泛遠國際控股
FAR INTERNATIONAL HOLDINGS

FAR International Holdings Group Company Limited
泛遠國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2516

ANNUAL REPORT 2024

Contents

Company Profile

FAR International Holdings Group Company Limited is an exempted company incorporated in the Cayman Islands with limited liability on 24 November 2022 and was listed on the Main Board of the Stock Exchange on 22 December 2023.

We are an established cross-border e-commerce logistics service provider based in the PRC principally engaged in the provision of end-to-end cross-border logistics services. In 2015, we are the first batch of pilot enterprises at China (Hangzhou) Cross-border e-commerce Comprehensive Pilot Zone* (中國(杭州)跨境電子商務綜合試驗區首批試點企業) in the PRC. To seize the opportunity arising from the development of the PRC's cross-border e-commerce industry, particularly in the Yangtze River Delta and Pearl River Delta, we strategically set up our service outlets in major trading centres in the PRC, including Zhejiang Province, Shanghai Municipality, Guangdong Province, Fujian Province, Sichuan Province, Henan Province, Shandong Province and Hong Kong.

Our business is built on a customer-oriented culture. We are capable of providing various flexible and reliable delivery options to our customers based on their selection of express, standard or economic delivery options, through coordinating our network of suppliers. At present, we provide overall management of the entire logistics value chain (from receiving the parcel from our customer and delivering the parcel to the final destination), including the determination of the delivery route, means of transportation, delivery costs control and fulfillment of customs requirements. Leveraging our ability in providing services for the entire logistics chain together with our suppliers, we also provide different types of logistics services to customers in the PRC and overseas. We offer our customers the flexibility to pick and choose the services they require us to perform within the logistics value chain, such as freight forwarding, customs clearance, recovery, warehouse operation, transportation and last-mile delivery. We offer customised supply chain solutions based on customers' specific requirements and formulate logistics solutions that suit their needs.

Corporate Information

DIRECTORS

Executive Directors

Mr. Wang Quan *(Chairman of the Board)*
Mr. Yang Zhilong
Mr. Zhang Guangyang
Mr. Zhu Jiong
Ms. Zhang Min *(Retired on 31 May 2024)*

Non-executive Directors

Mr. Wei Ran *(Appointed on 2 February 2024)*
Mr. Yao Shenjie *(Appointed on 31 May 2024)*
Mr. Wang Tiantian *(Resigned on 2 February 2024)*

Independent Non-executive Directors

Mr. Ye Xingyue
Mr. Ren Tiangan
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*
Mr. Sun Peng *(Retired on 31 May 2024)*

COMPANY SECRETARY

Ms. Wong Hoi Ting *(ACG, HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. Zhu Jiong
Ms. Wong Hoi Ting

AUDIT COMMITTEE

Mr. Ye Xingyue *(Chairman)*
Mr. Ren Tiangan
Ms, Wang Jiaofei *(Appointed on 31 May 2024)*
Mr. Sun Peng *(Retired on 31 May 2024)*

REMUNERATION COMMITTEE

Mr. Ren Tiangan *(Chairman)*
Mr. Wang Quan
Mr. Ye Xingyue

NOMINATION COMMITTEE

Mr. Wang Quan *(Chairman)*
Mr. Ren Tiangan
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*
Mr. Sun Peng *(Retired on 31 May 2024)*

INVESTMENT COMMITTEE *(ESTABLISHED ON 12 JULY 2024)*

Mr. Wang Quan *(Chairman)*
Mr. Ye Xingyue
Mr. Ren Tiangan

AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants
17/F, Chubb Tower, Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

Loong & Yeung
Room 1603, 16th Floor
China Building
29 Queen's Road Central
Central
Hong Kong

COMPLIANCE ADVISER

Grand Moore Capital Limited
21/F., No.88 Lockhart Road
Wan Chai
Hong Kong

REGISTERED OFFICE

71 Fort Street, PO Box 500
George Town
Grand Cayman
KY1-1106, Cayman Islands

HEADQUARTERS IN THE PRC

Room 201
Hangzhou Cross-border e-commerce Industrial Park
No. 22 Changcheng Street
Gongshu District, Hangzhou City
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1603, 16th Floor
China Building
29 Queen's Road Central
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
71 Fort Street, PO Box 500
George Town
Grand Cayman
KY1-1106, Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL BANKER

Hangzhou United Rural Commercial Bank Co Ltd
(Shiqiao Branch)
No. 336 Shiqiao Road
Gongshu District, Hangzhou City
Zhejiang Province
PRC

STOCK CODE

2516

COMPANY'S WEBSITE

www.far800.com

LISTING DATE

22 December 2023

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of FAR International Holdings Group Company Limited (the "**Company**" or "**FAR International**") and its subsidiaries (collectively, the "**Group**"), I hereby present the annual report of the Group for the year ended 31 December 2024 ("**FY2024**" or the "**Reporting Period**").

By adhering to the development vision of "making cross-border logistics more convenient and making global business simpler" and the mission of "building a stable, efficient and sound cross-border e-commerce logistic service system", the Group cultivates the global cross-border e-commerce logistic services. Last year was full of challenges, whereas, under the shadow of external uncertainties, the Group still managed to attain continuous improvement in its core business performance indicators, with both its operating revenue and profit exceeding expectations and setting a new record high during the Reporting Period by leveraging its solid business foundation and efficient operational strategies, as well as continuing optimization of its global logistics network. Of which, the revenue was RMB2.98 billion, representing an increase of 45.8% as compared with that of the corresponding period of last year; the gross profit was RMB214.8 million, representing a year-on-year increase of 36.9%; and the profit attributable to owners of the Company was RMB69.3 million, representing a year-on-year growth of 153.3%. The abovementioned data has demonstrated the Group's leading status in the cross-border logistics sector and laid a solid foundation for attaining all goals throughout 2025.

In 2024, the Group achieved excellent business performance with not only the significant growth in both operating revenue and profit, but also attaining certain breakthroughs in its business distributions, showcasing the Group's strong and all-rounded capabilities. Leveraging the Group's excellent achievements in corporate governance practice and sustainable development, it won a number of awards, such as the "Greater Bay Area Listed Companies ESG100 Green Advancement Awards — Governance Excellence Award of the Year" and the "Greater Bay Area New Productivity Enterprise Award — Transportation, Freight, Logistics and Supply Chain", during the year. In addition, Hangzhou FAR, an indirect wholly owned subsidiary of the Group, was accredited with National 4A Logistics Enterprise* (國家4A級物流企業) and won the bid for East China Central warehouse business of Alibaba.com (阿里巴巴國際站), thereby consolidating the service barriers of leading platforms.

In the future, the Group will continue to cultivate globalisation through restructuring its traditional logistics resources system to enhance the capabilities to serve global markets, thereby supporting the growing export demands of cross-border e-commerce. Meanwhile, the Group will further deepen its strategic cooperation with major platforms. Through optimising operation system, enhancing quality of our service, continuously increasing our investments in technology research and development and deepening the integration with AI technology, the Group is able to raise its level of digital operation and service carrying capacity, so as to create long-term value for its Shareholders and investors.

Yours faithfully,
FAR International Holdings Group Company Limited
Wang Quan
Chairman and Executive Director

26 March 2025

Management Discussion and Analysis

1. BUSINESS OVERVIEW

Market Overview

Based on the information from the General Administration of Customs of the People's Republic of China (the "**PRC**"), the total import and export trade volume in the PRC reached approximately RMB43.85 trillion in 2024, representing a year-on-year growth of 5%. This marks a new record high in terms of trade scale. Among which, the total export trade volume broke the previous record of RMB25 trillion, reaching approximately RMB25.45 trillion for the first time, representing a year-on-year growth of 7.1%. With a record of growth for eight consecutive years, the PRC has demonstrated strong and comprehensive competitiveness of its foreign trade. In particular, foreign trade achieved a quarterly historical high of approximately RMB11.51 trillion in the fourth quarter, with the growth rate increasing by 0.4 percentage point from the third quarter. Specifically in December 2024, the scale of imports and exports exceeded RMB4 trillion for the first time, with the growth rate increasing to 6.8%, concluding the entire year with high-quality foreign trade performance.

Cross-border e-commerce, as the primary driver of foreign trade transformation and upgrades, has made remarkable contributions to the robust growth of foreign trade in the PRC. In 2024, the import and export trade volume of cross-border e-commerce in the PRC was approximately RMB2.63 trillion, representing a year-on-year growth of 10.8%. This growth rate exceeds the overall growth rate of foreign trade in the PRC by 5.8%. There is no doubt that cross-border e-commerce has become the new driving force for the growth of foreign trade in the PRC. Meanwhile, cross-border e-commerce logistics, which forms the core component of cross-border e-commerce imports and exports, has also created more opportunities for development.

In 2024, cross-border e-commerce platforms in the PRC, including Temu, TikTok Shop and SHINE, through updating and iterating their models such as "hosting", have continued to make substantial investments in expanding their foreign markets. These efforts have attracted a large number of consumers and contributed to the rapid performance growth of these platforms.

With the accelerating globalisation of cross-border e-commerce platforms such as Temu and TikTok Shop, cross-border e-commerce logistics, which forms a key component of the industrial chain, is encountering opportunities for structural development. The industry is being urged to restructure its traditional logistics resources system to enhance the capabilities of domestic logistics companies to serve global markets, thereby supporting the growing export demands of cross-border e-commerce.

Performance Overview

The Group is a renowned cross-border e-commerce logistics service provider in the PRC. It operates more than 30 service outlets and a network of over 1,100 suppliers with a service coverage spanning more than 220 countries and regions worldwide, allowing it to provide a variety of flexible and reliable cross-border delivery options to its customers. In 2024, the Group continued to enhance the efficiency and quality of its logistics services, optimise its global logistics network, strengthen the Group's core competitiveness, thereby creating greater value for its customers and making greater contributions to industrial development.

The Group's total revenue amounted to approximately RMB2.98 billion in 2024, representing a growth of approximately 45.8% compared to approximately RMB2.05 billion for the corresponding period in 2023. Profit attributable to owners of the Company reached approximately RMB69.3 million in 2024, representing a year-on-year growth of approximately 153.3% compared to 2023. The performance in both operating revenue and profit indicates that the operational targets for the year have been exceeded.

The Group principally provides three main types of services, namely end-to-end cross-border delivery service, freight forwarding service and other logistics service.

The Group is capable of providing a variety of flexible and reliable delivery options to its customers based on their selection of express, standard or economy delivery options, through coordinating its network of suppliers. Operating revenue from end-to-end cross-border delivery services amounted to approximately RMB1.37 billion in 2024, representing approximately 46.1% of the Group's total revenue.

The Group offers freight forwarding services for the delivery of parcels from the port of the origin to the port of the final destination through various delivery methods, such as airborne, seaborne and land transportation. Operating revenue from freight forwarding services amounted to approximately RMB0.6 billion in 2024, representing a year-on-year growth of approximately 219.3%.

Building on the Group's service outlets and supplier network, the Group offers value-added supply chain solutions that integrate its service offerings and fulfill the specific needs of its customers across various industry verticals. Operating revenue from other logistics services amounted to approximately RMB1.01 billion in 2024, representing a year-on-year growth of approximately 495.2%.

The core business performance indicators of the Group in 2024 continued to improve, with both its operating revenue and profit exceeding expectation and achieving rapid growth despite a complex external environment and laid a solid foundation for attaining all goals throughout 2025.

The Group achieved outstanding performance in 2024 by fully leveraging its competitive advantages in the cross-border logistics profession, constantly optimising its transportation process through improved warehouse management, as well as actively transforming into a new, digital, intelligent and green logistics model. In 2024, the Group attained excellent achievements in corporate governance practice and sustainable development by being awarded the "Greater Bay Area Listed Companies ESG100 Green Advancement Awards — Governance Excellence Award of the Year" and the "Greater Bay Area New Productivity Enterprise Award — Transportation, Freight, Logistics and Supply Chain". Hangzhou FAR International Logistics Co., Ltd.* (杭州泛遠國際物流有限公司), an indirect wholly owned subsidiary of the Group, was accredited with National 4A Logistics Enterprise* (國家4A級物流企業) and won the bid for East China Central warehouse business of Alibaba.com (阿里巴巴國際站), thereby consolidating the service barriers of leading platforms.

2. FINANCIAL OVERVIEW

Revenue

The Group's revenue for FY2024 was RMB2.98 billion, representing an increase of approximately 45.8% as compared to RMB2.05 billion for the year ended 31 December 2023 ("**FY2023**"). This increase was mainly attributed to the rise in revenue from the Group's freight forwarding services and other logistics services, partially offset by a decrease in revenue from end-to-end cross-border delivery services.

The decrease in revenue from end-to-end cross-border delivery services was mainly attributable to a decrease in revenue from the provision of standard delivery services, but partially offset by an increase in revenue from provision of economic delivery services. The decrease in revenue from standard delivery services was due to a reduction in services required by the Group's major customers. Both the number of parcels delivered to the United States through the Group's standard delivery services and the respective billed weight witnessed a decline during FY2024. The increase in revenue from economic delivery service was due to a rise in the number of parcels delivered to the United States through seaborne logistics services providers.

The increase in revenue from other logistics services was mainly attributable to the increase in revenue from the Group's major customers for the Group's services of customs clearance and the last-mile delivery services in the United States.

The increase in revenue from freight forwarding services was the net effect of (i) an increase in revenue from both seaborne and airborne freight forwarding services, and (ii) a decrease in revenue generated from land transportation.

Cost of sales

The Group's cost of sales increased from approximately RMB1.89 billion for FY2023 to approximately RMB2.77 billion for FY2024, representing an increase of approximately RMB879.0 million or 46.5%. The increase was mainly due to the overall rise in logistic costs associated with the changes in revenue during FY2024 as discussed above.

Gross profit

The Group's gross profit for FY2024 was approximately RMB214.80 million, representing an increase of approximately 36.9% as compared to approximately RMB156.96 million for FY2023. The increase was mainly due to increases in revenue from freight forwarding services and other logistics services, partially offset by a decrease in revenue from end-to-end cross-border delivery services for the reasons described above. The Group's gross profit margin declined slightly from approximately 7.67% for FY2023 to approximately 7.20% for FY2024, primarily attributable to the decrease in gross profit margin of freight forwarding services and other logistics services but partially offset by an increase in gross profit margin of end-to-end cross-border delivery services.

The decrease in gross profit margin for freight forwarding services was due to keen competition in airborne freight forwarding while the decrease in gross profit margin for other logistics services was due to a growing portion of last-mile delivery services which yield a relatively low profit margin.

The increase in the gross profit margin for end-to-end cross-border delivery services was due to an increase in gross profit margin for standard delivery services from approximately 8.26% for FY2023 to approximately 10.61% for FY2024 and a growing portion revenue from economic delivery services which yielded a relatively higher profit margin.

Other income, gains and losses — net

The Group recorded net losses of approximately RMB9.77 million from other income, gains and losses for FY2024 and net gains of approximately RMB1.09 million for FY2023. The fluctuation can be primarily attributable to the increase in loss on exchange differences from RMB6.33 million for FY2023 to RMB24.37 million for FY2024; but partially offset by (i) RMB1.41 million gain arising from change in fair value of financial assets at FVTPL, as compared to a loss from change in fair value of financial assets at FVTPL of RMB10,000 in FY2023; (ii) an increase in bank interest income; and (iii) an increase in government grants mainly relating to the successful listing of the Company's shares in Hong Kong.

Impairment loss on trade and other receivables

The Group recorded impairment loss on trade and other receivables of approximately RMB18.44 million for FY2024 compared to an impairment loss of approximately RMB8.78 million for FY2023 mainly due to the increase in the gross carrying amount of the Group's trade receivable and other receivables.

Finance costs

The Group's finance costs increased by approximately RMB14.88 million or 332.78% from approximately RMB4.47 million for FY2023 to approximately RMB19.35 million for FY2024. The increase in finance costs was mainly due to the increase in bank borrowings during FY2024.

Income tax expenses

Income tax expenses primarily consist of current and deferred income tax at the applicable tax rate in accordance with the relevant laws and regulations in the PRC and Hong Kong. The Group entities established in the Cayman Islands and the BVI are exempted from income tax in those jurisdictions.

The Group income tax expenses for FY2024 increased by approximately 6.9% to RMB11.58 million from RMB10.83 million for FY2023. The increase in income tax expenses was mainly due to an increase in profit before tax for FY2024 as compared with FY2023.

Profit for the year

As a result of the forgoing, the Group recorded a profit for the year of approximately RMB69.21 million for FY2024, representing an increase of approximately 156.8% as compared to approximately RMB26.95 million for FY2023. This was mainly due to (i) an increase in the gross profit of approximately RMB57.84 million; and (ii) the absence of listing fees of approximately RMB27.98 million during FY2024, partially offset by (i) a decrease in other income, gains and loss, net of approximately RMB10.85 million; and (ii) an increase in impairment loss on trade and other receivables of approximately RMB9.66 million and an increase in finance costs of approximately RMB14.88 million.

Non-HKFRS adjusted net profit

To supplement the Group's consolidated financial statements which are presented in accordance with HKFRS, the Company also used unaudited non-HKFRS adjusted net profit as an additional financial measure in order to evaluate its financial performance by eliminating the impact of items that it does not consider indicative of the performance of its business. The Company believes that this additional financial measure provides useful guidance as it reflects its net profit position relating to its normal business operations by having eliminated the potential impact of its listing expenses. The term "adjusted net profit" is not defined under HKFRS. Other companies in the industry in which the Group operates may calculate such non-HKFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact the Group's net profit for FY2023 and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under HKFRS.

The table below sets out the calculation of the Group's non-HKFRS adjusted net profit for the years indicated:

	2024 ***RMB'000***	2023 *RMB'000*
Profit for the year	**69,211**	26,950
Adjustment for:		
Listing Expenses	**—**	27,983
Adjusted net profit (Non-HKFRS measure) for the year	**69,211**	54,933

Adjusted net profit, adjusted by excluding the Group's listing expenses, was approximately RMB69.21 million for FY2024, representing an increase of approximately 26.0% as compared to approximately RMB54.93 million for FY2023.

Trade receivables

The Group's trade receivables were approximately RMB660.41 million as at 31 December 2024, representing an increase of 35.3% as compared to approximately RMB488.12 million as at 31 December 2023, primarily attributable to an increase in trade receivables from the Group's major customers.

Trade payables

The Group's trade payables were approximately RMB83.25 million as at 31 December 2024, representing a decrease of 64.2% as compared to approximately RMB232.52 million as at 31 December 2023. This decrease was mainly attributable to the change in payment patterns with suppliers which required the Group to make payments in advance.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its operations primarily through a combination of cash generated from operations and bank borrowings. Following the completion of the public offer and placing of the shares of the Company (the "**Share Offer**") in December 2023, the net proceeds from the Share Offer are expected to provide additional funds for future cash requirements. It is anticipated that the Group has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements.

As at 31 December 2024, the Group's net current assets were approximately RMB535.26 million (31 December 2023: approximately RMB468.84 million). The Group's bank balances and cash as at 31 December 2024 were approximately RMB448.63 million (31 December 2023: approximately RMB409.07 million).

As at 31 December 2024, there were bank borrowings of approximately RMB857.39 million carried fixed interest rate from 0.90% to 4.55% per annum (31 December 2023: approximately RMB252.20 million carried fixed interest rate from 3.60% to 4.45% per annum). As at 31 December 2024, the Group had unutilized bank facilities of approximately RMB10.8 million.

As at 31 December 2024, the Group had lease liabilities of approximately RMB9.32 million (31 December 2023: approximately RMB17.33 million), of which approximately RMB5.60 million (31 December 2023: approximately RMB10.38 million) was analyzed as current position, and approximately RMB3.72 million (31 December 2023: approximately RMB6.95 million) was analyzed as non-current position.

