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If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker or their registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in FAR International Holdings Group Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**MAJOR TRANSACTION
ACQUISITION OF THE TARGET COMPANIES AND
SUBSCRIPTION FOR NEWLY ISSUED SHARES OF
ONE OF THE TARGET COMPANIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM to be held at Room 201, Hangzhou Cross-border e-commerce Industrial Park, No. 22 Changcheng Street, Gongshu District, Hangzhou City, Zhejiang Province, PRC on 27 April 2026 (Monday) at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular for despatch to the Shareholders. Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable but in any event by 10:00 a.m. on Saturday, 25 April 2026 or not later than 48 hours before the time specified for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

2 April 2026

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Announcement”	the announcement of the Company dated 20 January 2026 in relation to, among others, the Transactions
“Agreement”	the transaction framework agreement entered into among the Company, the Sellers, the Target Companies
“Ancillary Agreements”	the COPE SPA, the Hyperlinking SPA, the Subscription Agreement and the Instrument of Transfer
“Board”	the board of Directors
“Business Days”	days other than Saturday, Sunday or public holiday in Hong Kong
“Capital Investment”	Two Million US Dollars (US\$2,000,000) contributed by the Company to subscribe for the New Shares in COPE
“Cash Compensation”	the cash amount payable by the Founders to the Company as compensation for failure to achieve Satisfactory Performance, calculated in accordance with the formula set out in the Valuation-Adjustment Mechanism in the Agreement, not exceeding 10% of the Total Purchase Price for First Stage Transactions in any single fiscal year
“Closing”	the completion of the First Stage Transactions contemplated under the Agreement
“Closing Date”	the date on which the Closing actually occurs
“Company” or “the Investor”	FAR International Holdings Group Company Limited (泛遠國際控股集團有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2516)
“COPE”	COPE Services Incorporated, a California corporation

DEFINITIONS

“COPE Holding”	Colink First HK Limited, a Hong Kong company which holds shares of COPE
“COPE SPA” and “Hyperlining SPA”	the stock purchase and shareholders agreement relating to COPE Holding and Hyperlining Holding respectively
“COPE Transferred Shares”	all of the outstanding shares of COPE Holding to be sold and transferred by the Trust to the Company under the COPE SPA
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held on 27 April 2026 (Monday) at 10:00 a.m. at Room 201, Hangzhou Cross-border e-commerce Industrial Park, No. 22 Changcheng Street, Gongshu District, Hangzhou City, Zhejiang Province, PRC to approve, among other things, the Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the consolidation of the Target Company I and the Target Company II
“Equity Compensation”	the shares in each Target Company to be transferred by the Sellers to the Company as compensation for failure to achieve Satisfactory Performance, calculated in accordance with the formula set out in the Valuation-Adjustment Mechanism in the Agreement, not exceeding 10% of the total issued and outstanding shares of each Target Company in any single fiscal year
“FAR Luxembourg Holdings Sarl”	a wholly-owned subsidiary of the Company
“First Stage Acquisitions”	the acquisition of the Transferred Shares
“First Stage Transactions”	the First Stage Acquisitions and the Subscription
“Fiscal Year” or “FY”	the financial year runs from 1 January–31 December

DEFINITIONS

“Founders”	Mr. Qingguo Zheng and Ms. Wen An collectively
“GAAP”	Hong Kong Financial Reporting Standards (HKFRS), or such other accounting standards as may be mutually agreed upon in writing by the Parties
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hyperlining”	Hyperlining LLC, a California limited liability company (formerly known as Hyperlining Inc.)
“Hyperlining Holding”	Hyperlining Holdings HK Limited, a Hong Kong company holding interests in Hyperlining
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and their respective associates within the meaning of the Listing Rules
“Instrument of Transfer”	the document assigning and transferring the Transferred Shares to the Company, forming part of the Ancillary Agreements
“Latest Practicable Date”	31 March 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Mr. Zheng”	Mr. Qingguo Zheng, founder and chief executive officer of COPE, a citizen of PRC and lawful permanent resident of the United States
“Ms. An”	Ms. Wen An, the founder and chief executive officer of Hyperlining, a citizen of the United States
“New Shares”	690 new common shares in COPE to be issued to the Investor
“Performance Period”	the three consecutive full fiscal years starting from the 2025 Fiscal Year
“Performance Targets”	the minimum annual performance targets for the Target Companies as set out in Section 7(a) of this announcement
“PRC” or “China”	the People’s Republic of China
“Sellers”	Mr. Qingguo Zheng, Ms. Wen An and the Zhenith Family Trust collectively
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Shares”	the shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement pursuant to which the Company will subscribe for new shares in COPE
“Subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Target Companies”	COPE and Hyperlining
“Total Compensation for First Stage Transactions”	the total consideration payable by the Company for First Stage Transactions, subject to any downward adjustment of Equity Compensation triggered by VAM

