孫淩晨)[1]	Accountant	–	0.35%
Zhang Kefei (張可飛)[2]	Customer service director	1.50%	0.62%
Wang Yanli (王豔麗)[2]	Sales supervisor	0.40%	0.76%

Participants	Current position in our Group	Approximate percentage of partnership interests underlying granted Awards in	
		Maidehao Management	Maidetong Business
Zhang Na (張娜)(3)	XMSAIL operations consultant	–	0.69%
Li Rui (李瑞)(4)	Customer service supervisor	0.50%	0.30%
Wen Haichuan (溫海川)(5)	Head of supply chain management center	5.50%	0.78%
Lu Sumei (盧素梅)(6)	Delivery manager	2.00%	0.55%
Other Grantees			
225(7)	–	56.15%	84.02%

Notes:

(1) Associates of Mr. Sun.

(2) Associates of Mr. Zhang Jian.

(3) Member of our Controlling Shareholders.

(4) Associates of Ms. Zhang Na and Ms. Zhang Huiru, members of our Controlling Shareholders.

(5) Former director of Shenzhen Oushuitong.

(6) Associate of Mr. Wen Haichuan.

(7) Including 77 grantees who have been granted Awards under both tranches.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or any of our subsidiaries.

Litigation

As of the Latest Practicable Date, save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

Joint Sponsors

The Joint Sponsors satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. An aggregate fee of US$1.4 million is payable by our Company to the Joint Sponsors to act as the sponsors to our Company in connection with the [**REDACTED**].

Preliminary Expense

Our Company did not incur any material preliminary expense.

Promoters

The promoters of our Company are all of the then Shareholders of our Company as of July 23, 2026 before our conversion into a joint stock company with limited liability. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] or the related transactions described in this document.

Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Shenwan Hongyuan Capital (H.K.) Limited	A licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants and registered public interest entity auditor
Beijing Jingtian & Gongcheng Law Firm	PRC Legal Advisor

Name	Qualification
China Insights Industry Consultancy Limited	Independent Industry Consultant

Consents of Experts

Each of the experts referred to in "Qualification of Experts" above [has given and has not withdrawn] its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as far as applicable.

Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) save as disclosed in "History, Development and Corporate Structure," and "— Changes in the Share Capital of Our Subsidiaries" above, within the two years immediately preceding the date of this document, no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partially paid other than in cash or otherwise;

(b) no capital of our Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(c) there are no founder, management or deferred shares in any member of our Group;

(d) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(e) there are no arrangements under which future dividends are waived or agreed to be waived;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this document;

(h) no part of the equity or debt securities of our Company, if any, is currently [**REDACTED**] on or [**REDACTED**] in on any stock exchange or trading system, and no such [**REDACTED**] or permission to [**REDACTED**] in on any stock exchange other than the Stock Exchange is being or is proposed to be sought;

(i) our Company has no outstanding convertible debt securities or debentures; and

(j) the English text of this document shall prevail over its respective Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

1. the written consents referred to in "Appendix VI — Statutory and General Information — Other Information — Consents of Experts"; and

2. a copy of each of the material contracts referred to in "Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contracts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.evatmaster.com**, for a period of 14 days from the date of this document:

1. the Articles of Association;

2. the Accountants' Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

3. the audited consolidated financial statements of our Company for [the three years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026];

4. the report prepared by Deloitte Touche Tohmatsu on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

5. the material contracts referred to in "Further Information about Our Business — Summary of Material Contracts" in Appendix VI to this document;

6. the written consents referred to in "Other Information — Consents of Experts" in Appendix VI to this document;

7. the service contracts with our Directors referred to in "Further Information about our Directors and Substantial Shareholders — Particulars of Directors' Service Contracts" in Appendix VI to this document;

8. the PRC legal opinion issued by Beijing Jingtian & Gongcheng Law Firm, the PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group in the PRC;

9. the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in the section headed "Industry Overview" in this document; and

10. the PRC Company Law, the PRC Securities Law, and the Overseas Listing Trial Measures, together with unofficial English translations thereof.