Gearing ratio

As at 31 December 2024, the gearing ratio of the Group, based on the total debt (including interest-bearing borrowing and lease liabilities) to total equity of the Company was approximately 120.0% (31 December 2023: approximately 41.4%). The increase in gearing ratio is primarily attributable to the increase in bank borrowings partially offset by the decrease in lease liabilities.

Significant investment held

During the Reporting Period, the Group did not hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 2024).

Exchange rate fluctuation risk

RMB is the Group's functional currency while some of the Group's business transactions with its customers and suppliers are denominated in other currencies, including but not limited to US dollars and Hong Kong dollars. Therefore, the Group is exposed, to some extent, to foreign currency risks as a result of sales and purchases that are denominated in a currency other than RMB. In addition, the Group retains certain proceeds from listing in Hong Kong dollars that are exposed to foreign exchange risk. The Group does not have a foreign currency hedging policy. The Group closely monitors the exchange rate fluctuation risk and will take appropriate measures such as hedging measures to control the exchange rate fluctuation risk when necessary. The Group has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations during FY2024.

Contingent liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Pledge of assets

As at 31 December 2024, the Group had pledged trade receivables with carry amounts of approximately RMB494.17 million and ownership interest in buildings with carrying amounts of approximately RMB2.56 million and time deposits with carrying amounts of approximately RMB245.00 million as collateral for secured bank borrowings granted to the Group.

As at 31 December 2023, the Group had pledged trade receivables with carry amounts of approximately RMB399.98 million and ownership interest in buildings with carrying amounts of approximately RMB2.57 million as collateral for secured bank borrowings granted to the Group.

3. FUTURE OUTLOOK AND PROSPECT

Market Outlook

Based on the information from the General Administration of Customs of the PRC and the prediction from iResearch, the compound annual growth rate of the export volume of cross-border e-commerce in the PRC from 2022 to 2025 is expected to reach approximately 16.40%, achieving a stable development. By 2025, its scale will reach approximately RMB10.00 trillion. The rapid development of cross-border e-commerce promotes the continued growth of the cross-border e-commerce logistics market.

In 2025, cross-border e-commerce sellers are expected to constantly spring up on more emerging platforms. Such emerging platforms largely adopt, among others, the "hosting" model. The Group will take the initiative to collaborate with these platforms to expand its customer base and benefit from the unified logistics service standards of such platforms to further improve the quality of the Group's services.

With the diversifying and segmenting demand of global consumers, there are rising demands for goods. Meanwhile, the channels and ways for global consumers to obtain information of goods are continuously increasing. Foreign social media like Facebook, YouTube, Tiktok and Twitter also recognise the demand for Chinese brands to export overseas and have invested more resources to support and help companies from the PRC to enter the international market. Cross-border e-commerce logistics services will also benefit from such situation.

Development Strategy

Further deepen the strategic cooperation with major platforms. The Group will mainly focus on strengthening in-depth cooperation with leading cross-border e-commerce platforms, while maintaining the sustainable development of the existing platform, to further extend its reach to small and medium direct corporate customers.

Expand the business scale and service capabilities. The Group will expand or upgrade its existing service outlets as required to raise its service carrying capacity.

Expand the overseas business layout. On the basis of its existing business, the Group will extend the foreign logistics network, improve the cross-border delivery and the performance ability of overseas localisation ancillary services, facilitate the construction and launch of overseas logistics infrastructure and team recruitment, and establish an international logistics supply chain network.

Increasing investment in technology. Amid the wave of AI revolution, the Group profoundly acknowledges the essentiality of AI technology to corporate digital transformation. Science is the key to refined management. Through upgrading the information technology system and deepening the integration with AI technology, the Group is able to raise its level of digitalisation and empower its corporate development. In this regard, we have been increasing our investments in AI-driven technology to fully facilitate corporate digital upgrades. We embrace the AI revolution and are committed to applying AI technology to all business aspects, optimising operational efficiency, improving decision-making quality to build an intelligent and data-driven corporate ecosystem.

4. USE OF PROCEEDS FROM INITIAL GLOBAL PUBLIC OFFERING

Based on the offer price of HK$0.9 per share under the Share Offer, after deducting the relevant listing expenses, the net proceeds from the Share Offer amounted to approximately RMB58.79 million (the "**Net Proceeds**"), which was lower than the RMB80.00 million as disclosed in the Prospectus. The difference of approximately RMB21.21 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed "Future Plans And Use Of Proceeds" in the Prospectus. However, the Directors will continue to evaluate the business objectives of the Company and might change or revise its plans based on the changing market conditions in order to facilitate the business growth of the Company.

The following table illustrates the planned use and utilisation of the Net Proceeds:

Planned use of Net Proceeds	Percentage of total Net Proceeds	Original estimated amount available for utilisation *RMB million*	Adjusted amount available for utilisation *RMB million*	Net Proceeds utilised up to 31 December 2024 *RMB million*	Unutilised amount as at 31 December 2024 *RMB million*	Expected time for full utilisation of the remaining Net Proceeds
1. Achieving greater scale and further the Group's reach	81.9%	65.5	48.15	6.32	41.83	30 June 2025
— Setting up new service outlets in the PRC	47.0%	37.6	27.63	0.47	27.16	30 June 2025
— Expanding and upgrading the Group's existing service outlets in the PRC	34.9%	27.9	20.52	5.85	14.67	30 June 2025
2. Investing in and upgrading the Group's information technology systems	18.0%	14.4	10.58	5.09	5.49	30 June 2025
3. Working capital and general corporate purposes	0.1%	0.1	0.06	0.06	0.00	30 June 2025
Total	100%	80.0	58.79	11.47	47.32	

5. FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Other than the disclosure in the Prospectus, the Company had no other future plans for material investments and capital assets as of 31 December 2024.

6. MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company did not make any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

7. PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

As at 31 December 2024, the Company did not hold any treasury shares. During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares, if any).

8. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Share Award Scheme

The Company adopted a share award scheme (the "**Share Award Scheme**") on 9 April 2025 (the "**Adoption Date**"), under which the shares of the Company (the "**Awarded Shares**") may be awarded to directors and employees of the Company or its subsidiaries and directors and employees of the Company's holding companies, fellow subsidiaries or associated companies (the "**Eligible Participant(s)**") pursuant to the terms of the scheme. The purpose of the Share Award Scheme is to recognise and reward the contribution of the Eligible Participants to the growth and development of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board pursuant to the rules, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date. The maximum number of the Awarded Shares shall not exceed 78,000,000 shares of the Company, representing 10% of the issued share capital (excluding treasury shares, if any) of the Company as at the date of the Adoption Date. The maximum number of Awarded Shares that may be granted to an Eligible Participant under the Share Award Scheme shall not exceed 1 per cent of the issued share capital of the Company from time to time.

Details of the Share Award Scheme have been set out in the Company's announcement dated 9 April 2025. No Awarded Shares had been awarded to any Eligible Participant up to the date of this annual report.

Other than the above, the Board is not aware of any other significant event requiring disclosure that has been taken place subsequent to 31 December 2024 and up to the date of this annual report.

9. HUMAN RESOURCES AND REMUNERATION POLICIES

The number of full-time employees of the Group was 477 as at 31 December 2024 (31 December 2023: 506). The total staff costs for the Reporting Period was approximately RMB81.17 million as compared to approximately RMB73.74 million in FY2023.

To maintain the quality, knowledge and skill levels of the workforce, the Group provides regular in-house and external training to employees. In addition, the Group provides orientation training and mentorship program to newly recruited employees to help them understand the Group's culture and enhance their skills and knowledge in relation to the daily operation. The Group's remuneration policy is determined by employees qualifications, experience and capability as well as the prevailing market remuneration rate. The remuneration policy will be reviewed by the Board from time to time. The Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement, medical, work-related injury, maternity and unemployment benefits, as well as housing provident funds, under the applicable PRC laws and regulations.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wang Quan (王泉), aged 48, is an executive Director, the Chairman and one of the Controlling Shareholders. Mr. Wang is the chairman of the Nomination Committee and a member of each of the Remuneration Committee and the Investment Committee. He was appointed as a Director on 24 November 2022 and redesignated as an executive Director and the Chairman on 24 February 2023. He is responsible for overall strategic planning and business direction of the Group. Mr. Wang is also a director of Hangzhou FAR, Shenzhen Global Link, HK FAR Logistics Investments Limited (香港泛遠物流投資有限公司), ZY Logistics Company Limited (香港卓洋物流有限公司), Global Link, Sure Link Holdings Limited (燃連控股有限公司), Novel Harbour Holdings Limited (穎港控股有限公司), Far Fans Logistics Development Company Limited (泛遠花熊物流有限公司),Ingrun Holdings Limited (盈潤控股有限公司) and Easygo Holdings Limited, as well as the director and general manager of Hangzhou Heguang Tongchen Logistics Co. Ltd.* (杭州和光同塵物流有限公司) and Hangzhou Feiyue Supply Chain Management Co., Ltd.* (杭州飛約供應鏈管理有限公司).

Mr. Wang has over 28 years of experience in cross-border logistics industry. Mr. Wang was a manager of Zhejiang Property International Freight Company Limited* (浙江物產國際貨運有限公司), a subsidiary of Zhejiang Materials Industry Group Corporation (a state-owned company in which its issued shares are listed on the Shanghai Stock Exchange (stock code: 600704.SH)) from July 1997 to December 2000. He was also a manager of Hangzhou Longhang Freight Forwarding Company Limited* (杭州龍航貨運代理有限公司), one of the founding members of Hangzhou FAR from January 2001 to July 2004. Mr. Wang was the deputy general manager since the establishment of Hangzhou FAR in August 2004 until he was promoted as the executive director and general manger in May 2015. He was the chairman and general manager of Hangzhou FAR during the period from August 2015 to July 2021 and remains as the chairman of Hangzhou FAR since July 2021 up to the present date.

Mr. Wang obtained a Bachelor's Degree in International Trade from Ningbo University in June 1997.

Mr. Yang Zhilong (楊志龍), aged 49, was appointed as an executive Director on 24 February 2023. He is primarily responsible for overall financial management of the Group. Mr. Yang is also the financial director of the Group.

Mr. Yang has more than 26 years of experience in finance and accounting industry. He was an accountant and a financial supervisor of Hangzhou Tingzheng Packing Material Company Limited* (杭州頂正包材有限公司) from January 1999 to December 2001. He joined Hangzhou Wuzhou Sports Equipment Company Limited* (浙江環球控股集團有限公司) and Ningbo Division of Zhejiang Shangyuan Food and Beverage Company Limited* (浙江商源食品飲料有限公司) as a financial manager during the periods from January 2002 to September 2006 and from October 2006 to July 2008, respectively. Mr. Yang joined the Group in August 2008 as the financial director of Hangzhou FAR and was further appointed as a director of Hangzhou FAR in August 2015.

Mr. Yang obtained a Diploma in Computerised Accounting from Zhejiang Institute of Economics and Trade in June 1997 and a Bachelor's Degree in Accounting from Dongbei University of Finance and Economics in July 2009. Mr. Yang was conferred with an intermediate level specialty in Accounting by the Ministry of Finance of the People's Republic of China in May 2005.

Mr. Zhang Guangyang (張光陽), aged 46, was appointed as an executive Director on 24 February 2023. He is primarily responsible for overall management and business operation of the Group in South China. Mr. Zhang is a director and deputy general manager of the Group and the general manager of Shenzhen Global Link.

Mr. Zhang has over 23 years of experience in cross-border logistics industry. He was a department manager of Fairwind Shipping Company Limited in Hong Kong from April 2002 to September 2006. Mr. Zhang was the deputy general manager of Fairwind Wharf & Godown Company from October 2006 to March 2014. From April 2014 to May 2017, Mr. Zhang was the executive vice president of Tongde Holdings Management Company Limited, mainly responsible for managing Shenzhen Tongde International Freight Forwarding Company Limited* (深圳市通德國際貨運代理有限公司) and Qingtao Tongde International Freight Forwarding Company Limited* (青島通德國際貨運代理有限公司). He served as a department manager of Shenzhen Global Link from June 2017 to October 2019. He was promoted as a deputy general manager of Shenzhen Global Link in October 2019. Mr. Zhang was further promoted as the general manager of Shenzhen Global Link in January 2021. Since July 2021, Mr. Zhang has been a director and the deputy general manager of Hangzhou FAR.

Mr. Zhang obtained the Logistician Certificate issued by China Federation of Logistics and Purchasing in November 2008 and obtained a Bachelor's Degree in Business Management from China University of Geosciences, Wuhan in July 2013.

Mr. Zhu Jiong (朱炯), aged 51, was appointed as an executive Director on 24 February 2023. He is primarily responsible for overall compliance and investment matters of the Group. Mr. Zhu is a director and the secretary to the board of directors of Hangzhou FAR, a manager of Hangzhou FAR Import & Export Company Limited, a supervisor of Hangzhou AIYUAN Supply Chain Management Co.,Ltd.* (杭州艾遠供應鏈管理有限公司), Shanghai Aiyuan Supply Chain Management Company Limited* (上海愛遠供應鏈管理有限公司) and Zhejiang Jingyuan Supply Chain Management Company Limited* (浙江競遠供應鏈管理有限公司), and executive director and legal representative of Shanghai Aiyuanhui Supply Chain Management Company Limited* (上海艾遠匯供應鏈管理有限公司), as well as the responsible person of Hangzhou FAR Shanghai Branch* (杭州泛遠上海分公司).

Mr. Zhu has more than 22 years of experience serving in senior managerial roles in administrative, human resources, sales and operation, and public relations departments of several companies in the PRC. He has been an administrative director of Property Management Headquarters, Shanghai Urban Construction Investment and Development Corporation* (上海市城市建設投資開發總公司置業管理總部) from May 2003 to July 2004. He was the secretary of the board of directors, manager of administration and human resources department, and manager of marketing department of Shanghai Xinkai Real Estate Development Company Limited* (上海新凱房地產開發有限公司) from July 2004 to March 2006. During the period from March 2006 to May 2007, Mr. Zhu was the human resources manager, secretary of Party Branch and secretary of the Youth League Committee of Shanghai Chengtou Land (Group) Company Limited* (上海城投置地(集團)有限公司). He was the executive director and general manager of Shanghai Zhuojiao Culture Development Company Limited* (上海卓驕文化發展有限公司) from May 2007 to August 2008. From August 2008 to May 2013, He was the deputy general manager of Shanghai Guma Information Technology Company Limited* (上海谷馬信息技術有限公司). Mr. Zhu joined the Group in June 2013 as the public relations director of Hangzhou FAR and was further appointed as a director of Hangzhou FAR in August 2015. Since May 2016, he was a director and the secretary of the board of the directors of Hangzhou FAR. Mr. Zhu was also a director of Shenzhen Full Speed Parcel Logistics Company Limited* (深圳市全速包裹物流有限公司) since August 2019.

Mr. Zhu obtained a Bachelor's Degree in Education in Ideology and Politics from Fudan University in July 1997. He was the secretary general of the Communist Youth League, Fudan University Committee* (共青團復旦大學委員會) from June 1996 to May 1999. During the period from May 1999 to May 2003, he was the deputy director of Student Life Campus Office, Party Committee Student Work Department of Fudan University* (復旦大學黨委學生工作部學生生活園區辦公室).

NON-EXECUTIVE DIRECTORS

Mr. Wei Ran (魏冉), aged 41, was appointed as a non-executive Director on 2 February 2024. He is primarily participating in formulating the Group's business strategies.

Mr. Wei has over 18 years' experience in cross-border e-commerce, international logistics and cross-border payment solutions. During the period between June 2006 and June 2007, Mr. Wei served as the East China Market Specialist at United Parcel Service, Inc., an international logistic company. During the period between July 2007 and September 2012, he successively served as the supervisor of the national agent department, the manager of the South China agent department and head of the national agent department at TNT Express Worldwide (China) Ltd., an international express services provider. Mr. Wei successively served as the national channel manager and the strategic development manager of PayPal, China, a technology platform and digital payment company, from October 2012 to June 2017. Since 2017, he has been serving as the general manager of the logistics and customs business department of Alibaba.com (阿里巴巴國際站), which is a global digital cross-border e-commerce platform founded by Alibaba Group.

Mr. Wei obtained a bachelor's degree in management from Shanghai Institute of Foreign Trade 上海對外貿易學院 (now known as Shanghai University of International Business and Economics 上海對外經貿大學) in July 2005 and obtained a master's degree in business administration from Fudan University in December 2012.

Mr Yao Shenjie (姚沈杰), aged 33, was appointed as a non-executive Director on 31 May 2024. He is primarily participating in formulating the Group's business strategies.

He was an officer of Hangzhou Xiaoshan Highway Development Co., Ltd.* (杭州蕭山公路開發有限公司) from 2013 to 2016, and an officer of Hangzhou Xiaoshan International Airport Expressway Construction and Development Co., Ltd.* (杭州蕭山國際機場高速公路建設開發有限公司) from 2016 to 2019. During the period from 2019 to 2022, he was the deputy general manager and general manager of Hangzhou Gongshu State-owned Innovation Development Co., Ltd.* (杭州拱墅國投創新發展有限公司) ("**Hangzhou Gongshu**") and the executive director and general manager of Hangzhou Force Asset Management Co., Ltd.* (杭州原動力資產管理有限公司) and Hangzhou Gongshu Industrial Investment Fund Co., Ltd.* (杭州拱墅產業投資基金有限公司), respectively. Since 2022, he has been the manager of Hangzhou Gongshu. Starting from 2020, he has been a director of Hangzhou Fortune Gala Investment Company Limited* (杭州財富盛典投資有限公司), a director of Zhejiang Electronic Equipment Company Limited* (浙江省電子器材有限公司), an executive director and general manager of Hangzhou Yangfan Culture Investment Company Limited* (杭州楊帆文化投資有限公司), and a director of Hangzhou Guancheng Kindergarten Company Limited* (杭州觀成幼兒園有限公司). Since July 2022, Mr. Yao is a director of Shanghai Runda Medical Technology Company Limited* (上海潤達醫療科技股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 603108.SH). Since August 2022, he has been a director and general manager of Hangzhou Gongshu State-owned Investment Technology Development Co., Ltd.* (杭州拱墅國投科技發展有限公司). Since March 2023, Mr. Yao is a director of Hangzhou Huizhong Diagnostic Technology Company Limited* (杭州惠中診斷技術有限公司).

Mr. Yao graduated from Huazhong University of Science and Technology (華中科技大學) majoring in Civil Engineering in July 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ye Xingyue (葉星月), aged 50, was appointed as an independent non-executive Director on 1 December 2023. Mr. Ye is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Investment Committee. He is primarily responsible for supervising and providing independent advice on the operation and management to the Board.

Mr. Ye has over 28 years' experience in accounting and financial management. Mr. Ye was the chief accountant at Zhejiang Material Industrial Zhongda Yuantong Group Company Limited from July 1997 to August 2000. Mr. Ye was the financial and planning analysis manager at Xizi Otis Elevator Company Limited from September 2000 to January 2008. Mr. Ye was consecutively the assistant financial manager, company subsidiary finance director, deputy executive of group finance, and vice president to the investments and new businesses department of Xizi Elevator Group Company Limited* (西子電梯集團有限公司) from January 2008 to December 2014. From January 2015 to April 2015, Mr. Ye was the financial manager of Hangzhou Tailin Bioengineering Company Limited* (杭州泰林生物技術設備有限公司). Mr. Ye joined Zhejiang Tailin Bioengineering Company Limited in January 2015 and is currently the secretary to the board of directors and financial manager.

Mr. Ye obtained a Bachelor's Degree in Accounting from Hangzhou Business School* (杭州商學院) in July 1997 and a Master's Degree in Accounting from Xiamen University in December 2012. He was admitted as a Chinese Certified Public Accountant in December 2009 and a senior accountant in July 2015 by the Zhejiang Province Human Resources and Social Security Department.