DEFINITIONS

“Total Purchase Price for First Stage Acquisitions”	the consideration payable by the Company to the Sellers for the Transferred Share
“Total Valuation”	the agreed aggregate valuation of COPE and Hyperlining of US\$31,062,252
“Transactions”	the First Stage Transactions, together with the Shareholding Increase Plan and Final Equity Acquisition, as contemplated under the Agreement
“Transferred Shares”	the COPE Transferred Shares and the Hyperlining Transferred Shares collectively
“Trust”	The Zhenith Family Trust dated October 18, 2025, a trust established under the laws of Wyoming, with Jackson Hole Trust Company as its trustee
“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation-Adjustment Mechanism” or “VAM”	the mechanism under which the Sellers may provide equity or cash compensation to the Investor if the Target Companies fail to achieve the Performance Targets
“Valuation Date”	31 December 2025
“Valuation Report”	the report prepared by the Valuer on the market value of the 51% equity interest in the Target Companies as at the Valuation Date
“Valuer”	International Valuation Limited, an independent valuer
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of US\$ into HK\$ in this circular is based on the exchange rate of US\$1.00 to HK\$7.7806. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Quan
Mr. Yang Zhilong
Mr. Zhang Guangyang
Mr. Shi Dite

Registered office:

Suite 210, 2nd Floor
Windward III, Regatta Office Park
Grand Cayman KY1-1106
Cayman Islands

Non-executive Directors:

Ms. Yi Yun
Mr. Yao Shenjie

Principal place of business in Hong Kong:

Room 1603, 16/F
China Building,
29 Queen's Road Central
Hong Kong

Independent non-executive Directors:

Mr. Ye Xingyue
Mr. Ren Tiangan
Ms. Wang Jiaofei

2 April 2026

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF THE TARGET COMPANIES AND
SUBSCRIPTION FOR NEWLY ISSUED SHARES OF
ONE OF THE TARGET COMPANIES
AND
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LETTER FROM THE BOARD

Reference is made to the Announcement.

The purpose of this circular is to provide the Shareholders with information in respect of, among others, (i) further details of the Agreement and the transactions thereunder; (ii) the financial information of the Target Companies; (iii) the financial information of the Group; (iv) the valuation report of the Target Companies; and (v) the EGM and other information in accordance with the requirements of the Listing Rules.

THE AGREEMENT

The principal terms of the Agreement are set out as follows:

Date

20 January 2026

Parties

- (i) the Company as the Investor;
- (ii) COPE Services Incorporated;
- (iii) Hyperlining LLC;
- (iv) Mr. Qingguo Zheng;
- (v) Ms. Wen An;
- (vi) the Zhenith Family Trust;

(collectively as the “**Parties**”, each individually as a “**Party**”).

Transaction

The Company will acquire the COPE Transferred Shares from the Trust, subscribe for the New Shares in COPE, and acquire the Hyperlining Transferred Shares from Ms. An. The acquisitions will be effected under the Ancillary Agreements.

LETTER FROM THE BOARD

Consideration and Payment

(a) Calculation of Total Compensation for First Stage Transactions

The Parties have agreed as follows:

- (i) the aggregate valuation of the Target Companies (the “**Total Valuation**”) is agreed to be US\$31,062,252 (equivalent to approximately HK\$241,682,957.91); and
- (ii) the total consideration payable by the Company to the Sellers for the Transferred Shares and to COPE for the New Shares shall be US\$15,777,006 (equivalent to approximately HK\$122,754,572.77), as adjusted in accordance with the mutually agreed adjustments between the Company and the Sellers.