Mr. Ren Tiangan (任天干), aged 51, was appointed as an independent non-executive Director on 1 December 2023. Mr. Ren is the chairman of the Remuneration Committee and a member of each of the Audit Committee, the Nomination Committee and the Investment Committee. He is primarily responsible for supervising and providing independent advice on the operation and management to the Board.

Mr. Ren has over 24 years' experience in legal industry. Mr. Ren was as an assistant to general manager at Ningbo Development Zone Import and Export Company* (寧波開發區進出口公司) from July 1997 to May 1998. He joined Ningbo Sanhe Law Firm* (寧波三和律師事務所) as a lawyer from May 1998 to August 2000. Mr. Ren was enrolled as a postgraduate student at the Shanghai Maritime University from September 2000 to June 2003. He was a government lawyer at Shanghai Waigaoqiao Free Trade Zone Management Committee from May 2003 to May 2009. Mr. Ren was the head of the legal compliance department of Alltrust Property Insurance Company Limited during May 2009 to May 2010. From May 2010 to May 2019, he was a partner at RICC & Co. He was a partner at Horizon Law Office from May 2019 to April 2020. During April 2020 to February 2022, Mr. Ren was a partner at MHP Law Firm. Since February 2022, Mr. Ren has been the senior partner at Beijing Weiheng (Shanghai) Law Firm.

Mr. Ren obtained a Bachelor's Degree in Laws from Ningbo University in July 1997 and a Master's Degree in International Laws from Shanghai Maritime University in May 2003. He was admitted as a practicing lawyer in the PRC in August 1998.

Ms. Wang Jiaofei (汪姣飛), aged 56, was appointed as an independent non-executive Director on 31 May 2024. Ms. Wang is a member of each of the Audit Committee and the Nomination Committee. She is primarily responsible for supervising and providing independent advice on the operation and management to the Board.

From August 1988 to March 1995, Ms. Wang served as a member of the organisation committee of Dinghai Vocational High School of Zhejiang Province* (浙江省定海職業中學). During the period from April 1995 to April 2003, she served as the office manager of Sinotrans Foreign Trade and Transportation Company Limited, Zhoushan Branch* (中外運對外貿易運輸有限公司舟山分公司). From May 2003 to September 2017, she served as the department manager, assistant general manager and deputy general manager of Sinotrans Air Transport Development Company Limited, Zhejiang Branch* (中外運空運發展股份有限公司浙江分公司). Since October 2017, she has served as the director and executive deputy general manager of Zhejiang Xinhuang Environmental Engineering Co., Ltd* (浙江鑫煌環境工程有限公司).

Ms. Wang graduated from physical education major of Ningbo Normal College (寧波師範學院) (now known as Ningbo University (寧波大學)) in July 1988.

SENIOR MANAGEMENT

Mr. Wang Tiantian (王添天), aged 41, was appointed as the Chief Executive Officer on 1 March 2025. He has over 17 years of experience in cross-border and domestic business management. He was a merchandise planning manager of Tesco PLC from February 2007 to April 2010 responsible for global headquarters product planning and supply chain management. From April 2010 to April 2012, he was the Greater China supply chain director of Staples Inc. Mr. Wang was the senior business product manager of Amazon.com, Inc. during the period from April 2012 to April 2014. He was the operational vice president of DHgate (敦煌網) from April 2014 to April 2017. From April 2017 to February 2024, he served as the vice president and the sales general manager of cross-border supply chain and China suppliers of Alibaba.com. He became a member of our Group as a director of Hangzhou FAR from January 2021 to June 2024 and served as a non-executive Director of the Company from February 2023 to February 2024, who was participated in formulating the Group's business strategies.

Mr. Wang obtained a bachelor's degree in business studies and financial management from University of Salford in July 2006. He also obtained a master's degree in international business and management from University of Manchester in September 2007. Mr. Wang completed his doctoral degree in economics from the Chinese Academy of Social Sciences in April 2016.

Mr. Yang Zhilong (楊志龍), aged 49, is an executive Director and financial director of the Company. For details of his biography, please see the above "Executive Directors" of this section.

Mr. Zhang Guangyang (張光陽), aged 46, is an executive Director and deputy general manager of the Company. For details of his biography, please see the above "Executive Directors" of this section.

Mr. Zhu Jiong (朱炯), aged 51, is an executive Director and secretary to the Board. For details of his biography, please see the above "Executive Directors" of this section.

COMPANY SECRETARY

Ms. Wong Hoi Ting (黃凱婷) was appointed as the company secretary of the Company on 1 December 2023. Ms. Wong is the manager of the listing services department of TMF Hong Kong Limited. She has over 10 years of experience in the corporate secretarial field.

Ms. Wong obtained a Bachelor's Degree in Social Sciences from Lingnan University in October 2009 and a Master's Degree of Science in Professional Accounting and Corporate Governance from City University of Hong Kong in July 2014. Ms. Wong is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Report of Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

SHARE OFFER

The Company was incorporated in the Cayman Islands with limited liability on 24 November 2022. The Shares were listed on the Main Board of the Stock Exchange on 22 December 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is primarily engaged in the provision of end-to-end cross-border logistics services in the PRC.

Analysis of the principal activities of the Group during the Reporting Period is set out in the "Notes to the Consolidated Financial Statements" of this annual report.

An analysis of the Group's performance during the Reporting Period by business segments is set out in notes 6 and 7 to the consolidated financial statements of this annual report.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 36 to the consolidated financial statements of this annual report.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 66 of this annual report.

FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the Reporting Period (2023: Nil).

AGM AND CLOSURE OF REGISTER OF MEMBERS

It is proposed that the AGM will be held on Wednesday, 28 May 2025.

For Determining the Eligibility to Attend and Vote at the AGM

The register of members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025 (both days inclusive) for the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, during which no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22 May 2025.

BUSINESS REVIEW

A fair review of the business of the Group during the Reporting Period as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial key performance and an indication of likely future developments in the Group's business are set out in the section headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. Compliance with relevant laws and regulations that have a significant impact on the Group can be found throughout this annual report, in particular, the "Corporate Governance Report". The Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends are contained in the sections headed "Company Profile" and "Chairman's Statement", this Report of Directors and the "Notes to Consolidated Financial Statements". Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Management Discussion and Analysis — 8. Significant Event After the Reporting Period" in this annual report. These discussions form part of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

— Our cross-border e-commerce logistics service provider business is significantly affected by changes in global economic and social conditions.

— Some of our customers that ship goods to the United States benefit from certain tax exemption regime, which may be changed in the future. In such event, these customers' operations may be negatively affected, and in turn affect our revenue generated from these customers.

— We face risks related to severe weather conditions and other natural disasters, health epidemics and other outbreaks.

— We operate in a competitive industry, and if we fail to compete effectively, our business and profitability could suffer.

— Mergers and acquisitions within the logistics industry may intensify market competition. If we are unable to compete effectively, our business, financial condition, results of operations and prospects would be materially and adversely affected.

— Our business relies on our suppliers. Increases in their operating costs or failure to maintain partnerships with them may adversely affect our business.

— Fluctuations in the price or availability of fuel may adversely affect our results of operations.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

For more details of other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" of the Prospectus.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management of the Company are aware, the Group has complied in all material aspects with relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on pages 133 and 134 of this annual report. This summary does not form part of the audited consolidated financial statements.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group believes that its success depends on the support from its key stakeholders, namely employees, customers and suppliers.

Employees

The Group endeavours to provide better working conditions and attractive remunerations to its employees. The Group offers remuneration packages to its employees, which include salary, allowances and payment for welfare contributions, including social insurance contributions and housing provident fund contributions. Based on the performance of each employee, the Group will provide salary increments, bonuses and promotions, so as to encourage the employees' personal developments. The Group provides regular on-the-job training to its employees in order to build up a sound career platform for employees.

Major Customers

The Group's business is built on a customer-oriented culture. We are capable of providing various flexible and reliable delivery options to the customers based on their selection of express, standard or economic delivery options, through coordinating network of suppliers. The customers generally include e-commerce platforms, e-commerce sellers, other logistics service providers and traditional traders. For the Reporting Period, the Group's sales to its five largest customers accounted for 71.49% (2023: 62.68%) of the Group's total revenue and the Group's sales to its single largest customer accounted for 49.23% (2023: 48.92%) of the Group's total revenue.

Major Suppliers

Over the years, the Group managed to develop its capabilities and build up a network of suppliers to assist its provision of cross-border end-to-end delivery services which covers the entire logistics service chain. The Group's network of suppliers generally include air/sea port operators, air and ocean carriers, customs brokers as well as international and national-level logistics service providers. For the Reporting Period, the Group's purchases from its five largest suppliers accounted for 59.38% (2023: 49.57%) of the Group's total purchases and the Group's purchases from its single largest supplier accounted for 32.40% (2023: 24.26%) of the Group's total purchases.

Shenzhen Yidatong Supply Chain Service Co., Ltd* (深圳市一達通供應鏈服務有限公司), one of the Group's five largest customers, is an indirect subsidiary of Alibaba Group, which is an indirect Shareholder holding approximately 8.60% of the total number of issued Shares. During the Reporting Period, save as disclosed above, none of the Directors or any of their respective close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the total number of issued Shares) had any interest in the Group's five largest customers and suppliers.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to ensure our compliance with the prevailing environmental protection laws and regulations. The Group has developed environmental protection measures and policies to prevent and control pollution levels and harm caused to the environment in the form of waste gas, waste water, solid waste, dust, etc. in the course of production or other activities in accordance with the applicable environmental laws and regulations. The Group understands that a better future depends on everyone's participation and contribution. It has encouraged all employees to participate in the environmental activities which benefit the community.

The Group's environmental policies and performance are set out in a separate Environmental, Social and Governance (ESG) Report, which will be available on the Company's website and the website of the Stock Exchange on the same day of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in note 16 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period and details of the Shares issued during the Reporting Period are set out in note 30 to the consolidated financial statements of this annual report.

DONATIONS

During the Reporting Period, the Group made no charitable and other donations.

DEBENTURE ISSUED

The Company did not issue any debenture during the Reporting Period.

CONVERTIBLE BONDS ISSUED

As at the date of this annual report, the Company has not issued any convertible bonds.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out on notes 31 and 37 of this annual report respectively.

DISTRIBUTABLE RESERVES

As of 31 December 2024, the Company's reserves available for distribution amounted to approximately RMB245.64 million (as of 31 December 2023: RMB247.45 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as of 31 December 2024 are set out in note 27 to the consolidated financial statements of this annual report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report are:

Executive Directors:

Mr. Wang Quan *(Chairman of the Board)*
Mr. Yang Zhilong
Mr. Zhang Guangyang
Mr. Zhu Jiong
Ms. Zhang Min *(Retired from the position and did not stand for re-election in the AGM held on 31 May 2024, due to retirement)*

Non-executive Directors:

Mr. Wei Ran *(Appointed on 2 February 2024)*
Mr. Yao Shenjie *(Appointed on 31 May 2024)*
Mr. Wang Tiantian *(Resigned on 2 February 2024, due to other work allocation)*

Independent Non-executive Directors:

Mr. Ye Xingyue
Mr. Ren Tiangan
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*
Mr. Sun Peng *(Retired from the position and did not stand for re-election in the AGM held on 31 May 2024, due to devoting more time to his other business and personal commitments)*

Pursuant to Article 108(a) of the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Zhang Guangyang, Mr. Ye Xingyue and Mr. Ren Tiangan will retire from office by rotation and are eligible for re-election at the forthcoming AGM.

Pursuant to Article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first AGM after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the first AGM after his/her appointment and shall then be eligible for re-election. Accordingly, Mr. Yao Shenjie and Ms. Wang Jiaofei will hold office as the Directors until the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors, and the Company considers such Directors to be independent throughout the Reporting Period and remain so as of the date of this annual report.

DIRECTORS' SERVICE AGREEMENT

Mr. Wei Ran has entered into a service agreement with the Company for an initial term of three years with effect from 2 February 2024. Mr. Yao Shenjie and Ms. Wang Jiaofei have entered into service agreements with the Company for an initial term of three years with effect from 31 May 2024. Each other Director (other than Mr. Wei Ran, Mr. Yao Shenjie and Ms. Wang Jiaofei) has entered into a service agreement with the Company for an initial term of three years with effect from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term subject to retirement by rotation and re-election at an AGM at least once every three years and until terminated by either party giving at least 1 month's written notice of non-renewal before the expiry of the initial term.

No Director proposed for re-election at the forthcoming AGM has or is proposed to have a service agreement with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, no Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management of the Group and comparable market practices.

Details of the emoluments of the Directors and five highest paid individuals during the Reporting Period are set out in note 12 and 13 to the consolidated financial statements of this annual report.

During the Reporting Period, none of the Directors and the five highest paid individuals of the Group (i) received any emolument from the Group as an inducement to join or upon joining the Group; (ii) received any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The subsidiaries in the Chinese mainland have participated in employee social security plans established in the Chinese mainland, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. The employees of the Group in the PRC are members of stated-managed retirement benefit schemes operated by the relevant governments. The Group is required to contribute a certain percentage of payroll costs to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is make the specified contributions. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on the percentages of the basic salaries of employees, subject to certain ceilings imposed.

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the Group and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, capped at HK$1,500 per month. The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

No forfeited contribution (by the Group on behalf of its employees who leave the schemes prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension schemes.

Details of the retirement and employee benefits scheme of the Company are set out in note 28 to the consolidated financial statements of this annual report.

CHANGE TO INFORMATION IN RESPECT OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

Mr. Wei Ran has been appointed as a non-executive Director with effect from 2 February 2024. Mr. Wei Ran confirmed he has obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 2 February 2024 and understood his obligations as a Director.

Mr. Yao Shenjie has been appointed as a non-executive Director with effect from 31 May 2024. Mr. Yao Shenjie confirmed he has obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 31 May 2024 and understood his obligations as a Director.

Ms. Wang Jiaofei has been appointed as an independent non-executive Director with effect from 31 May 2024. Ms. Wang Jiaofei confirmed she has obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 31 May 2024 and understood her obligations as a Director.

Mr. Wang Tiantian has resigned as a non-executive Director with effect from 2 February 2024 due to other work allocation.

Ms. Zhang Min has retired as an executive Director and ceased to be the Chief Executive Officer with effect from 31 May 2024.

Mr. Sun Peng has retired as an independent non-executive Director with effect from 31 May 2024.

Mr. Wang Quan has been appointed as the Chief Executive Officer with effect from 31 May 2024 and resigned as the Chief Executive Officer with effect from 1 March 2025.

Mr. Wang Tiantian has been appointed as the Chief Executive Officer with effect from 1 March 2025.

Save as disclosed above and in this annual report, there was no change to information which is required to be disclosed and has been disclosed by Directors and chief executives of the Company pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period and up to the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be entered in the register to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares of the Company:

Name of Director	Capacity and nature of interest	Number of Shares held/ interested in(1)	Approximate percentage of shareholding(2)
Mr. Wang Quan(3)	Interest in a controlled corporation	263,189,164	33.74%
Mr. Yang Zhilong(4)	Interest in a controlled corporation	11,239,147	1.44%
Mr. Zhu Jiong(5)	Interest in a controlled corporation	4,942,745	0.63%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 780,000,000 Shares in issue as at 31 December 2024.

(3) As at 31 December 2024, Zi Yue and Gensis FAR Holdings Limited ("**Gensis FAR**") held 221,213,154 and 41,976,010 Shares, representing approximately 28.3607% and 5.3815% of the entire issued share capital of the Company, respectively. Zi Yue is entirely owned by Mr. Wang Quan. Therefore, Mr. Wang Quan is deemed to be interested in the Shares held by Zi Yue by virtue of the SFO. Gensis FAR is wholly-owned by Hangzhou Aiyuan L.P.. Mr. Wang Quan is interested in approximately 37.88% of the equity interest in Hangzhou Aiyuan L.P.. Therefore, Mr. Wang Quan is deemed to be interested in the Shares held by Gensis FAR by virtue of the SFO.

(4) As at 31 December 2024, Ren He International Holdings Limited held 11,239,147 Shares, representing approximately 1.44% of the entire issued share capital of the Company. Ren He International Holdings Limited is entirely owned by Mr. Yang Zhilong. Therefore, Mr. Yang Zhilong is deemed to be interested in the Shares held by Ren He International Holdings Limited by virtue of the SFO.

(5) As at 31 December 2024, Seven Big Dipper Holdings Limited held 4,942,745 Shares, representing approximately 0.63% of the entire issued share capital of the Company. Seven Big Dipper Holdings Limited is entirely owned by Mr. Zhu Jiong. Therefore, Mr. Zhu Jiong is deemed to be interested in the Shares held by Seven Big Dipper Holdings Limited by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity and nature of interest	Number of Shares held/ interested in(1)	Approximate percentage of shareholding(2)
Zi Yue(3)	Beneficial owner	221,213,154	28.36%
Gensis FAR(3)	Beneficial owner	41,976,010	5.38%
Ms. Lao Minzhong(4)	Interest of spouse	263,189,164	33.74%
AIDC SI PTE. LTD.(5)	Beneficial owner	67,041,663	8.60%
Alibaba Singapore Holding Private Limited(5)	Interest in a controlled corporation	67,041,663	8.60%
Alibaba.com Holding Limited(5)	Interest in a controlled corporation	67,041,663	8.60%
Alibaba.com International (Cayman) Holding Limited(5)	Interest in a controlled corporation	67,041,663	8.60%

Name of Shareholder	Capacity and nature of interest	Number of Shares held/ interested in[(1)]	Approximate percentage of shareholding[(2)]
Alibaba.com Investment Holding Limited[(5)]	Interest in a controlled corporation	67,041,663	8.60%
Alibaba.com Limited[(5)]	Interest in a controlled corporation	67,041,663	8.60%
Mr. Ye Jianrong[(6)]	Interest in a controlled corporation	51,699,152	6.63%
Hangzhou Gongshu State-owned Innovation Development Co., Ltd. (杭州拱墅國投創新發展有限公司)[(7)]	Interest in a controlled corporation	45,470,849	5.83%
Hangzhou City Gongshu District State-owned Investment Holding Group Co., Ltd. (杭州市拱墅區國有投資控股集團有限公司)[(7)]	Interest in a controlled corporation	45,470,849	5.83%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 780,000,000 Shares in issue as at 31 December 2024.

(3) Zi Yue is entirely owned by Mr. Wang Quan. Therefore, Mr. Wang Quan is deemed to be interested in the Shares held by Zi Yue by virtue of the SFO. Gensis FAR is interested in approximately 5.38% shareholding of the Company as at 31 December 2024. Gensis FAR is wholly-owned by Hangzhou Aiyuan L.P.. Mr. Wang Quan is interested in approximately 37.88% of the equity interest in Hangzhou Aiyuan L.P.. Therefore, Mr. Wang Quan is deemed to be interested in the Shares held by Gensis FAR by virtue of the SFO.

(4) Ms. Lao Minzhong is the spouse of Mr. Wang Quan. Accordingly, for the purpose of the SFO, Ms. Lao Minzhong is deemed, or taken to be, interested in the Shares in which Mr. Wang Quan is interested.

(5) As at 31 December 2024, AIDC SI PTE. LTD. is interested in approximately 8.60% shareholding of the Company. AIDC SI PTE. LTD. is 100% owned by Alibaba Singapore Holding Private Limited, which is in turn 100% owned by Alibaba.com Holding Limited. Alibaba.com Holding Limited is 100% owned by Alibaba.com International (Cayman) Holding Limited, which is in turn 96.5% owned by Alibaba.com Investment Holding Limited. Alibaba.com Investment Holding Limited is 100% owned by Alibaba.com Limited. Therefore, each of Alibaba.com Limited, Alibaba.com Investment Holding Limited, Alibaba.com International (Cayman) Holding Limited, Alibaba.com Holding Limited and Alibaba Singapore Holding Private Limited is deemed to be interested in the Shares held by AIDC SI PTE. LTD. by virtue of the SFO.

(6) Coast Harvest Holdings Limited ("**Coast Harvest**") is interested in approximately 4.26% shareholding of the Company as at 31 December 2024. Mr. Ye Jianrong is interested in 85.00% of the shareholding in Coast Harvest. Therefore, Mr. Ye Jianrong is deemed to be interested in the Shares held by Coast Harvest by virtue of the SFO. Skill Lead Holdings Limited ("**Skill Lead**") is interested in approximately 2.37% shareholding of the Company as at 31 December 2024. Skill Lead is entirely owned by Mr. Ye Jianrong. Therefore, Mr. Ye Jianrong is deemed to be interested in the Shares held by Skill Lead by virtue of the SFO.

(7) Summit Acute Holdings Limited ("**Summit Acute**") is interested in approximately 3.44% shareholding of the Company as at 31 December 2024. Summit Charm Holdings Limited ("**Summit Charm**") is interested in approximately 2.39% shareholding of the Company as at 31 December 2024. Both companies are indirectly and wholly-owned by Hangzhou Gongshu State-owned Innovation Development Co., Ltd. (杭州拱墅國投創新發展有限公司), which is in turn wholly-owned by Hangzhou City Gongshu District State-owned Investment Holding Group Co., Ltd. (杭州市拱墅區國有投資控股集團有限公司), a wholly state-owned company established in accordance with the PRC Company Law on 10 June 2008. Therefore, each of Hangzhou Gongshu State-owned Innovation Development Co., Ltd. and Hangzhou City Gongshu District State-owned Investment Holding Group Co., Ltd. is deemed to be interested in the Shares held by Summit Acute and Summit Charm by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons (who were not Directors or chief executives of the Company) who had an interest or short position in any Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register be kept by the Company pursuant to Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Group during the Reporting Period or subsisted as at 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Reporting Period (including sale of treasury Shares, if any).

TAX RELIEF AND EXEMPTION

The Directors were not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition among the Group, the Controlling Shareholders entered into the Deed of Non-competition on 1 December 2023 in favour of the Company (for itself and for the benefit of each other member of the Group).

For details of the Deed of Non-competition, please refer to section headed "Relationship with Controlling Shareholders — Non-competition Undertakings" in the Prospectus.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Deed of Non-Competition during the Reporting Period for disclosure in this annual report.

The independent non-executive Directors have reviewed the compliance with the Deed of Non-Competition during the Reporting Period based on the information and confirmation provided by or obtained from the Controlling Shareholders and were satisfied that the Controlling Shareholders have duly complied with the Deed of Non-Competition.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group for the Reporting Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The related party transactions of the Group during the Reporting Period as disclosed in note 35 to the consolidated financial statements did not constitute as connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

During the Reporting Period, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to Chapter 14A of the Listing Rules.

TRANSACTIONS IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

There were no transactions in the securities of the Company or its subsidiaries during the Reporting Period.

SIGNIFICANT LEGAL PROCEEDINGS

For the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising out of corporate activities, which was in force during the course of the year under review and remains in force as of the date of this annual report. The insurance coverage will be reviewed on an annual basis.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, there is no material subsequent event undertaken by the Group after 31 December 2024 and up to the date of this annual report.

AUDIT COMMITTEE

The Audit Committee had reviewed the Group's consolidated financial statements for the Reporting Period, including the accounting principles and policies adopted by the Group and the annual results of the Group for the year ended 31 December 2024. The Audit Committee considered that the annual results of the Group for the year ended 31 December 2024 had complied with all applicable accounting standard, laws and regulations and Listing Rules, and the Company has made appropriate disclosures thereof.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 37 to 60 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors, as of 31 December 2024, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

The Shares were listed on the Stock Exchange on 22 December 2023, and the Company has no change in the auditor of the Company since the Listing Date.

SHINEWING (HK) CPA Limited was appointed as the auditor of the Company for the Reporting Period. The accompanying financial statements prepared in accordance with HKFRSs have been audited by SHINEWING (HK) CPA Limited.

A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company will be proposed at the forthcoming AGM.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

All references above to other sections, reports or notes in this report form part of this annual report.

On behalf of the Board
Wang Quan
Chairman and Executive Director

Hong Kong, 26 March 2025

The Board is pleased to present the corporate governance report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed below, during the Reporting Period and up to the date of this annual report, the Company has complied with all applicable code provisions set out in part 2 of the CG Code and adopted most of the recommended best practices set out therein.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and performed by different individuals. The Company deviated from this code provision as Mr. Wang Quan performed these two roles of the Company after Ms. Zhang Min retired as an executive Director and ceased to be the Chief Executive Officer on 31 May 2024. On 1 March 2025, Mr. Wang Quan resigned as the Chief Executive Officer and Mr. Wang Tiantian was appointed as the Chief Executive Officer. Since then and up to the date of the annual report, the roles of Chairman and the Chief Executive Officer are separate and performed by different individuals.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Cultures and Values

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

1. ***Integrity and code of conduct***

   The Group strives to maintain high standards of business ethics and corporate governance across all its activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct) and the anti-corruption policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. ***Commitment***

   The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As of 31 December 2024 and up to the date of this annual report, the Board comprises 4 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors as follows:

Executive Directors:

Mr. Wang Quan *(Chairman of the Board)*
Mr. Yang Zhilong
Mr. Zhang Guangyang
Mr. Zhu Jiong
Ms. Zhang Min *(Retired on 31 May 2024)*

Non-executive Directors:

Mr. Wei Ran *(Appointed on 2 February 2024)*
Mr. Yao Shenjie *(Appointed on 31 May 2024)*
Mr. Wang Tiantian *(Resigned on 2 February 2024)*

Independent Non-executive Directors:

Mr. Ye Xingyue
Mr. Ren Tiangan
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*
Mr. Sun Peng *(Retired on 31 May 2024)*

The biographies of the Directors are set out in the section headed "Directors and Senior Management" in this annual report.

During the Reporting Period, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise. Among the three independent non-executive Directors, Mr. Ye Xingyue has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

During the Reporting Period, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, the Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Independent Non-executive Directors

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Group's strategies, performance and control, as well as ensure that the interests of all Shareholders are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any Shares.

The Company has established a mechanism which aims to ensure that the Board has strong independent elements, so that the Board can effectively make independent judgments and better protect the interests of the Shareholders. The Company has adopted a procedure to allow Directors to seek independent professional advice when performing their duties and encourages Directors to independently contact and consult the senior management of the Company.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the independence of the independent non-executive Directors annually with regards to all relevant factors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent during the Reporting Period in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Company recognises and embraces the benefits of the Board diversity to enhance the quality of its performance and endeavours to ensure that the Board has appropriate balance and level of skills, experiences and perspectives required to support the execution of its business strategies and its sustainable development. The Board Diversity Policy sets out the criteria in selecting candidates to the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, industry and regional experience and length of service, and the amount of time and effort that the candidates will devote to discharge his/her duties and responsibilities. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board comprises of nine members, including one female Director. Under the current composition of the Board, the Board has a balanced mix of knowledge, skills and experience, including experience in the areas of strategic development, production, administration, finance and accounting. The Directors have a diverse educational background including international trade, accounting, international business and management, laws and finance. Furthermore, the Board has a wide range of age, ranging from 33 years old to 56 years old.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing Board diversity under the CG Code. The Nomination Committee will, from time to time and at least once annually, monitor and evaluate the implementation of the Board Diversity Policy to ensure its continued effectiveness.

The Nomination Committee and the Board have reviewed the membership, structure and composition of the Board, and are of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, industry and regional experience and length of service, and the amount of time and effort that the candidates will devote to discharge his/her duties and responsibilities. When identifying potential candidates to the Board, the Nomination Committee and the Board will, among others, (i) consider the current level of representation of women on the Board and the senior management of the Company when making recommendations for nominees as well as succession planning to the Board and senior management of the Company; (ii) consider the criteria that promotes diversity by making reference to the code of practices on employment published by the Equal Opportunities Commission from time to time; and (iii) communicate the Board Diversity Policy to the Nomination Committee and encourage a cooperative approach to ensure diversity on the Board. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

The Company has taken, and will continue to take, steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the senior management levels. In particular, Ms. Zhang Min, who served as an executive Director and the Chief Executive Officer from 1 January 2024 to on 31 May 2024 and was responsible for overall management and business operation of the Group, is female and formed part of the Board members and the senior management team of the Company. Following Ms. Zhang Min's retirement, Ms. Wang Jiaofei, another female, joined the Board on 31 May 2024 as an independent non-executive Director.

The Board has also assessed the Group's diversity profile annually of all levels of employees and applied the diversity policy to attract, retain and motivate employees from the widest possible pool of available talent. As of 31 December 2024, the Group had 477 full-time employees (including senior management), of whom the number of female employees (including senior management) accounted for approximately 38.78% and the Group has achieved the objective of maintaining a relatively balanced gender ratio. For the purpose of implementation of the gender diversity in the Group's workforce, the measurable objectives adopted include (a) at least one of the Directors or senior management members of the Company shall be female; and (b) at least 30% of the Group's full-time employees shall be female. Based on the Board's review, there was no mitigating factor or circumstance which makes achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development seminars and programmes to develop and refresh their knowledge and skills. The Company will also engage external legal advisers to provide training to Directors on updates of the Listing Rules as well as the latest changes in relevant rules and regulations.

According to the information provided by the Directors, a summary of training received by the Directors throughout the year ended 31 December 2024 is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Mr. Wang Quan *(Chairman of the Board)*	A and B
Ms. Zhang Min *(Retired on 31 May 2024)*	A and B
Mr. Yang Zhilong	A and B
Mr. Zhang Guangyang	A and B
Mr. Zhu Jiong	A and B
Non-executive Directors	
Mr. Wei Ran *(Appointed on 2 February 2024)*	A and B
Mr. Yao Shenjie *(Appointed on 31 May 2024)*	A and B
Mr. Wang Tiantian *(Resigned on 2 February 2024)*	A and B
Independent Non-executive Directors	
Mr. Ye Xingyue	A and B
Mr. Ren Tiangan	A and B
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*	A and B
Mr. Sun Peng *(Retired on 31 May 2024)*	A and B

Notes:

A: Attending training conducted by lawyers

B: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances

Chairman and Chief Executive Officer

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and performed by different individuals.

The role of the Chairman is separate from that of the chief executive officer of the Company to ensure a balance of power and authority. The Chairman is responsible for overall strategic planning and business direction of the Group while the chief executive officer of the Company is responsible for overall management and business operation of the Group. During the Reporting Period, Mr. Wang Quan is the Chairman and Ms. Zhang Min was the Chief Executive Officer until 31 May 2024. After Ms. Zhang Min's retirement, Mr. Wang Quan was appointed as the Chief Executive Officer, holding dual roles as Chairman and the Chief Executive Director. The Company deviated from code provision C.2.1 since the Board believed that having Mr. Wang Quan in both roles as the Chairman and the Chief Executive Officer ensures the Group has consistent leadership and can make and implement the overall strategy of the Group more effectively. The Board also believed that this structure does not compromise the balance of power and authority.

On 1 March 2025, Mr. Wang Quan resigned as the Chief Executive Officer and Mr. Wang Tiantian was appointed as the Chief Executive Officer. Since then and up to the date of the annual report, the roles of Chairman and the Chief Executive Director are separate and performed by different individuals.

Appointment and Re-election of Directors

Each Director has entered into a service agreement with the Company for an initial term of three years. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term, but is subject to retirement by rotation and re-election at an AGM at least once every three years and until terminated by either party giving at least one month's written notice of non-renewal before the expiry of the initial term.

None of the Directors proposed for re-election at the forthcoming AGM has or is proposed to have a service agreement with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

According to Article 108(a) of the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

According to Article 112 of the Articles of Association, any Director appointed by the Board as an addition to the existing Board shall hold office only until the first AGM after his appointment and shall then be eligible for re-election.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying meeting papers are dispatched to the Directors or Board Committee members at least three days before the meeting to ensure that they have sufficient time to review the papers and are adequately prepared for the meeting. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman of the Board Committee prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by the Directors.

During the Reporting Period, five Board meetings were held and the attendance of each Director at these meetings is set out in the table below:

Directors	**Attended/Eligible to attend the Board meeting(s)**
Executive Directors:	
Mr. Wang Quan *(Chairman of the Board)*	5/5
Mr. Yang Zhilong	4/5
Mr. Zhang Guangyang	4/5
Mr. Zhu Jiong	5/5
Ms. Zhang Min *(Retired on 31 May 2024)*	2/3
Non-executive Directors:	
Mr. Wei Ran *(Appointed on 2 February 2024)*	4/4
Mr. Yao Shenjie *(Appointed on 31 May 2024)*	2/2
Mr. Wang Tiantian *(Resigned on 2 February 2024)*	0/1
Independent Non-executive Directors:	
Mr. Ye Xingyue	4/5
Mr. Ren Tiangan	4/5
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*	2/2
Mr. Sun Peng *(Retired on 31 May 2024)*	2/3

Chairman and Independent Non-executive Directors Meeting

During the Reporting Period, the Chairman held meeting(s) with the independent non-executive Directors without the presence of other Directors or senior management to facilitate expression of independent views.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, the Directors has confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management of the Company.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, including 3 independent non-executive Directors namely Mr. Ye Xingyue (chairman), Mr. Ren Tiangan and Ms. Wang Jiaofei.

The principal duties of the Audit Committee include the following:

1. to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditor, and to approve the remuneration and terms of engagement of the Company's external auditor, and any questions of its resignation or dismissal;

2. to review and monitor the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor of the Company the nature and scope of the audit and related reporting obligations before the audit commences. Should there be more than one auditor firm participating, the Audit Committee shall ensure the coordination between them;

3. to review of the Company's financial information, including monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them, discussing with the Company's external auditors questions and doubts arising in audit of interim and annual accounts, and other matters that the auditors wish to discuss, reviewing the letter to the Company's management from the Company's external auditors and the management's response, and reviewing the statement about the Company's internal control system included in the Company's annual report prior to submission for the Board's approval; and

4. to oversee of the Company's financial reporting system, risk management and internal control systems.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two meetings of the Audit Committee were held to discuss and consider the following matters:

- reviewed the consolidated financial statements, annual results announcement and the annual report for the year ended 31 December 2023, and submitted them to the Board for approval and was of the view that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;

- reviewed the consolidated unaudited financial statements, interim results announcement and the 2024 interim report for the six months ended 30 June 2024, and submitted them to the Board for approval and was of the view that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;

- reviewed the financial reporting system, compliance procedures, internal control, risk management systems and processes and the re-appointment of the Auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor; and

- discussed the audit plan for the year ended 31 December of 2024 with the Auditor.

Attendance of each Audit Committee member is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Ye Xingyue *(Chairman)*	2/2
Mr. Ren Tiangan	2/2
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*	1/1
Mr. Sun Peng *(Retired on 31 May 2024)*	1/1

Nomination Committee

The Nomination Committee currently comprises 3 members, including 1 executive Director namely Mr. Wang Quan (chairman) and 2 independent non-executive Directors namely Mr. Ren Tiangan and Ms. Wang Jiaofei.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including without limitation the skills, knowledge, experience and length of service) of the Board together with the Board Diversity Policy at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships for the Board's approval;

3. to assess the independence of independent non-executive Directors; and

4. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two meetings of the Nomination Committee was held to discuss and consider the following matters:

- reviewed the structure, size and composition of the Board;
- assessed the independence of independent non-executive Directors;
- reviewed the board diversity policy of the Company; and
- considered the re-appointment of the retired Directors and discuss matters relating to procedure of nomination of Director candidate by Directors' evaluation and succession plan.

Attendance of each Nomination Committee member is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Wang Quan *(Chairman)*	2/2
Mr. Ren Tiangan	2/2
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*	0/0
Mr. Sun Peng *(Retired on 31 May 2024)*	2/2

Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the CG Code for selecting and recommending candidates for directorships.

The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

Selection Criteria

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria, having due regard to the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, sufficient time to effectively carry out their duties, their services on other listed and non-listed companies should be limited to reasonable numbers, qualifications including accomplishment and experience in the relevant industries the Company's business is involved in, independence, reputation for integrity, potential contributions that the individual(s) can bring to the Board and commitment to enhance and maximise Shareholders' value.

Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) to consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from Shareholders with due consideration given to the criteria;

(b) to adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(c) upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(d) to make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(e) the Board will have the final authority on determining the selection of nominees.

For the re-election of Directors at the general meeting, the Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors, including its attendance at Board meetings, Board committee meetings and general meetings (if applicable), and his/her level of participation and performance on the Board. The Nominating Committee shall require the nominee to submit updated biographical information and the consent to be re-elected as a Director; and should review and determine whether retiring Directors still meet the criteria for Director selection. The Nominating Committee shall then make recommendations to the Board on the re-election of Directors.

The Nomination Committee shall also monitor and review the implementation of the Director Nomination Policy, as appropriate from time to time, and will report to the Board annually. As of the date of this annual report, the Nomination Committee and the Board have reviewed the Director Nomination Policy and consider it effective.

Remuneration Committee

The Remuneration Committee comprises 3 members, including 2 independent non-executive Directors namely Mr. Ren Tiangan (chairman) and Mr. Ye Xingyue and 1 executive Director namely Mr. Wang Quan.

The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company. This should, include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive with the market practice;

7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

8. to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

9. when the occasion arises, to advise Shareholders on how to vote with respect to any service agreements of Directors that require Shareholders' approval under the Listing Rules;

10. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;

11. the chairman of the committee or in his/her absence, another member (who must be an independent non-executive Director) of the committee shall attend the AGM and be prepared to respond to Shareholders' questions on the committee's activities and their responsibilities;

12. any other duties applicable to the committee as specified in the CG Code or as delegated to the committee by the Board from time to time; and

13. to make available these terms of reference to any person without charge upon request and these terms of reference will be posted on the websites of the Company and the Stock Exchange.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two meetings of the Remuneration Committee were held to discuss and consider the following matters:

- reviewed the remuneration of the newly-appointed Directors and senior management; and
- reviewed the remuneration policy and package for the Directors and senior management of the Company and make recommendation to the Board.

Attendance of each Remuneration Committee member is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Ren Tiangan *(Chairman)*	2/2
Mr. Ye Xingyue	2/2
Mr. Wang Quan	2/2

Directors' Remuneration Policy

The Directors' remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), considering other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The Remuneration Committee will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and the senior management of the Company) and review the remuneration policy of the Group. It has been decided that the Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and the senior management of the Company.

Remuneration of Directors and Senior Management

Particulars of the remuneration of the Directors and the five highest paid individuals for the Reporting Period are set out in notes 12 and 13 to the consolidated financial statements of this annual report. Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management of the Company (including all executive Directors other than Mr. Wang Quan) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the Reporting Period by band is set out below:

Remuneration band (RMB)	**Number of individual**
0–500,000	1
500,000–1,000,000	4

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Reporting Period which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management of the Company has provided to the Board such explanation and information that are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 61 to 65 of this annual report.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the auditor of the Company and affiliate firms during the year ended 31 December 2024 was approximately as follows:

Type of Services	**Amount** *(HK$'000)*
Audit services	1,350
Non-audit services	—
Total	1,350

GOVERNANCE POLICIES

To uphold high standards of business integrity, honesty and transparency in all its business dealings, the Group has formulated and adopted an anti-corruption and anti-bribery regime, which is conducive to setting a healthy corporate culture and good corporate governance practices.