(b) Consideration for the Transferred Shares

The total amount of purchase price payable by the Company to the Sellers as consideration for the acquisition of all of the Transferred Shares (the “**Total Purchase Price for First Stage Transactions**”) shall be paid by the Company at the Closing by wire transfer of immediately available funds in US dollars, and the Total Purchase Price for First Stage Transactions shall:

(i) be equal to

- (1) an amount in cash equal to US\$15,777,006 (equivalent to approximately HK\$122,754,572.77),
- (2) less the amount of the Capital Investment (as defined below),
- (3) less an amount, to the extent applicable, equal to the cash compensation as provided in the Agreement payable if, and only if, the Target Companies fail to achieve the Performance Target for the 2025 Fiscal Year, and
- (4) less fifty percent (50%) of the auditing costs, expenses and any auditing-related assessment fees (the “**Auditing and Assessment Fees**”), in an aggregated amount of US\$140,000 (equivalent to approximately HK\$1,089,284) and HK\$140,000 provided that the Parties hereby acknowledge and agree to adopt 1:7.7806 as the currency exchange rate (as of the Closing Date) between the US Dollars and the Hong Kong Dollars for the purposes of the Agreement.

LETTER FROM THE BOARD

The Target Companies have met the Performance Target for the 2025 Fiscal Year. Accordingly, the Total Purchase Price for the First Stage Transaction has been determined to be US\$13,698,009.26 (equivalent to approximately HK\$106,578,730.85).

(c) Consideration for the New Shares

The Company agrees to contribute US\$2,000,000 (equivalent to approximately HK\$15,561,200) (the “**Capital Investment**”) to subscribe for the new shares in COPE. At the Closing or such other time mutually agreed between the Company and the Sellers, the Capital Investment shall be deposited into a business bank account of COPE, jointly designated by the Sellers and the Company.

FAR Luxembourg Holdings Sarl, a wholly owned subsidiary of the Company will pay for the Capital Investment.

The Consideration will be satisfied by way of the Group’s internal resources and/or bank facilities.

Conditions Precedent

The Transactions shall be implemented subject to the fulfillment (or waiver in writing by the Company) of all the following conditions precedent:

- (1) The Sellers and the Target Companies shall use commercially reasonable efforts to (i) prepare and timely file any federal, state, or local Tax Returns for the taxable year ended December 31, 2024, (ii) pay any remaining tax liabilities for the taxable year ending December 31, 2024, and (iii) make sufficient tax payments (regardless of whether such payments are made timely) for the full taxable year ending December 31, 2025.
- (2) The Company shall be responsible for obtaining all necessary approvals in connection with the transactions contemplated hereby, including, without limitation, approvals from: (i) the board of directors and shareholders of the Company, and (ii) the Ministry of Commerce of the PRC (MOFCOM), the State Administration of Foreign Exchange, and the National Development and Reform Commission (NDRC) of the PRC, the Stock Exchange of Hong Kong Limited (SEHK), and China Securities Regulatory Commission (CSRC).

LETTER FROM THE BOARD

- (3) The Sellers and the Target Companies shall cooperate with the Company and shall use commercially reasonable efforts to provide such assistance and support as may be necessary or desirable in connection with the foregoing approvals set forth in (2) above.
- (4) The Sellers shall be responsible for obtaining all requisite approvals in connection with the transactions contemplated herein, including, without limitation, approvals from the respective boards of directors and shareholders of the Target Companies.