Anti-corruption and Anti-bribery Measures

The Company has adopted an anti-corruption and anti-bribery regime. According to the anti-corruption and anti-bribery regime, key anti-corruption and anti-bribery measures include the following:

(a) the Company provides anti-fraud and ethics training to its employees and distribute its anti-corruption and anti-bribery policy to all employees;

(b) the administration department of the Company is responsible for identifying improper conduct of its employees and monitoring inter-department activities. The duties of the administration department of the Company also include providing anti-corruption and anti-bribery compliance advice, investigating potential corruption or fraudulent incidents, and initiating anti-fraud promotional activities with the Group; and

(c) the Company has a whistleblowing and complaint handling process and will conduct investigations for any suspected cases of bribery, corruption or other related misconduct or fraudulent activities.

The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business. The anti-corruption and anti-bribery regime forms an integral part of the Group's corporate governance framework. The anti-corruption and anti-bribery regime sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, the anti-corruption and anti-bribery regime has been prepared as a guide to all Group employees and third parties dealing with the Group.

The Group maintains a strict zero-tolerance policy towards bribery and corruption. The Group will conduct anti-corruption training to strengthen the ethics and integrity governance of the staff, such as understanding the legislation and relevant compliance requirements before commencement of staff recreational activities to raise prevention awareness of corruption risks, enhance the professional conduct of staff and learn the anti-corruption and integrity standards to be complied with when contacting with public officials. In addition, the employees are required to sign the handbook which including their anti-corruption commitment upon they are on board.

The anti-corruption and anti-bribery regime is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

Whistleblowing Policy

The Company has adopted a whistleblowing policy (the "**Whistleblowing Policy**"), the purpose of which is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; (ii) promote the importance of ethical behaviour; and (iii) encourage employees of and those who deal with the Group to raise concerns, in confidence and anonymity, relating to the misconduct, unlawful and unethical behavior in any matters related to the Group.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to immediate supervisor or another senior member of the business or functional unit, the Chief Executive Officer, the Chairman or the chairman of the Audit Committee as appropriate for preliminary investigation. The possible improprieties will be discussed with the Directors, and determined by the Audit Committee or the Board, as the case may be, for necessity of further investigation. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the Reporting Period has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's risk management and internal control systems and reviews their effectiveness on an annual basis. The risk management and internal control measures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, on the basis of the target setting, identifies the risks in the process of internal control through daily and regular assessment procedures and methods, classifies the risks and prepares the Company's risk list.

The Group has established a risk management manual, a compliance manual and an internal control manual, which are designed to enable the Company to maintain the highest standards of corporate governance and to identify and reduce any potential risks. The Group also provides employees with revised staff manual and various management systems from time to time. The Company has set up employee induction training and assessment and provide employees with compliance training on a regular basis to enhance their compliance awareness. The Group has established a risk management manual, which clarifies the division of responsibility and authority of risk management corresponding to each relevant department and standardizes the basic process of risk management. All departments will (i) systematically and regularly identify internal and external risks; (ii) assess the possibility and impact of risks; (iii) determine risk response strategies and implement response plans; (iv) regular risk management and regular testing of the situation and response capabilities; (v) overall evaluation of the effectiveness of the design and implementation of risk response strategies; and (vi) regular and systematic reporting of risks and risk management information.

The Company has established an internal audit function. The Company's internal audit function plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit function are reviewing the financial condition and internal control of the Company and conducting comprehensive audits of all branches and subsidiaries of the Company on a timely basis. The internal audit function reports to the Audit Committee to ensure that any major issues identified are channeled to the committee on a timely basis. The Audit Committee then discusses the issues with, and reports to, the Board, if necessary.

The Company understands its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to its attention and/or it is the subject of a decision unless it falls within any of the "Safe Harbours" as provided in the SFO. Meanwhile, the Company has set up an inside information management system, the insider internal reporting obligations, reporting procedures and liability of disclosure of information of the personnel concerned has been clearly stated, and the Company shall arrange self-examination in a timely manner in accordance with the provisions of the relevant regulatory authorities. The real-time monitoring performed by the Company may involve the inside information, and should organize intermediary agencies to determine whether the information belongs to an inside information and practical, if it has fulfilled the disclosure requirements, will soon organize the disclosure and will strictly control the scope of the monitoring before the disclosure, the volatility of share price will be monitored until the disclosure of inside information is completed; if the disclosure requirements are not satisfied, the Company will also maintain strict confidentiality.

The main features of the risk management and internal control systems are to safeguard assets, to ensure proper maintenance of accounting records and provide reliable financial reporting, and to ensure compliance with relevant legislation and regulations.

The Company reviews the risk management and internal control systems once a year. The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the Reporting Period to ensure that a sound system is maintained and operated by the management of the Company in compliance with the agreed procedures and standards, and to resolve material internal control defects. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial functions, as well as those relating to the Company's ESG performance and reporting to be effective and adequate. The review was conducted through discussions with the management of the Company, its external auditors and the assessment performed by the Audit Committee.

The Board considers that the current risk management and internal control measures effectively and adequately cover the existing businesses of the Group and will continue to be optimised in line with the business development of the Group. The risks mentioned herein include, among other things, material risks relating to ESG.

COMPANY SECRETARY

The Company has engaged Ms. Wong Hoi Ting of TMF Hong Kong Limited (a company secretarial service provider) as its company secretary. The primary corporate contact person at the Company is Mr. Zhu Jiong, an executive Director and secretary to the Board.

In accordance with Rule 3.29 of the Listing Rules, Ms. Wong Hoi Ting has attended not less than 15 hours of relevant professional training during the Reporting Period.

DIVIDEND POLICY

The Board adopted a dividend policy (the "**Dividend Policy**") on 1 December 2023. According to the Dividend Policy, in proposing any dividend payout, the Board shall also take into account, inter alia:–

(a) the Company's operating results, actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

(d) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(e) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(f) the Group's liquidity position;

(g) general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factors that the Board may deem appropriate and relevant.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time. Under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business.

The Board have reviewed the Dividend Policy and considered it to be effective.

GENERAL MEETING

The annual general meeting of the Company was held on 31 May 2024 and the attendance of each Director at the annual general meeting is set out in the table below:

Directors	Attended/Eligible to attend the general meeting
Executive Directors:	
Mr. Wang Quan *(Chairman of the Board)*	1/1
Mr. Yang Zhilong	1/1
Mr. Zhang Guangyang	1/1
Mr. Zhu Jiong	1/1
Ms. Zhang Min *(Retired on 31 May 2024)*	1/1
Non-executive Directors:	
Mr. Wei Ran *(Appointed on 2 February 2024)*	1/1
Mr. Yao Shenjie *(Appointed on 31 May 2024)*	0/0
Mr. Wang Tiantian *(Resigned on 2 February 2024)*	0/0
Independent Non-executive Directors:	
Mr. Ye Xingyue	1/1
Mr. Ren Tiangan	1/1
Ms. Wang Jiaofei *(Appointed on 31 May 2024)*	0/0
Mr. Sun Peng *(Retired on 31 May 2024)*	1/1

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman and the chairmen of the Board Committees will attend the AGMs to answer Shareholders' questions. The auditor of the Company will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the shareholders and maintains a dedicated "Investor Relations section" on the website of the Company at www.far800.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Company has established several channels to communicate with the Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form upon request and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.far800.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) AGMs and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management of the Company;

(v) Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums, etc. will be available on a regular basis in order to facilitate communication between the Company, the Shareholders and the investment community; and

(vi) the Company's branch share registrar in Hong Kong serves the Shareholders in respect of Share registration, dividend payment and related matters.

The Company has reviewed the implementation and effectiveness of the shareholders' communication policy. The Board is of the view that the Shareholders' communication policy of the Company has facilitated sufficient communication with the Shareholders and considered the policy is effective and adequate.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association.

In accordance with Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may put forward proposals for consideration at a general meeting of the Company according to Article 64 of the Articles of Association requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 64 of the Articles of Association are set out above.

As regards the Shareholders to propose a person for election as a Director, the procedures for the Shareholders are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to Room 201, Hangzhou Cross-border E-commerce Industrial Park, No. 22 Changcheng Street, Gongshu District, Hangzhou City, Zhejiang Province, the PRC (email address: dongban@far800.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there was no change in the Memorandum and Articles of Association.

SHINEWING (HK) CPA Limited
17/F., Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣
告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF FAR INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of FAR International Holdings Group Company Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") set out on pages 66 to 132, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill

Refer to Note 18 to the consolidated financial statements and the relevant accounting policies.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the carrying amount of the Group's goodwill was approximately RMB144,680,000. We have identified the impairment of goodwill as a key audit matter because the carrying amount of goodwill is significant to the consolidated financial statements and the impairment of goodwill involved significant judgments, estimates and uncertainty which may be subject to the management bias and uncontrollable.	Our audit procedures were designed to obtain, understand and evaluate management's impairment assessment on goodwill. We have tested the mathematical accuracy of the value in use calculation of the cash-generating unit with goodwill which is based on the cash flow forecast and assessed the appropriateness of the methodology used by the management. In addition, we have tested the key assumptions used in the cash flow forecast, including revenue growth rate and terminal growth rate, based on other available market data and taking into account the historical performance of the Group and corroborating with the development plan based on our discussion with the management. We have also tested the discount rate by benchmarking them to the rates used by similar companies in the market.

Provision of expected credit loss ("ECL") for trade receivables

Refer to Note 19 to the consolidated financial statements and the relevant accounting policies.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2024, the carrying amount of the Group's trade receivables was approximately RMB660,409,000 (net of allowance for impairment loss of RMB35,712,000). Impairment loss recognised in respect of trade receivables of approximately RMB15,713,000 has been recognised for the year ended 31 December 2024. We have identified provision of the ECL for trade receivables as a key audit matter because the total carrying amount of trade receivables are significant to the consolidated financial statements and the provision of ECL involves significant judgements and estimates.	Our audit procedures were designed to obtain, understand and evaluate the management's assessment on the impairment loss of trade receivables under ECL. We have assessed reasonableness of the groupings of various debtors that have similar loss patterns. We have sample tested the ageing analysis. We also assessed and challenged the management estimation on ECL including the credit risk of the debtors, historical loss information and challenge the reasonableness and selection of forward-looking information used in the calculation of ECL.

Other information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors of the Company and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Chuen Fai.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
26 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 *RMB'000*	2023 *RMB'000*
Revenue	6	**2,982,719**	2,045,883
Cost of sales		**(2,767,916)**	(1,888,921)
Gross profit		**214,803**	156,962
Other income, gains and losses, net	8	**(9,767)**	1,087
Selling expenses		**(15,414)**	(10,026)
Administrative and other expenses		**(71,039)**	(96,991)
Impairment loss on trade and other receivables		**(18,441)**	(8,777)
Finance costs	9	**(19,354)**	(4,472)
Profit before tax		**80,788**	37,783
Income tax expenses	10	**(11,577)**	(10,833)
Profit for the year	11	**69,211**	26,950
Other comprehensive income for the year:			
Item that may be reclassified subsequently to profit or loss			
Exchange difference arising on translating foreign operations		**1,441**	736
Total comprehensive income for the year		**70,652**	27,686
Profit (loss) attributable to:			
— Owners of the Company		**69,275**	27,349
— Non-controlling interests		**(64)**	(399)
		69,211	26,950
Total comprehensive income (expense) attributable to:			
— Owners of the Company		**70,716**	28,085
— Non-controlling interests		**(64)**	(399)
		70,652	27,686
Earnings per share			
Basic and diluted *(RMB cents)*	15	**8.88**	4.32

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	16	23,592	24,157
Right-of-use assets	17	8,880	16,681
Goodwill	18	144,680	144,680
Deposits	21	5,754	—
Deferred tax assets	29	7,865	4,261
		190,771	189,779
Current assets			
Trade receivables	19	660,409	488,120
Deposits, prepayments and other receivables	21	112,632	113,895
Amount due from a related company	22	—	1,652
Financial assets at fair value through profit or loss	20	60,030	—
Time deposit	23	249,856	4,622
Bank balances and cash	23	448,633	409,046
		1,531,560	1,017,335
Current liabilities			
Trade payables	24	83,252	232,523
Accruals and other payables	25	37,810	42,182
Contract liabilities	26	3,924	7,278
Income tax payables		8,316	3,925
Lease liabilities	17	5,607	10,386
Borrowings	27	857,391	252,200
		996,300	548,494
Net current assets		535,260	468,841
Total assets less current liabilities		726,031	658,620
Non-current liabilities			
Deferred tax liabilities	29	19	29
Lease liabilities	17	3,717	6,948
		3,736	6,977
Net assets		722,295	651,643

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Capital and reserves			
Paid-in capital/share capital	30	**7,075**	7,075
Reserves	31	**715,638**	644,922
		722,713	651,997
Non-controlling interests	32	**(418)**	(354)
Total equity		**722,295**	651,643

The consolidated financial statements on pages 66 to 132 were approved and authorised for issue by the board of directors on 26 March 2025 and are signed on its behalf by:

Wang Quan
Director

Yang Zhilong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Paid-in capital/ share capital *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Statutory surplus reserve *RMB'000*	Translation reserve *RMB'000*	Retained earnings *RMB'000*	Sub total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2023	45,283	—	249,030	32,123	906	181,418	508,760	45	508,805
Profit (loss) for the year	—	—	—	—	—	27,349	27,349	(399)	26,950
Exchange difference arising on translating foreign operations	—	—	—	—	736	—	736	—	736
Total comprehensive income (expense) for the year	—	—	—	—	736	27,349	28,085	(399)	27,686
Appropriations	—	—	—	4,649	—	(4,649)	—	—	—
Capital injection from the pre-IPO investor *(Note 30)*	457	—	12,803	—	—	—	13,260	—	13,260
Arising from reorganisation *(Note 31(i))*	(45,336)	—	45,336	—	—	—	—	—	—
Capitalisation issue *(Note 30)*	5,399	(5,399)	—	—	—	—	—	—	
Issue of new ordinary shares upon listing *(Note 30)*	1,272	113,214	—	—	—	—	114,486	—	114,486
Transaction costs attributable to issue of new ordinary shares	—	(12,594)	—	—	—	—	(12,594)	—	(12,594)
At 31 December 2023 and 1 January 2024	**7,075**	**95,221**	**307,169**	**36,772**	**1,642**	**204,118**	**651,997**	**(354)**	**651,643**
Profit (loss) for the year	**—**	**—**	**—**	**—**	**—**	**69,275**	**69,275**	**(64)**	**69,211**
Exchange difference arising on translating foreign operations	**—**	**—**	**—**	**—**	**1,441**	**—**	**1,441**	**—**	**1,441**
Total comprehensive income (expense) for the year	**—**	**—**	**—**	**—**	**1,441**	**69,275**	**70,716**	**(64)**	**70,652**
Appropriations	**—**	**—**	**—**	**5,575**	**—**	**(5,575)**	**—**	**—**	**—**
At 31 December 2024	**7,075**	**95,221**	**307,169**	**42,347**	**3,083**	**267,818**	**722,713**	**(418)**	**722,295**

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 *RMB'000*	2023 *RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**80,788**	37,783
Adjustments for:		
Depreciation of property, plant and equipment ("**PPE**")	**4,917**	4,502
Net loss on disposal of PPE	**431**	86
Finance costs	**19,354**	4,472
Depreciation of right-of-use assets	**10,353**	9,821
(Gain) loss on early termination of a lease	**(6)**	78
Impairment loss on trade and other receivables	**18,441**	8,777
(Gain) loss arising from change in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	**(1,412)**	10
Bank interest income	**(5,652)**	(3,913)
Operating cash flows before working capital changes	**127,214**	61,616
Increase in trade receivables	**(188,002)**	(392,690)
Increase in deposits, prepayments and other receivables	**(3,219)**	(33,550)
Decrease in contract liabilities	**(3,354)**	(5,993)
(Decrease) increase in trade payables	**(149,271)**	202,067
(Decrease) increase in accruals and other payables	**(4,190)**	8,168
Cash used in operations	**(220,822)**	(160,382)
Income taxes paid	**(10,801)**	(14,771)
NET CASH USED IN OPERATING ACTIVITIES	**(231,623)**	(175,153)
INVESTING ACTIVITIES		
Payments for purchase of PPE	**(4,945)**	(4,882)
Placement of time deposit	**(259,856)**	(4,622)
Withdrawal of time deposit	**14,622**	—
Deposit paid for acquisition of PPE	**(4,000)**	—
Advance to a related company	**—**	(1,652)
Repayment from a related company	**1,652**	—
Bank interest income received	**5,652**	3,913
Proceeds from disposal of PPE	**162**	69
Proceeds from disposal of financial assets at FVTPL	**—**	25
Purchase of financial assets at FVTPL	**(58,618)**	—
NET CASH USED IN INVESTING ACTIVITIES	**(305,331)**	(7,149)

	2024 *RMB'000*	2023 *RMB'000*
FINANCING ACTIVITIES		
New bank borrowings raised	**1,615,821**	551,600
Repayment of bank borrowings	**(1,010,630)**	(303,829)
Repayment of lease liabilities	**(10,556)**	(10,373)
Interest paid	**(18,460)**	(4,212)
Proceeds from issue of shares from initial public offerings ("**IPO**")	—	114,486
Capital contribution from the pre-IPO investor	—	13,260
Issue cost paid	—	(9,777)
Repayment to a director	—	(42)
NET CASH FROM FINANCING ACTIVITIES	**576,175**	351,113
Net increase in cash and cash equivalents	**39,221**	168,811
Cash and cash equivalents at the beginning of the year	**409,046**	239,499
Effect of changes in exchange rate	**366**	736
Cash and cash equivalents at the end of the year	**448,633**	409,046

1. CORPORATE INFORMATION

FAR International Holdings Group Company Limited (the "**Company**") was incorporated in the Cayman Islands under the Companies Act (as revised) of the Cayman Islands as an exempted company with limited liability on 24 November 2022 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate and ultimate holding company is Zi Yue Holdings Limited ("**Zi Yue**"), a company with limited liability incorporated in the British Virgins Islands. Zi Yue is wholly and directly owned by Wang Quan ("**Mr. Wang**"), who is also a director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The Company and its subsidiaries (together referred to as the "**Group**") are principally engaged in the provision of end-to-end cross-border delivery service, freight forwarding service and other logistics service. The principal activities of its subsidiaries are set out in Note 36.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Before the listing of the Company on The Stock Exchange, the companies comprising the Group underwent a group reorganisation (the "**Reorganisation**") as detailed in the section headed "History, development and reorganisation" in the Company's prospectus dated 12 December 2023.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 16 May 2023.

As the Reorganisation only involved inserting new holding companies and has not resulted in any change of economic substance, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2023 have been prepared as if the current group structure had been in existence throughout the year ended 31 December 2023, or since the respective dates of incorporation/establishment of the relevant companies now comprising the Group where this is a shorter period and the Company had always been the holding company of the Group.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of the other new and amendments to HKFRSs will has no material impact on the results and the financial position of the Group.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 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. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with the following accounting policies which conform to HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The material accounting policies are set out below.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation

The consolidated financial statements incorporates the financial information of the Company and entities controlled by the Company upon the Reorganisation.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's 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.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and non-controlling interest.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group and any unrealised profits arising from intra-group transactions are eliminated in full on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries in preparing the consolidated financial statements to bring their accounting policies in line with the Group's accounting policies.

Goodwill

Goodwill arising from a business combination is carried at cost 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 groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or groups 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 a reporting period, the cash-generating unit (or groups of cash generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Goodwill (Continued)

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less any identified impairment loss.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties and sales related taxes.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

The Group recognises revenue from provision of end-to-end cross-border delivery service, freight forwarding service and other logistic service

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Provision of end-to-end cross-border delivery service

The Group provides delivery services to both corporate and individual customers. Delivery services mainly include parcel pickup, parcel sorting, line-haul transportation and last-mile delivery. Each order for delivery of parcels from the point of receiving the parcels from senders all the way through to the point when the parcels are delivered to end recipients, is considered as a performance obligation. The Group recognises revenue from delivery services over time since customers simultaneously receive the benefits provided by the Group's performance of services as the parcels are delivered from one location to another.

Provision of freight forwarding service and other logistic service

Revenue from freight forwarding service and other logistic service include freight forwarding, customs clearance, parcel pick-up from air/sea ports, warehouse operation, transportation and last-mile delivery. Revenue is recognised upon completion of the services.

Foreign currencies

In preparing the financial statements of individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

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

Government grants

Government grants related to income 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 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.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Retirement benefits costs

Payments to the state-managed retirement benefit scheme in the People's Republic of China ("**PRC**") and the Mandatory Provident Fund Scheme (the "**MPF Scheme**") in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

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. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives 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 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.

Impairment losses on property, plant and equipment and right-of-use assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets (other than goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment losses on property, plant and equipment and right-of-use assets other than goodwill (Continued)

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 the 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) 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 the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, as defined above.

Lease

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Lease (Continued)

Lease liabilities

At the commencement date of a lease, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liabilities are presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 “Provision, Contingent Liabilities and Contingent Assets”. The costs are included in the related right-of-use asset.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Lease (Continued)

Right-of-use assets (Continued)

The Group applies HKAS 36 "Impairment of Assets" to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses as described in the "Impairment losses on property, plant and equipment and right-of-use assets and other than goodwill" policy as stated above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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" ("**HKFRS 15**"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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 by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group's financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, 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.

Interest income is recognised in profit or loss and is included in the "other income, gains and losses, net" line item (Note 8).

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("**FVTOCI**") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognition in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on this financial assets is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset 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.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) the debt instrument has a low risk of default, (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable:

- 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 analysis, 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.

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, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as 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 original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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 party.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities including trade payables, accruals and other payables and borrowings, are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

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

Fair value measurement

When measuring fair value, expect for the value in use of assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated 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.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses recognised in respect of trade receivables and deposits and other receivables

The impairment provisions for trade receivables and deposits and other receivables are measured using ECL model which requires the Group to use judgement in making assumptions and selecting the inputs to the impairment calculation, including the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment loss in profit or loss. As at 31 December 2024, the carrying amount of trade receivables was approximately RMB660,409,000 (2023: RMB488,120,000), net of allowance for impairment loss of approximately RMB35,712,000 (2023: RMB23,285,000). As at 31 December 2024, the carrying amount of deposits and other receivables was approximately RMB40,677,000 (2023: RMB27,001,000), net of allowance for impairment loss of approximately RMB3,308,000 (2023: RMB580,000).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units with goodwill. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2024, the carrying amount of goodwill was approximately RMB144,680,000 (2023: RMB144,680,000) with no accumulated impairment loss. Details of the recoverable amount calculation are disclosed in Note 18.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. The carrying amounts of property, plant and equipment and right-of-use assets as at 31 December 2024 and 2023 are set out in Notes 16 and 17 respectively.

6. REVENUE

Revenue mainly represents revenue arising from end-to-end cross-border delivery service, freight forwarding service and other logistics service for the year. An analysis of the Group's revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major services lines		
— End-to-end cross-border delivery service	**1,374,191**	1,688,557
— Freight forwarding service	**599,766**	187,851
— Other logistics service	**1,008,762**	169,475
	2,982,719	2,045,883

6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers by timing of recognition

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Overtime	**1,374,191**	1,688,557
At point in time	**1,608,528**	357,326
	2,982,719	2,045,883

Transaction price allocated to the remaining performance obligations

The sales contracts are with an original expected duration of less than one year. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price for the performance obligation that is unsatisfied (or partially unsatisfied) as of the end of the reporting period.

7. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision makers, review the Group's internal reporting in order to assess performance and allocate resource. The Group is principally engaged in the provision of end-to-end cross-border delivery services, freight forwarding service and other logistics service. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers and non-current assets. The geographical location of revenue from external customers is based on the location of the orders placed. Information about the Group's non-current assets is presented based on the geographic location of the assets.

Revenue from external customers:

	2024 RMB'000	2023 RMB'000
Mainland China	**2,903,620**	1,905,956
Hong Kong	**43,093**	120,191
The United States	**15,049**	14,894
Singapore	**14,446**	—
The United Kingdom	**95**	87
Other countries and regions	**6,416**	4,755
	2,982,719	2,045,883

7. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

Non-current assets:

	2024 RMB'000	2023 RMB'000
Mainland China	**173,928**	185,518
Hong Kong	**3,224**	—
	177,152	185,518

Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

Revenue from customers contributed over 10% of the total revenue of the Group are as follows:

	2024 RMB'000	2023 RMB'000
Customer A[1]	**1,468,340**	1,000,760

1 Revenue from end-to-end cross-border delivery service, freight forwarding service and other logistic service rendered.

8. OTHER INCOME, GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Bank interest income	**5,652**	3,913
Government grants *(note (i))*	**7,434**	2,081
Gain (loss) arising from change in fair value of financial assets at FVTPL	**1,412**	(10)
Net loss on disposal of property, plant and equipment	**(431)**	(86)
Net gain (loss) on early termination of leases	**6**	(78)
Exchange difference	**(24,374)**	(6,330)
Sundry income	**534**	1,597
	(9,767)	1,087

Note:

(i) The government grants were mainly incentives provided by local government authorities in the PRC for various forms of government financial incentives to reward the Group's support and contribution for the development of local economies. In addition, during the years ended 31 December 2023 and 2024, the Group obtained a government grant, provided by local government authorities in the PRC, relating to the successful listing of its shares in Hong Kong. As of 31 December 2024 and 2023, there were no unfulfilled conditions or contingencies relating to these government grants.

9. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings	**18,621**	3,768
Lease liabilities	**733**	704
	19,354	4,472

10. INCOME TAX EXPENSES

	2024	2023
	RMB'000	*RMB'000*
Current income tax:		
— Hong Kong Profits Tax	**297**	823
— Corporate Income Tax	**14,894**	9,987
Deferred taxation *(Note 29)*	**(3,614)**	23
	11,577	10,833

(i) Pursuant to the rules and regulation of the British Virgin Islands and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.

(ii) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first 2 million Hong Kong Dollar ("**HK$**") profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at the flat rate of 16.5%.

(iii) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the Enterprise Income Tax rate is 25%. Subject to certain preferential tax treatment, the applicable tax rate of certain PRC subsidiaries is 15% and certain research and development costs of the Company's PRC subsidiaries are qualified for 100% additional deduction for tax purpose for the both years.

(iv) The tax concession for Hong Kong Profits Tax represents reduction of Hong Kong Profits Tax for the year of assessment of 2024/25 and 2023/2024 by 100%, subject to a ceiling of HK$1,500 and HK$3,000, respectively, for each subsidiary under Hong Kong tax jurisdiction.

10. INCOME TAX EXPENSES (Continued)

The income tax expenses for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 *RMB'000*	2023 *RMB'000*
Profit before tax	**80,788**	37,783
Tax at the applicable domestic income tax rates (25%)	**20,197**	9,446
Tax effect of expenses not deductible for tax purpose	**1,747**	2,737
Tax effect of income not taxable for tax purpose	**(392)**	(679)
Tax effect of tax losses not recognised	**707**	3,433
Tax effect of utilisation of tax losses previously not recognised	**(5,817)**	(144)
Tax effect of different tax rates of subsidiaries	**(553)**	(1,405)
Additional deduction for qualified research and development costs	**(4,311)**	(2,550)
Hong Kong Profits Tax concession	**(1)**	(5)
	11,577	10,833

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2024 *RMB'000*	2023 *RMB'000*
Directors' emoluments *(Note 12)*	**3,421**	3,337
Salaries, allowances and other benefits (excluding directors' emoluments)	**68,460**	61,728
Contributions to retirement benefits scheme (excluding directors' emoluments)	**9,292**	8,675
Total staff costs	**81,173**	73,740
Auditor's remuneration	**1,350**	1,260
Listing expenses	**—**	27,983
Research and development cost *(note)*	**1,503**	934
Impairment loss on:		
— trade receivables	**15,713**	8,526
— other receivables	**2,728**	251
	18,441	8,777
Depreciation of property, plant and equipment	**4,917**	4,502
Depreciation of right-of-use assets	**10,353**	9,821

Note: The item does not include depreciation, employee benefits and related expenses related to research and development.

12. DIRECTORS' EMOLUMENTS

Details of directors' emoluments are as follows:

	Fees *RMB'000*	Salaries, allowances and other benefits *RMB'000*	Contributions to retirement benefits scheme *RMB'000*	Total *RMB'000*
Year ended 31 December 2024				
Executive directors (Note (i))				
Mr. Wang *(Note (ii))*	—	799	96	895
Ms. Zhang Min ("**Ms. Zhang**") *(Note (iii))*	—	253	—	253
Mr. Yang Zhilong ("**Mr. Yang**")	—	580	79	659
Mr. Zhang Guangyang ("**Mr. Zhang**")	—	591	93	684
Mr. Zhu Jiong ("**Mr. Zhu**")	—	613	77	690
Non-executive directors				
Mr. Wei Ran *(Note (iv))*	—	—	—	—
Mr. Wang Tiantian *(Note (v))*	—	—	—	—
Mr. Yao Shenjle ("**Mr. Yao**") *(Note (vi))*	—	—	—	—
Independent non-executive directors				
Mr. Ye Xingye ("**Mr. Ye**") *(Note (vii))*	80	—	—	80
Mr. Ren Tiangan ("**Mr. Ren**") *(Note (vii))*	80	—	—	80
Ms. Wang Jiaofei ("**Ms. Wang**") *(Note (viii))*	47	—	—	47
Mr. Sun Peng ("**Mr. Sun**") *(Note (ix))*	33	—	—	33
	240	2,836	345	3,421

12. DIRECTORS' EMOLUMENTS (Continued)

	Fees	Salaries, allowances and other benefits	Contributions to retirement benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Executive directors (Note (i))				
Mr. Wang *(Note (ii))*	—	499	81	580
Ms. Zhang Min ("**Ms. Zhang**")	—	1,008	100	1,108
Mr. Yang Zhilong ("**Mr. Yang**")	—	386	73	459
Mr. Zhang Guangyang ("**Mr. Zhang**")	—	666	20	686
Mr. Zhu Jiong ("**Mr. Zhu**")	—	406	71	477
Non-executive director				
Mr. Wang Tiantian *(Note (v))*	—	—	—	—
Independent non-executive directors				
Mr. Ye Xingye ("**Mr Ye**") *(Note (vii))*	—	—	—	—
Mr. Sun Peng ("**Mr. Sun**") *(Note (ix))*	27	—	—	27
Mr. Ren Tiangan ("**Mr. Ren**") *(Note (vii))*	—	—	—	—
	27	2,965	345	3,337

Notes:

(i) No chief executive was appointed during the year ended 31 December 2023. Ms. Zhang, Mr. Yang, Mr. Zhang and Mr. Zhu were appointed as executive directors of the Company on 24 February 2023.

(ii) Mr. Wang was redesignated as an executive director of the Company on 24 February 2023.

(iii) Ms. Zhang retired as an executive director of the Company on 31 May 2024.

(iv) Mr. Wei Ran was appointed as a non-executive director of the Company on 2 February 2024.

(v) Mr. Wang Tiantian was appointed as a non-executive director of the Company on 24 February 2023 and resigned on 2 February 2024. On 1 March 2025, he was appointed as chief executive officer of the Company.

(vi) Mr. Yao was appointed as a non-executive director of the Company on 31 May 2024.

(vii) Mr. Ye and Mr. Ren were appointed as independent non-executive directors of the Company on 1 December 2023.

(viii) Ms. Wang was appointed as an independent non-executive director of the Company on 31 May 2024.

(ix) Mr. Sun was appointed as an independent non-executive director of the Company on 1 December 2023 and retired on 31 May 2024.

None of the directors of the subsidiaries now comprising the Group and the Company waived or agreed to waive any emoluments paid by the Group during both years.

12. DIRECTORS' EMOLUMENTS (Continued)

No emoluments were paid by the Group to any of the directors of the subsidiaries and the Company as an incentive payment for joining the Group or as compensation for loss of office for 2023.

Executive directors of the Company received remuneration from the subsidiaries for services in connection with the management of affairs of the Group prior to becoming the directors of the Company for 2023.

13. EMPLOYEES' EMOLUMENTS

The five individuals with the highest emoluments in the Group included one (2023: two) director of the Company whose emoluments are set out in Note 12 above. The emoluments of the remaining four (2023: three) individuals were as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and other benefits	**2,937**	1,914
Contributions to retirement benefits scheme	**253**	186
	3,190	2,100

Their emoluments were within the following band:

	2024	2023
	Number of individuals	*Number of individuals*
Nil to HK$1,000,000 (2024: Nil to RMB910,000; 2023: Nil to RMB900,000)	**3**	3
HK$1,000,001 to HK$2,000,000 (2024: RMB910,001 to RMB1,820,000; 2023: RMB900,001 to RMB1,800,000)	**1**	—

No emoluments were paid by the Group to any of the five highest paid individuals of the Group including the directors of the Company as an incentive payment for joining the Group or as compensation for loss of office for both years.

14. DIVIDEND

No dividend has been paid or declared during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**69,275**	27,349

	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**780,000**	633,374

For the year ended 31 December 2023, the weighted average number of ordinary shares had been adjusted for the effect of the capitalisation issue, as stated in Note 30 and on the assumption that the Reorganisation completed in May 2023 has been effective on 1 January 2023.

The diluted earnings per share is same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding for both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in buildings *RMB'000*	Computer and office equipment *RMB'000*	Furniture and fittings *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
COST						
At 1 January 2023	15,820	4,462	4,995	14,112	6,367	45,756
Additions	—	1,023	2,796	351	712	4,882
Disposals	—	—	(472)	(1,024)	—	(1,496)
At 31 December 2023 and 1 January 2024	**15,820**	**5,485**	**7,319**	**13,439**	**7,079**	**49,142**
Additions	**—**	**1,615**	**353**	**1,167**	**1,810**	**4,945**
Disposals	**—**	**(711)**	**(1,667)**	**(1,309)**	**—**	**(3,687)**
At 31 December 2024	**15,820**	**6,389**	**6,005**	**13,297**	**8,889**	**50,400**
ACCUMULATED DEPRECIATION						
At 1 January 2023	1,120	2,444	3,396	10,379	4,485	21,824
Provided for the year	526	767	676	1,345	1,188	4,502
Disposals	—	—	(368)	(973)	—	(1,341)
At 31 December 2023 and 1 January 2024	**1,646**	**3,211**	**3,704**	**10,751**	**5,673**	**24,985**
Provided for the year	**526**	**936**	**1,031**	**1,108**	**1,316**	**4,917**
Disposals	**—**	**(629)**	**(1,317)**	**(1,148)**	**—**	**(3,094)**
At 31 December 2024	**2,172**	**3,518**	**3,418**	**10,711**	**6,989**	**26,808**
NET CARRYING AMOUNTS						
At 31 December 2024	**13,648**	**2,871**	**2,587**	**2,586**	**1,900**	**23,592**
At 31 December 2023	14,174	2,274	3,615	2,688	1,406	24,157

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	Over the terms of the leases
Computer and office equipment	3 – 10 years
Furniture and fittings	3 – 10 years
Motor vehicles	3 – 5 years
Leasehold improvements	5 years or over lease term whichever is shorter

The Group has pledged ownership interest in buildings with a net carrying amount of approximately RMB2,557,000 (2023: RMB2,572,000) to secure the bank borrowings granted to the Group, as stated in Note 27.

17. RIGHT OF USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	2024 RMB'000	2023 RMB'000
Buildings	**8,880**	16,681

The Group has lease agreements for buildings and the lease terms are in general 1 to 3 years.

Additions of the right-of-use assets for the year ended 31 December 2024 amounted to approximately RMB5,476,000 (2023: RMB12,461,000) through renewal of existing leases and new leases of buildings.

During the year ended 31 December 2024, the Group has early terminated several leases and de-recognised right-of-use assets with net carrying value of approximately RMB2,924,000 (31 December 2023: RMB434,000) in the form of mutual agreement.

(ii) Lease liabilities

	2024 RMB'000	2023 RMB'000
Current	**5,607**	10,386
Non-current	**3,717**	6,948
	9,324	17,334

	2024 RMB'000	2023 RMB'000
Amount payable under lease liabilities:		
Within one year	**5,607**	10,386
After one year but within two years	**3,076**	5,061
After two years but within five years	**641**	1,887
	9,324	17,334

During the year ended 31 December 2024, the Group entered into renewal of existing and new lease agreements in respect of buildings and recognised lease liabilities of approximately RMB5,476,000 (2023: RMB12,461,000). The Group early terminated several leases and de-recognised lease liabilities of approximately RMB2,930,000 (2023: RMB356,000) as stated in Note (i) above.

17. RIGHT OF USE ASSETS AND LEASE LIABILITIES (Continued)

(iii) Amounts recognised in profit or loss

	2024	2023
	RMB'000	*RMB'000*
Depreciation expenses on right-of-use assets	**10,353**	9,821
(Gain) loss on termination of a lease (included in other income, gains and losses, net)	**(6)**	78
Interest expenses on lease liabilities (included in finance costs)	**733**	704
Expenses relating to short-term leases (included in administrative and other expenses)	**1,764**	1,465
Expenses relating to leases of low value assets (included in administrative and other expenses)	**155**	264

The Group had no expenses relating to variable lease payments not included in the measurement of the lease liability for both years. All leases payments are fixed payments.

(iv) Others

During the year ended 31 December 2024, total cash outflows for leases amounted to approximately RMB13,208,000 (2023: RMB12,806,000).

18. GOODWILL

	RMB'000
At 1 January 2023, 31 December 2023 and 31 December 2024	144,680

Goodwill resulting from the business combinations has been allocated to Shenzhen Global Link Logistics Services Limited* 深圳市滙通天下物流有限公司 ("**Shenzhen Global Link**") as a single cash-generating unit ("**CGU**") ("**CGU Shenzhen Global Link**"). The management of the Group assessed the impairment on goodwill at the CGU Shenzhen Global Link, which represents the lowest level within the Group at which the goodwill is monitored for impairment assessment. For the impairment testing of goodwill for both years, the recoverable amounts of the CGU have been determined based on value-in-use calculations. The impairment assessment of goodwill is performed by the management of the Group with reference to the valuation prepared by an independent professional valuer and the value-in-use calculations have been determined using a discounted cash flows model, which is based on financial budgets approved by the management of the Group covering a 5-year period. Forecasted cash inflows/outflows have been taken into account of past performance and management's expectations for the market development including revenue growth rate and gross margins. The future cash flows are also highly dependent on the unobservable inputs of forecast volumes and forecast prices. Management believes that any reasonably possible changes in these assumptions and inputs would not result in the carrying amount of the CGU Shenzhen Global Link exceeding its recoverable amount as at 31 December 2024 and 31 December 2023.

* for identification purpose only

18. GOODWILL (Continued)

The key parameters for the value-in-use calculations, which are based on either the past experience or management's expectation for the market development, are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Pre-tax discount rate	**21.1%**	22.4%
Revenue growth rate within 5-year period	**2%**	2% to 4%
Terminal growth rate	**2%**	2%

The revenue growth rates within the 5-year period are estimated by the management based on the same five year compound annual growth rate for the market size of cross-border e-commerce for both years. The management expects the export and import of China will be challenging in the foreseeable future, as a result, the revenue growth rate within the 5-year period for FY2024 was prudently adjusted to be lower than that for FY2023. Cash flows beyond the forecast period are extrapolated using an estimated weighted average growth rate of 2%.

The recoverable amounts of the CGU Shenzhen Global Link are estimated to exceed its carrying amounts by approximately RMB37,320,000 (2023: RMB127,320,000).

As a result of the impairment testing on goodwill, the management of the Group is of the view that there was no impairment on the goodwill for both years.