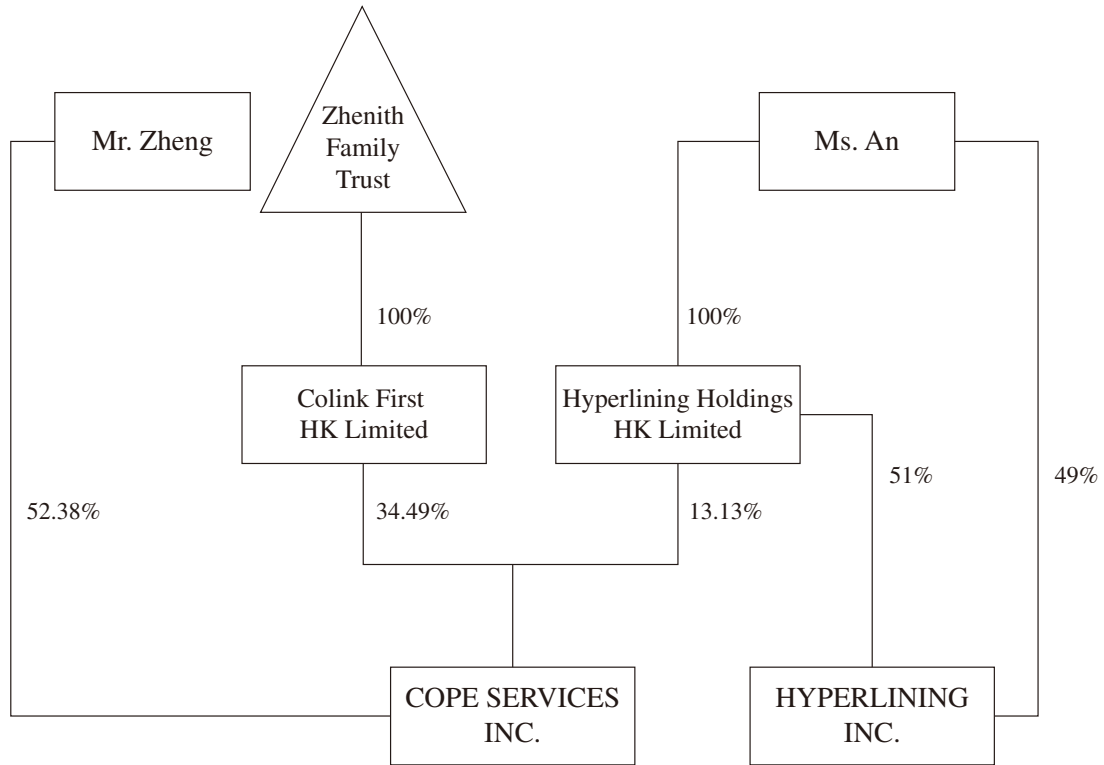
The Agreement and the Ancillary Agreements may be terminated prior to the Closing if (i) any of the conditions precedent (other than (2) above) has not been satisfied and not waived by the Company within ninety (90) days after the date of the Agreement or such other extended period as may be agreed by the Parties; and/or (ii) the conditions precedent set forth in (2) above has not been satisfied within ninety (90) days after the date of the Agreement or such other extended period as may be agreed by the Parties.