In addition, the management of the Group performed the sensitivity analysis based on changes of the abovementioned key parameters and inputs. Had the estimated key assumptions during the forecast period been changed as below while other parameters remained constant, the excess of recoverable amounts of the CGU Shenzhen Global Link over its carrying amounts would decrease to the amounts set out as below:

	2024 ***RMB'000***	2023 *RMB'000*
Pre-tax discount rate increased by 5%	**29,320**	114,374
Revenue growth rate within 5-year period decreased by 5%	**28,320**	106,917
Terminal growth rate decreased by 5%	**36,320**	126,333

19. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**696,121**	511,405
Less: allowance for impairment loss of trade receivables	**(35,712)**	(23,285)
	660,409	488,120

As at 31 December 2024, the gross amount of trade receivables arising from contracts with customers amounted to RMB696,121,000 (2023: 511,405,000).

As at 31 December 2024, trade receivables with approximately RMB494,171,000 (2023: RMB399,984,000) were pledged to secure the bank borrowings granted to the Group, as stated in Note 27.

The gross carrying amount of the Group's trade receivables dominated in currencies other the functional currencies of the relevant group entities are set out below:

	2024	2023
	RMB'000	*RMB'000*
United States dollar ("**USD**")	**38,512**	13,027
HK$	**620**	1,625
Great Britain Pound ("**GBP**")	**86**	30
Canadian dollar ("**CAD**")	**—**	2
Euro ("**EUR**")	**409**	193

The Group allows credit period of 0 to 90 days to its trade customers depending on creditability of the customers. The Group does not hold any collateral over its trade receivables.

The following is an ageing analysis of trade receivables, net of allowance for impairment loss of trade receivables, presented based on invoice date at the end of the reporting period.

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**527,224**	469,557
4–12 months	**128,561**	15,154
1–2 years	**4,624**	3,409
	660,409	488,120

19. TRADE RECEIVABLES (Continued)

Before accepting any new customers, the Group uses internal credit approval procedures to assess the potential customer's credit quality and defines credit limits for each customer.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by using a provision matrix by reference to historical credit loss experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The estimated loss rates are estimated based on historical loss experience and adjusted for forward-looking information which reflect the general economic conditions of the industry in which the debtors operate that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

The Group recognised lifetime ECL for trade receivables with gross carrying amount of approximately RMB696,121,000 (2023: RMB511,405,000) as at 31 December 2024, by applying a weighted average expected credit loss rate of 5.1% (2023: 4.6%). Impairment losses of approximately RMB15,713,000 (2023: RMB8,526,000) was recognised during the year ended 31 December 2024.

The movement in the impairment losses of trade receivables is as follows:

	Impairment loss of trade receivables *RMB'000*
Balance as at 1 January 2023	17,038
Written off	(2,279)
Impairment losses recognised	8,526
Balance as at 31 December 2023 and 1 January 2024	**23,285**
Written off	**(3,286)**
Impairment losses recognised	**15,713**
Balance as at 31 December 2024	**35,712**

There has been no change in the estimation techniques or significant assumptions made in assessing the loss allowance for trade receivables for both years.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted investment funds	**60,030**	—

Included in the above investments are the following amounts dominated in a currency other than the functional currency of the relevant group entities:

	2024 RMB'000	2023 RMB'000
HK$	**60,030**	—

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Deposits paid to suppliers	**36,514**	24,266
Deposits paid for purchase of PPE	**4,000**	—
Other deposits paid *(Note)*	**2,466**	1,713
Prepayments	**72,614**	84,761
Value added tax recoverable	**1,095**	2,133
Other receivables	**5,005**	1,602
	121,694	114,475
Less: Impairment losses of other receivables	**(3,308)**	(580)
	118,386	113,895
Represented by:		
Non-current portion	**5,754**	—
Current portion	**112,632**	113,895
	118,386	113,895

Note: The amount of the Group's deposits expected to be recovered after one year from the end of the reporting of report are rental deposits of RMB1,754,000 (2023: Nil).

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The movement in the impairment losses of other receivables is as follows:

	Impairment losses of other receivables *RMB'000*
Balance as at 1 January 2023	329
Impairment losses recognised	251
Balance as at 31 December 2023 and 1 January 2024	**580**
Impairment losses recognised	**2,728**
Balance as at 31 December 2024	**3,308**

The increase in the impairment loss of deposits and other receivables for the year ended 31 December 2024 of approximately RMB2,728,000 was mainly due to the increase in other receivables that had become doubtful or default during the year.

The Group measures the impairment for deposits and other receivables at either to 12-month ECL or lifetime ECL. The ECL on other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the year in assessing the loss allowance for other receivables.

22. AMOUNT DUE FROM A RELATED COMPANY

	2024 ***RMB'000***	2023 *RMB'000*
Amount due from a related company:		
浙江泛遠控股集團有限公司 (Zhejiang Fanyuan Holding Group Co., Ltd.* ("**ZFHG**"))	**—**	1,652

* for identification purpose only

Mr. Wang, a director of the Group, is the controlling shareholder of ZFHG.

The amount due from a related company was non-interest bearing, unsecured, repayable on demand and non-trade in nature. The amount was recovered in March 2024.

23. TIME DEPOSIT/BANK BALANCES AND CASH

(i) Time deposits

	2024	2023
	RMB'000	*RMB'000*
Current:		
Time deposits with original maturity over three months	**249,856**	4,622

As at 31 December 2024, the time deposits are denominated in RMB except for a time deposit amounting to RMB4,856,000 (2023: Nil) denominated in HK$.

The Group has pledged time deposits of approximately RMB245,000,000 (2023: Nil) to secure the bank borrowings granted to the Group, as stated in Note 27.

(ii) Bank balances and cash

Cash and bank balances included demand deposits and short-term bank deposits for the purpose of meeting the Group's short-term cash commitment. Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Included in the bank balances and cash is the following amounts denominated in currencies other than the functional currency of relevant group entities:

	2024	2023
	RMB'000	*RMB'000*
USD	**7,297**	4,358
HK$	**48,150**	114,060
GBP	**630**	518
EUR	**451**	278
Australian dollar ("**AUD**")	**1**	1

24. TRADE PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**83,252**	232,523

The following is an ageing analysis of trade payables presented based on invoice date at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Within 3 months	**73,507**	228,188
4–12 months	**7,562**	3,467
1–2 years	**1,339**	805
2–3 years	**844**	63
	83,252	232,523

The credit period is up to 90 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

The significant change in trade payables was mainly due to change in credit terms with suppliers. More suppliers required payment in advance, or no credit terms were granted and with upfront deposits required.

The gross carrying amount of the Group's trade payables is dominated in currencies other the functional currency of the relevant group entity is set out below:

	2024 RMB'000	2023 RMB'000
USD	**49,714**	93,708
HK$	**8,085**	90,244
GBP	**105**	121
EUR	**196**	419
AUD	**37**	74
Japanese Yen	**10**	36

25. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Salaries payable	29,415	31,198
Accrued expenses	244	105
Interest payable	1,154	260
Other payables	6,984	10,586
Other tax payables	13	33
	37,810	42,182

26. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract liabilities	3,924	7,278

Contract liabilities represent advances received from customers related to delivery services.

Revenue recognised during the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year is approximately RMB7,278,000 (2023: RMB13,271,000) in respect of delivery services. There was no revenue recognised in the current year that related to performance obligations that were satisfied in prior year.

27. BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings		
— Secured	—	170,000
— Secured and guaranteed	444,750	—
— Guaranteed	204,941	—
— Unsecured	207,700	82,200
	857,391	252,200

27. BORROWINGS (Continued)

As at 31 December 2024, secured and guaranteed bank borrowings with carrying amount of approximately RMB444,750,000 (2023: Nil) were pledged by trade receivables with carrying amount of approximately RMB494,171,000 (2023: Nil); ownership interest in buildings with carrying amount of approximately RMB2,557,000 (2023: Nil); time deposits with carrying amount of approximately RMB245,000,000 (2023: Nil) and guaranteed by certain subsidiaries in the PRC.

As at 31 December 2024, guaranteed bank borrowings with carrying amount of approximately RMB204,941,000 (2023: Nil) were guaranteed by certain subsidiaries in the PRC.

As at 31 December 2023, secured bank borrowings with carrying amount of approximately RMB170,000,000 (2024: Nil) were pledged by trade receivables with carrying amount of approximately RMB399,984,000 (2024: Nil) and ownership interest in buildings with carrying amount of approximately RMB2,572,000 (2024: Nil).

As at 31 December 2024, bank borrowings carried fixed interest from 0.90% to 4.55% (2023: 3.60% to 4.45%) per annum.

During the current period, the Group borrowed unsecured bank loans of approximately RMB742,500,000, guaranteed bank loans of approximately RMB244,941,000 and secured and guaranteed bank loans of approximately RMB628,380,000 from banks. These loans are repayable in full within a year and bear interest rates from 0.90% to 5.23% (2023: 3.60% to 6.60%) per annum. The proceeds were used for daily operations.

The bank borrowings are all repayable within one year based on scheduled repayment dates set out in the loan agreements and contain no repayable on demand clause.

28. RETIREMENT BENEFITS PLAN

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by the Company's directors and employees. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees of the Group in Mainland China are members of stated-managed retirement benefit schemes operated by the relevant governments. The Group is required to contribute a certain percentage of payroll costs to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is make the specified contributions. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately RMB9,637,000 (2023: RMB9,020,000) represents contributions payable to these schemes by the Group for the year ended 31 December 2024.

29. DEFERRED TAXATION

The following is the analysis of the deferred tax asset (liabilities) for financial reporting purposes:

	2024	2023
	RMB'000	*RMB'000*
Deferred tax assets	**7,865**	4,261
Deferred tax liabilities	**(19)**	(29)
	7,846	4,232

The followings are the deferred tax assets (liabilities) recognised and movements thereon:

	Impairment losses on trade and other receivables	**Tax losses**	**Property, plant and equipment**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,461	1,832	(38)	4,255
Credited (charged) to profit or loss	657	(689)	9	(23)
At 31 December 2023 and 1 January 2024	**3,118**	**1,143**	**(29)**	**4,232**
Credited (charged) to profit or loss	**3,780**	**(176)**	**10**	**3,614**
At 31 December 2024	**6,898**	**967**	**(19)**	**7,846**

As at 31 December 2024, the Group had estimated unused tax losses of approximately RMB29,591,000 (2023: RMB51,205,000), available for offset against future profits, among which RMB6,447,000 (2023: RMB7,621,000) of unused tax losses were recognised as deferred tax assets. No deferred tax asset has been recognised in relation to the remaining tax losses amounting to RMB23,144,000 (2023: RMB43,584,000) as at 31 December 2024 due to the unpredictability of future profit streams. As at 31 December 2024, tax losses of RMB25,463,000 incurred by subsidiaries in the PRC (2023: RMB51,205,000) will expire in the next five years. The remaining amount of tax losses can be carried forward indefinitely.

30. PAID-IN CAPITAL/SHARE CAPITAL

The Group

On 8 August 2022, Hangzhou FAR International Logistics Co., Ltd.* (杭州泛遠國際物流股份有限公司) ("**Hangzhou FAR**") (subsequently renamed as "杭州泛遠國際物流有限公司" in January 2023), the subsidiary of the Group, entered into a share repurchase agreement with Zhongtai Venture Capital (Shanghai) Company Limited* (中泰創業投資(上海)有限公司) (previously known as Zhongtai Venture Capital (Shenzhen) Company Limited* (中泰創業投資(深圳)有限公司)) ("**Zhongtai**") pursuant to which Zhongtai has agreed to sell, and Hangzhou FAR has agreed to repurchase for cancellation, of 1,161,166 shares at a total consideration of approximately RMB33,327,000.

On 15 August 2022, Hangzhou FAR entered into a share repurchase agreement with Anhui Guoyuan Venture Capital Company Limited* (安徽國元創投有限責任公司) ("**Anhui Guoyuan**") pursuant to which Anhui Guoyuan had agreed to sell, and Hangzhou FAR has agreed to repurchase for cancellation, of 1,470,097 shares at a total consideration of approximately RMB37,326,000.

The above share repurchases were completed in November 2022.

On 7 November 2022, Easygo Holdings Limited ("**Easygo HK**") subscribed 457,404 shares of Hangzhou FAR at a consideration of approximately RMB13,260,000. Immediately after the capital injection, Easygo HK held 1% of equity interests of Hangzhou FAR. Hangzhou FAR would become an indirect wholly-owned subsidiary immediately upon completion of the Reorganisation. The consideration was paid by Easygo HK on 28 February 2023.

With the completion of the Reorganisation on 16 May 2023, the Company became the holding company of the Group.

The Company

The Company was incorporated in the Cayman Islands on 24 November 2022 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each. On the same date of incorporation, one ordinary share of HK$0.01 was allotted and issued to the initial subscriber, an independent third party, at par which was then transferred to Zi Yue on the same date.

On 9 May 2023, the Company's authorised ordinary shares was further increased to 780,000,000 ordinary shares with a par value of HK$0.01 each, and 40,491,580 ordinary shares were allotted and issued to various shareholders pursuant to the Reorganisation.

* for identification purpose only

30. PAID-IN CAPITAL/SHARE CAPITAL (Continued)

The Company (Continued)

On 11 May 2023, a class of preferred shares was set up, and authorised share capital of the Company was re-designated from HK$7,800,000 divided by 780,000,000 ordinary shares of HK$0.01 each to HK$7,800,000 divided by 775,000,000 ordinary shares of HK$0.01 each and 5,000,000 preferred shares of HK$0.01 each. On the same date, 4,791,427 preferred shares of HK$47,914 was allotted (the "**Preferred Shares**") and issued to Taobao China Holding Limited pursuant to the Reorganisation.

The Preferred Shares contain same voting right, right to dividend and right to share of net assets at liquidation as holders of ordinary shares except for preference at liquidation. The Preferred Shares, in whole or in part, can be converted into ordinary shares on a one-for-one basis and are convertible at any time after the date of issuance of the shares. Each Preferred Share shall be automatically redesignated into ordinary shares of the Company upon listing of the Company's shares on the Main Board of The Stock Exchange.

On 16 May 2023, 457,404 ordinary shares of HK$4,574 (RMB4,036) were allotted and issued to Easygo Warehouse Services Corporation pursuant to the Reorganisation.

Pursuant to the meeting of the board of directors dated 1 December 2023, the authorised share capital of the Company was increased from HK$7,800,000 divided by 775,000,000 ordinary shares of HK$0.01 each and 5,000,000 preferred shares of HK$0.01 each to HK$20,000,000 divided into 1,920,000,000 ordinary shares of HK$0.01 each and 80,000,000 preferred shares of HK$0.01 each by the creation of an additional 1,220,000,000 shares of par value of HK$0.01 each.

On 22 December 2023, the capitalisation issue pursuant to the shareholders' resolution dated 1 December 2023 was effected. The Company issued 594,259,588 shares at par value of HK$0.01 each to the shareholders, whose are on the shareholders list as at 18 December 2023, credited as fully paid at par, by way of capitalisation of an amount of HK$5,942,596 (approximately RMB5,399,000) standing to the credit of the share premium account of the Company.

On 22 December 2023, the Company issued a total of 140,000,000 new ordinary shares of HK$0.01 each at a price ordinary of HK0.90 (equivalent to RMB0.82) each upon the initial global offering and listing of the shares of the Company on The Stock Exchange with the total amounts of approximately RMB114,486,000. The number of total issued ordinary shares increased to 780,000,000 shares upon the capitalisation issue and the initial public offering. The new ordinary shares rank pari passu with the existing shares in all aspects. On the same day, all Preferred Shares are converted into ordinary shares automatically.

30. PAID-IN CAPITAL/SHARE CAPITAL (Continued)

The Company (Continued)

Ordinary shares

	Number of shares	Amount	Amount	Shown in consolidated financial statements
		HK$	*RMB*	*RMB'000*
Authorised ordinary shares at HKD0.01 per share:				
At 1 January 2023	38,000,000	380,000	335,288	335
Increase in authorised ordinary shares on 9 May 2023	742,000,000	7,420,000	6,546,944	6,547
Re-designate the authorised share capital on 11 May 2023	(5,000,000)	(50,000)	(44,117)	(44)
Increase in authorised ordinary shares on 1 December 2023	1,145,000,000	11,450,000	10,422,019	10,422
Conversion from preferred shares upon listing	80,000,000	800,000	726,782	727
At 31 December 2023, 1 January 2024 and 31 December 2024	2,000,000,000	20,000,000	17,986,916	17,987
Issued and fully paid ordinary shares at HK$0.01 per share:				
At 1 January 2023	1	—**	—**	—***
Issue of new ordinary shares on 9 May 2023	40,491,580	404,916	357,273	358
Issue of new ordinary shares on 16 May 2023	457,404	4,574	4,036	4
Conversion from preferred shares upon listing	4,791,427	47,914	42,276	42
Capitalisation issue	594,259,588	5,942,596	5,399,561	5,399
Issue of new ordinary shares upon listing	140,000,000	1,400,000	1,272,068	1,272
At 31 December 2023, 1 January 2024 and 31 December 2024	780,000,000	7,800,000	7,075,214	7,075

30. PAID-IN CAPITAL/SHARE CAPITAL (Continued)

The Company (Continued)

Preferred shares

	Number of shares	Amount *HK$*	Amount *RMB*	Shown in consolidated financial statements *RMB'000*
Authorised preferred shares at HKD0.01 per share:				
At 1 January 2023	—	—	—	—
Re-designate the authorised share capital on 11 May 2023	5,000,000	50,000	44,117	44
Increase in authorised preferred shares on 1 December 2023	75,000,000	750,000	682,665	683
Conversion into ordinary shares upon listing	(80,000,000)	(800,000)	(726,782)	(727)
At 31 December 2023, 1 January 2024 and 31 December 2024	—	—	—	—
Issued and fully paid preferred shares at HK$0.01 per share:				
At 1 January 2023	—	—	—	—
Issue of new preferred shares on 11 May 2023	4,791,427	47,914	42,276	42
Conversion into ordinary shares upon listing	(4,791,427)	(47,914)	(42,276)	(42)
At 31 December 2023,1 January 2024 and 31 December 2024	—	—	—	—

** Less than RMB1
*** Less than RMB1,000

31. RESERVES

(i) Other reserves

The other reserves of the Group arose as a result of (i) the acquisition of subsidiaries under common control and represented the difference between the consideration paid for the acquisition and the amount of share capital of subsidiaries; and (ii) the capital contribution paid by the pre-IPO investors of the subsidiary in excess of its paid-in capital prior to the Reorganisation.

On 16 May 2023, the Group has completed the Reorganisation and the difference between the cost of investment in Hangzhou FAR pursuant to the Reorganisation over the paid-in capital of RMB45,336,000 was transferred to the other reserves.

(ii) Statutory surplus reserves

According to the PRC Company Law, the subsidiary in the PRC is required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory surplus reserves until the reserves balance reaches 50% of the registered capital. The statutory surplus reserves can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital. The statutory surplus reserves are not distributable as cash dividends and appropriations must be transferred from retained earnings to the statutory surplus reserves before distribution of dividend to equity owners.

32. NON-CONTROLLING INTERESTS

	2024 ***RMB'000***	2023 *RMB'000*
At the beginning of the year	**(354)**	45
Share of loss for the year	**(64)**	(399)
At the end of the year	**(418)**	(354)

None of the subsidiaries have non-controlling interests that are material to the Group for both years.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within 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 balances. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 27, net of cash and cash equivalents disclosed in Note 23 and equity attributable to owners of the Company, comprising paid-in capital/issued share capital and reserves.

The directors of the Company regularly review and manage the Group's capital structure. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues as well as the raise of additional borrowings as additional finance or the redemption of existing borrowings.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024	2023
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost (including cash and cash equivalents)	**1,399,575**	930,441
Financial assets at FVTPL	**60,030**	—
	1,459,605	930,441
Financial liabilities		
Financial liabilities at amortised cost	**978,440**	526,872

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade receivables, deposits and other receivables, time deposit, cash and cash equivalents, trade payables, accruals and other payables and borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, market risk (i.e. currency risk and interest rate risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of the respective group entity.

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, financial assets at FVTPL payables and bank and cash balances that are denominated in foreign currencies. The currencies giving rise to this risk are primarily USD and HK$.

The following table demonstrates the sensitivity of the Group's profit for the year and the Group's equity as at 31 December 2024 and 2023 due to 5% change in the USD and HK$ exchange rate against the respective functional currencies of the Group's entities, with all other variables held constant.

	At 31 December 2024		At 31 December 2023	
	Change in foreign exchange rate	**(Decrease) increase on profit after tax and equity** *RMB'000*	Change in foreign exchange rate	(Decrease) increase on profit after tax and equity *RMB'000*
USD	**+5%**	**(325)**	+5%	(3110)
	-5%	**325**	-5%	3,110
HK$	**+5%**	**4,033**	+5%	836
	-5%	**(4,033)**	-5%	(836)

The 5% movement represents management's assessment of a reasonably possible change in foreign exchange rates over the period until the next annual reporting period.

The Group does not carry out hedging activities against its foreign currencies' exposures However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in related to fixed rate time deposit (Note 23) and borrowings (Note 27). The Group currently does not have an interest rate hedging policy. However, the management monitor interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to variable rate bank balances (Note 23). The management considers the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the management does not anticipate significant fluctuation in interest rate on bank balances due to their short-term maturities. Hence, no sensitivity analysis is presented.

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from trade receivables, deposits and other receivables, amount due from a related company, time deposit and cash and cash equivalents. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Group has applied the simplified approach under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix with appropriate grouping based on shared credit risk characteristics, estimated reference to historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In order to minimise the credit risk of other financial assets, the Group has assessed that the expected credit loss rates for these receivables based on past experience. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For amount due from a related company, in order to minimise the credit risk, directors continuously monitor the settlement status and the level of exposure to ensure that follow-up action is taken to recover overdue debts. In determining the 12-month ECL for amount due from a related company, the management of the Group has taken into account the historical default experience and forward-looking information, available without undue cost or effort as appropriate.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 73% (2023: 81%) of the total trade receivables was due from the Group's largest customer as at 31 December 2024 and 87% (2023: 89%) of the total trade receivables was due from the Group's five largest customers as at 31 December 2024.

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk grading to categories exposures according to their degree of risk of default. The management uses the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired (refer to as Stage 2)	Lifetime ECL — not credit-impaired
Default	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	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

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades:

	Notes	Internal credit rating	12-month or lifetime ECL	At 31 December 2024 Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables	19	(i)	Lifetime ECLs (not credit impaired) and simplified approach	**696,121**	**(35,712)**	**660,409**
Financial assets included in deposits and other receivables	21	Performing	12-month ECL	**41,174**	**(497)**	**40,677**
	21	Default	Lifetime ECL — credit impaired	**2,811**	**(2,811)**	**—**
Time deposit	23	Performing	12-month ECL	**249,856**	**—**	**249,856**
Cash and cash equivalents	23	Performing	12-month ECL	**448,633**	**—**	**448,633**

	Notes	Internal credit rating	12-month or lifetime ECL	At 31 December 2023 Gross carrying amount	Loss allowance	Net carrying amount
Trade receivables	19	(i)	Lifetime ECLs (not credit impaired) and simplified approach	511,405	(23,285)	488,120
Financial assets included in deposits and other receivables	21	Performing	12-month ECL	27,581	(580)	27,001
Amount due from a related company	22	Performing	12-month ECL	1,652	—	1,652
Time deposit	23	Performing	12-month ECL	4,622	—	4,622
Cash and cash equivalents	23	Performing	12-month ECL	409,046	—	409,046

Note:

(i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

34. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank and other borrowings as a significant source of liquidity and the management monitors the utilisation of bank borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for its financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	At 31 December 2024			
	Less than 1 year or on demand RMB'000	One to five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade payables	83,252	—	83,252	83,252
Accruals and other payables	37,797	—	37,797	37,797
Borrowings	858,545	—	858,545	857,391
	979,594	—	979,594	978,440
Lease liabilities	6,028	3,890	9,918	9,324

	At 31 December 2023			
	Less than 1 year or on demand RMB'000	One to five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade payables	232,523	—	232,523	232,523
Accruals and other payables	42,149	—	42,149	42,149
Borrowings	252,460	—	252,460	252,200
	527,132	—	527,132	526,872
Lease liabilities	10,992	7,176	18,168	17,334

34. FINANCIAL INSTRUMENTS (Continued)

(c) Fair values of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values due to their short-term maturities or due to insignificant impact of discounting.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	Fair value as at 31 December 2024 *RMB'000*	Fair value as at 31 December 2023 *RMB'000*	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of key inputs and significant unobservable input to fair value
Financial assets at FVTPL						
Unlisted investment funds	60,030	—	2	Quoted prices from financial institutions *(Note)*	N/A	N/A

Note: The fair value of unlisted investment funds was determined with reference to the fair value of underlying investments of the funds which are provided by the counterparty financial institutions.

There were no transfers into or out of Level 2 of fair value hierarchy during the year.

35. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties.

(a) Compensation of key management personnel

The remuneration of directors of the Company during the year is disclosed in Note 12.

(b) The Group entered into transactions with a related party with details as follows:

Names	Nature of transactions	2024 RMB'000	2023 RMB'000
Related parties:			
Shenzhen Yidatong Supply Chain Service Co., Ltd.* (深圳市一達通供應鏈服務有限公司) ("**Yidatong**")	Delivery services rendered	**137,258**	173,682
	Delivery services received	**92**	—

* for identification purpose only

Note: Before Reorganisation, Alibaba (China) Network Technology Co., Ltd., which is a subsidiary of Alibaba Group Holding Limited ("**Alibaba Holding**"), subscribed shares of the subsidiary now comprising the Group and becomes a shareholder of that subsidiary and appointed Mr. Wang Tiantian, to act as the director of that subsidiary.

On 11 May 2023, after the completion of the Reorganisation, Taobao China Holding Limited ("**Taobao China**") entered into a share subscription agreement with the Company. Since then, Taobao China became a shareholder of the Group and Taobao China appointed one non-independent director in accordance with the subscription agreement.

Yidatong is a subsidiary of Taobao China and Alibaba Holding and then becomes a related party of the Group.

(c) Other than disclosed somewhere in these consolidated financial statements, the following balances were outstanding at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Yidatong		
Trade receivables	**9,660**	11,517
Deposit paid	**500**	450

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

At the date of the report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name of subsidiaries	Place and date of Incorporation/ establishment	Paid-up capital/issued and registered ordinary share capital 31 December 2024	Paid-up capital/issued and registered ordinary share capital 31 December 2023	Percentage of effective equity interest attributable to the Group 31 December 2024	Percentage of effective equity interest attributable to the Group 31 December 2023	Principal activities
Indirectly held:						
Hangzhou FAR	The PRC 26 August 2004	**RMB45,740,412**	RMB45,740,412	**100%**	100%	Investment holdings and delivery services
浙江竟遠供應鏈管理有限公司 (Zhejiang Jingyuan Supply Chain Management Co., Ltd.*)	The PRC 22 February 2017	**RMB10,000,000**	RMB10,000,000	**100%**	100%	Investment holdings and delivery services
杭州爱遠供應鏈管理有限公司 (Hangzhou Aiyuan Supply Chain Management Co., Ltd.*).	The PRC 7 August 2015	**RMB1,000,000**	RMB1,000,000	**100%**	100%	Investment holdings and delivery services
杭州泛遠進出口有限公司 (Hangzhou FAR Import & Export Co., Ltd.*)	The PRC 13 October 2008	**RMB4,000,000**	RMB4,000,000	**100%**	100%	Delivery services
杭州勤添科技發展有限公司 (HangZhou Qintian Technology Development Co., Ltd.*)	The PRC 13 August 2009	**RMB3,000,000**	RMB3,000,000	**100%**	100%	Delivery services
四川匯通天下物流有限公司 (Sichuan Global Link Logistics Co. Ltd.*)	The PRC 30 October 2017	**RMB5,000,000**	RMB5,000,000	**100%**	100%	Delivery services
Shenzhen Global Link	The PRC 27 June 2016	**RMB20,000,000**	RMB20,000,000	**100%**	100%	Investment holdings and delivery services
浙江蔓草電子商務有限公司 (Zhejiang Mancao E-commerce Co., Ltd.*)	The PRC 28 March 2019	**RMB10,000**	RMB10,000	**100%**	100%	Delivery services
Global Link Logistics Services Limited	Hong Kong 20 June 2016	**HK$10,000**	HK$10,000	**100%**	100%	Delivery services
ZY Logistics Company Limited	Hong Kong 10 November 2017	**USD100,000**	USD100,000	**100%**	100%	Investment holdings

* for identification purpose only

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 *RMB'000*	2023 *RMB'000*
Non-current assets		
Property, plant and equipment	219	—
Right-of-use assets	2,291	—
Deposits	317	—
Investment in a subsidiary	141,409	141,409
	144,236	141,409
Current assets		
Amounts due from subsidiaries *(note (i))*	55,676	53,651
Financial assets at fair value through profit or loss	60,030	—
Cash and cash equivalents	37,249	101,748
	152,955	155,399
Current liabilities		
Accruals	1,681	1,953
Lease liabilities	979	—
Amount due to a subsidiary *(note (i))*	40,378	40,335
	43,038	42,288
Net current assets	109,917	113,111
Total assets less current liabilities	254,153	254,520
Non-current liability		
Lease liabilities	1,438	—
Net assets	252,715	254,520
Capital and reserves		
Share capital	7,075	7,075
Reserves *(note (ii))*	245,640	247,445
Total equity	252,715	254,520

Note (i):

Amounts due from/to subsidiaries are non-interest bearing, unsecured, repayable on demand and non-trade in nature.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note (ii): Movements in reserves

	Share premium *RMB'000*	**Other reserves** *RMB'000*	**Accumulated losses** *RMB'000*	**Total** *RMB'000*
At 1 January 2023	—	—	(13,230)	(13,230)
Loss and total comprehensive expense for the year	—	—	(26,783)	(26,783)
Arising from Reorganisation	—	192,237	—	192,237
Capitalisation issue	(5,399)	—	—	(5,399)
Issue of new ordinary shares upon listing	113,214	—	—	113,214
Transaction costs attributable to issue of new ordinary shares	(12,594)	—	—	(12,594)
At 31 December 2023 and 1 January 2024	95,221	192,237	(40,013)	247,445
Loss and total comprehensive expense for the year	—	—	(1,805)	(1,805)
At 31 December 2024	95,221	192,237	(41,818)	245,640

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(a) 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 what cash flow were, or future cash flow will be, classified in the consolidated statement of cash flow as cash flow from financing activities.

	Lease liabilities *RMB'000* *(Note 17)*	Borrowings *RMB'000* *(Note 27)*	Amount due to a director *RMB'000*	Interest payables *RMB'000*	Total *RMB'000*
At 1 January 2023	15,602	4,429	42	—	20,073
Cash flows in	—	551,600	—	—	551,600
Cash flows out	(11,077)	(303,829)	(42)	(3,508)	(318,456)
Finance costs incurred *(Note 9)*	704	—	—	3,768	4,472
Non-cash movement	12,105	—	—	—	12,105
At 31 December 2023 and 1 January 2024	**17,334**	**252,200**	**—**	**260**	**269,794**
Cash flows in	**—**	**1,615,821**	**—**	**—**	**1,615,821**
Cash flows out	**(11,289)**	**(1,010,630)**	**—**	**(17,727)**	**(1,039,646)**
Finance costs incurred *(Note 9)*	**733**	**—**	**—**	**18,621**	**19,354**
Non-cash movement	**2,546**	**—**	**—**	**—**	**2,546**
At 31 December 2024	**9,324**	**857,391**	**—**	**1,154**	**867,869**

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024	2023
	RMB'000	*RMB'000*
Within operating cash flows	**1,919**	1,729
Within financing cash flows	**11,289**	11,077
Total cash outflows for leases	**13,208**	12,806

39. MAJOR NON-CASH TRANSACTION

Save as disclosed in Note 17, the Group had no other non-cash transactions for both years.

40. SUBSEQUENT EVENTS

On 1 January 2025, the Group signed a share subscription agreement with AC Carrier Technologies Inc. ("**AC Carrier**"), a US company, to subscribe 372,189 shares of AC Carrier. The total consideration is US$500,000 (approximately RMB3,594,000). After the subscription, the Group holds 5% shares of AC Carrier and has the right to appoint one of three directors of AC Carrier. Therefore, AC Carrier becomes an associate of the Group.

On 3 January 2025, the Group signed a share purchase agreement with Hi5s, a US LLC, and Hard8, a US LLC, to acquire Advanced Logistics Solutions LLC ("**ALS**"), a US company. The total consideration is US$635,000 (approximately RMB4,567,000). After the purchase, the Group holds 30% shares of ALS and has the right to appoint one of three managers of ALS. Therefore, ALS becomes an associate of the Group. Details are included in the Company's announcement dated 6 January 2025.

On 7 March 2025, the Group, Swift Express Holding Limited ("**Swift**") and Fason Investment Limited ("**Fason**"), a company incorporated in the British Virgin Islands with limited liability, entered into a non-legally binding memorandum of understanding in relation to the Group's proposed acquisition of not less than 60% shareholding interests in Fason, which is currently 100% held by Swift. Details are included in the Company's announcement dated 10 March 2025.

Financial Summary

The summary of the consolidated results of the Group for each of the years ended 31 December 2020, 2021 and 2022 and the summary of the consolidated assets and liabilities of the Group as at 31 December 2020, 2021 and 2022 have been extracted from "Appendix I — Accountant's Report" of the Prospectus in connection with the Listing on the Listing Date. For the basis of preparation, please refer to note 2 "Basis of preparation" under "Appendix I — Accountant's Report" of the Prospectus for details. The summary below does not form part of the audited financial statements.

	For the year ended 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Revenue	1,512,148	1,353,686	1,251,983	2,045,883	**2,982,719**
Cost of sales	(1,388,924)	(1,253,830)	(1,147,318)	(1,888,921)	**(2,767,916)**
Gross profit	123,224	99,856	104,665	156,962	**214,803**
Other income, gains and losses, net	5,311	4,927	4,764	1,087	**(9,767)**
Selling expenses	(2,894)	(5,750)	(7,218)	(10,026)	**(15,414)**
Administrative and other expenses	(47,778)	(51,586)	(66,026)	(96,991)	**(71,039)**
(Impairment loss) reversal of impairment loss on trade and other receivables	(3,617)	1,424	622	(8,777)	**(18,441)**
Finance costs	(3,266)	(843)	(913)	(4,472)	**(19,354)**
Profit before tax	70,980	48,028	35,894	37,783	**80,788**
Income tax expenses	(18,285)	(11,136)	(10,097)	(10,833)	**(11,577)**
Profit for the year	52,695	36,892	25,797	26,950	**69,211**
Other comprehensive (expense) income for the year:					
Item that may be reclassified subsequently to profit or loss					
Exchange difference arising on translating foreign operations	(246)	(282)	3,186	736	**1,441**
Total comprehensive income for the year	52,449	36,610	28,983	27,686	**70,652**
Profit (loss) attributable to:					
— Owners of the Company	52,715	36,932	25,766	27,349	**69,275**
— Non-controlling interests	(20)	(40)	31	(399)	**(64)**
	52,695	36,892	25,797	26,950	**69,211**
Total comprehensive income (expense) attributable to:					
— Owners of the Company	52,469	36,650	28,952	28,085	**70,716**
— Non-controlling interests	(20)	(40)	31	(399)	**(64)**
	52,449	36,610	28,983	27,686	**70,652**

	As at 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Non-current assets	184,119	182,131	187,380	189,779	**190,771**
Current assets	345,217	492,461	426,903	1,017,335	**1,531,560**
Total assets	529,336	674,592	614,283	1,207,114	**1,722,331**
Non-current liabilities	6,753	11,464	7,556	6,977	**3,736**
Current liabilities	145,965	112,653	97,922	548,494	**996,300**
Total liabilities	152,718	124,117	105,478	555,471	**1,000,036**
Total equity	376,618	550,475	508,805	651,643	**722,295**

Definitions

"AGM"	the annual general meeting of the Company
"Alibaba China"	Alibaba (China) Network Technology Co., Ltd.* (阿里巴巴(中國)網絡技術有限公司), a company established under the laws of the PRC with limited liability
"Alibaba Holding"	Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988)
"Alibaba Group"	refers to Alibaba Holding and its subsidiaries (including Alibaba China)
"Articles of Association"	the amended and restated articles of association of the Company conditionally adopted on 1 December 2023 and effective on the Listing Date, as amended or supplemented from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company
"BVI"	the British Virgin Islands
"Cayman Companies Act"	the Companies Act (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Chairman"	chairman of the Board
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual report only and except where the context requires otherwise, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan region
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules

"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company"	FAR International Holdings Group Company Limited 泛遠國際控股集團有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 24 November 2022, and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2516)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and in the case of the Company, means Mr. Wang Quan, Zi Yue, Gensis FAR Holdings Limited and Hangzhou Aiyuan L.P.
"Deed of Non-Competition"	the deed of non-competition dated 1 December 2023 executed by the Controlling Shareholders in favour of the Company (for itself and as trustee for and on behalf of its subsidiaries), particulars of which are set out in the section headed "Relationship with controlling shareholders — Non-competition undertakings" in the Prospectus
"Director(s)"	the director(s) of the Company
"Global Link"	Global Link Logistics Services Limited (航港物流有限公司), a company incorporated in Hong Kong with limited liability on 20 November 2006 and an indirect wholly-owned subsidiary of the Company
"Group", "our", "we", "us" or "our Group"	the Company and its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the business operated by such subsidiaries
"Hangzhou Aiyuan"	Hangzhou Aiyuan Supply Chain Management Co., Ltd.* (杭州愛遠供應鏈管理有限公司), a company established in the PRC with limited liability on 7 August 2015 and an indirectly wholly-owned subsidiary of the Company
"Hangzhou Aiyuan L.P."	Hangzhou Aiyuan Investment Management Partnership (Limited Partnership)* (杭州愛遠投資管理合夥企業(有限合夥)), a limited partnership established in the PRC
"Hangzhou FAR"	Hangzhou FAR International Logistics Co., Ltd.* (杭州泛遠國際物流有限公司), formerly known as Hangzhou FAR International Logistics Shareholding Co. Ltd.* (杭州泛遠國際物流股份有限公司), a company established in the PRC with limited liability on 26 August 2004 and an indirectly wholly-owned subsidiary of the Company

"HK$" or "Hong Kong dollars" or "HK dollars" or "HKD"	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Investment Committee"	the investment committee of the Board
"Listing Date"	22 December 2023, on which trading in the Shares first commence on the Main Board of the Stock Exchange
"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. For the avoidance of doubt, the Main Board excludes GEM of the Stock Exchange
"Memorandum"	the amended and restated memorandum of association of the Company conditionally adopted on 1 December 2023 and effective on the Listing Date, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus of the Company dated 12 December 2023
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	for the year ended 31 December 2024
"SFO"	the 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 shares in the share capital of the Company with a par value of HKD0.01 each

"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Global Link"	Shenzhen Global Link Logistics Services Limited* (深圳市匯通天下物流有限公司), a company established in the PRC with limited liability on 23 November 2006 and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it in Section 15 of the Companies Ordinance
"Substantial Shareholder(s)" or "substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Zi Yue"	Zi Yue Holdings Limited (子越控股有限公司), a limited liability company established under the laws of BVI on 8 June 2022 and wholly-owned by Mr. Wang Quan
"%"	per cent.

* *For identification purposes only*