Closing and Post-Closing Shareholding Structure

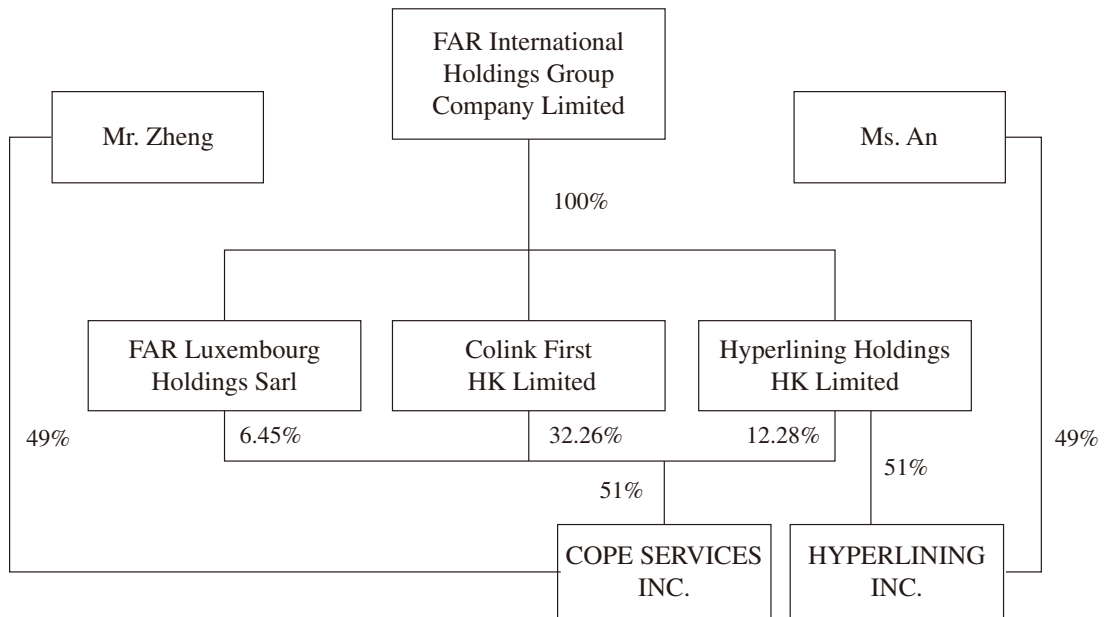
The Closing of the Transactions will take place at such time and place as may be agreed by the Parties. At the Closing, the Target Companies, the Sellers, and the Company, as applicable, shall enter into the Ancillary Agreements and the Sellers will transfer the COPE Transferred Shares and Hyperlining Transferred Shares to the Company free of encumbrances, against payment of the relevant portion of the Consideration, and Mr. Zheng will cause COPE to issue and allot the New Shares to the Company. COPE Holding and Hyperlining Holding will update their registers to reflect the Company as shareholder. Upon completion, the Company will become the sole shareholder of COPE Holding and Hyperlining Holding, will hold 44.55% of COPE through COPE Holding and Hyperlining Holding, and FAR Luxembourg Holdings Sarl, a wholly owned subsidiary of the Company, will hold 6.45% newly issued shares of COPE directly. In aggregate, the Company will hold 51% of COPE and 51% of Hyperlining through Hyperlining Holding.

LETTER FROM THE BOARD

Shareholding Structure of the Target Companies before Completion



Shareholding Structure of the Target Companies after Completion



LETTER FROM THE BOARD

Valuation-Adjustment Mechanism

(I) Performance Commitment

- (a) In addition to the representations and warranties provided by the Sellers under the Agreement, the Founders hereby represent, warrant, and undertake that the Target Companies shall achieve the following minimum annual performance targets, subject to that certain adjustments as provided in the Agreement (individually as the “**Annual Performance Target**” or collectively, the “**Performance Targets**”) for each of the three (3) consecutive full fiscal years starting from the 2025 Fiscal Year (each a “**Performance Year**” or collectively, as the “**Performance Period**”):

Fiscal Year <i>(from mm/dd/yyyy to mm/dd/yyyy)</i>	Annual Performance Target <i>(US Dollars)</i>
2025	\$8,000,000
2026	\$12,000,000
2027	\$16,200,000

- (b) The Founders further agree that the Target Companies shall maintain accurate and complete financial records in accordance with GAAP, or such other accounting standards as may be mutually agreed upon in writing by the Parties. The financial performance of the Target Companies shall be subject to annual audit, as further described in the Agreement.
- (c) The Parties acknowledge and agree that the pre-tax net profit of the Target Companies (the “**Pre-tax Net Profit**”) for each Performance Year shall be determined pursuant to the audited financial statements prepared by a reputable accounting firm acceptable to both the Founders and the Investor, and subject to joint review and verification of both the Founders and the Investor (the “**Audited Financial Statements**”). The Parties agree to cooperate fully in the audit process and shall provide all necessary information, data, and support reasonably requested by the auditors for the purpose of determining whether the Performance Targets have been met. Such Audited Financial Statements shall be prepared in accordance with GAAP, or such other accounting standards as may be mutually agreed upon in writing by the Parties. The special business performance of the Target Companies (the “**Special Business Performance**”) shall be equal to the Pre-tax Net Profit, subject to the following adjustments:

LETTER FROM THE BOARD

- (i) When determining the Special Business Performance for a particular fiscal year, and with respect to the recognition of warehouse rental costs of the Target Companies that enjoy a rent-free period, the Parties agree that such warehouse rental costs shall not be accounted for or adjusted in accordance with GAAP or International Financial Reporting Standards (“IFRS”). Additionally, for the purpose of determining the warehouse rental costs during the twelve (12) months immediately following the commencement date of the lease term, the monthly rental cost shall be calculated as the actual total rental amount payable by the Target Companies for the first twelve (12) months from the commencement date of the lease, divided by twelve (12). Starting from the thirteenth (13th) month of the lease term and thereafter, the monthly rental cost shall be recognized based on the actual rental payments made by the applicable Target Company. The above method of recognition shall apply to all warehouse leases with rent-free arrangements, whether effective as of the date hereof or entered into in the future by the Target Companies. For the avoidance of doubt, with respect to any warehouse lease without a rent free period, no adjustment shall be made to the warehouse rental costs in accordance with GAAP or IFRS for the purpose of determining the Special Business Performance. Instead, the rental cost shall be recognized based on the annual rental amount as provided in the relevant lease agreements.
- (ii) For the purpose of determining the Special Business Performance, any cost related to the chief strategic officer appointed by the Investor to the Target Companies, including but not limited to, salaries, bonuses, incentives and reimbursements, incurred during a given Performance Year, if paid by the Target Companies, shall be deducted from the Target Companies’ costs for the purpose of determining the Special Business Performance of that Performance Year.

(II) Triggering of the Valuation-Adjustment Mechanism

The Founders and the Investor agree that the Valuation-Adjustment Mechanism set forth in the Section 6.02 of the Agreement (the “**Valuation Adjustment Mechanism**” or “**VAM**”) shall be triggered if the Target Companies fail to achieve any of the following: (i) the Target Companies’ special Business Performance for 2025 Fiscal Year is not lower than one hundred percent (100%) of the Annual Performance Target for the 2025 Fiscal Year, (ii) the Target Companies’ special Business Performance for 2026 Fiscal Year is not lower than ninety percent (90%) of the Annual Performance Target for the 2026 Fiscal Year, or (iii) the Target Companies’ special Business Performance for 2027 Fiscal Year is not lower than ninety percent (90%) of the Annual Performance Target for the 2027 Fiscal Year (collectively, the “**Satisfactory Performance**”).

LETTER FROM THE BOARD

(III) Compensation for Failure to Achieve Satisfactory Performance

The Founders and the Investor further agree that if the VAM is triggered due to fact that the Target Companies fail to achieve any Satisfactory Performance pursuant to Section 6.02 of the Agreement, the Founders shall, at their sole discretion, provide compensation in one of the following forms to the Investor, provided, however, that any compensation for the 2025 Fiscal Year shall be paid in cash by way of deduction from the Total Purchase Price for First Stage Transaction:

- (a) **Equity Compensation.** The Seller shall transfer to the Investor a number of shares in each Target Company (the “**Equity Compensation**”) calculated in accordance with the following formula:

$$X1 = [(CPT-CAP)/TPT] * 51\% - EAC - (CCA2025/TT)$$

For purposes of the foregoing formula, the following definitions shall apply:

- (i) X1 shall mean the equity compensation ratio for each specific Performance Year;
- (ii) CPT shall mean the cumulative performance target for all Performance Years elapsed;
- (iii) CAP shall mean the cumulative Special Business Performance for all Performance Years elapsed;
- (iv) TPT shall mean the total number of the Performance Targets;
- (v) EAC shall mean the percentage of the equity interests already compensated by the Founders to the Company as of the date of calculation of the above formula;
- (vi) CCA2025 shall mean the amount of cash compensation, if any, for the 2025 Fiscal Year; and
- (vii) TT shall mean the Total Valuation.

The Equity Compensation shall equally apply to each company and shall not exceed ten percent (10%) of the total issued and outstanding shares of each company in any single fiscal year. All shares transferred as Equity Compensation shall be free and clear of any

LETTER FROM THE BOARD

liens, pledges, encumbrances, or other third-party claims and shall be transferred to the Company within thirty (30) calendar days following the completion and delivery of the final Audited Financial Statements for the applicable fiscal year.

For illustrative purpose, if the Target Company achieves its performance target in 2025 but fails to meet the target in 2026, recording only USD10 million, the equity compensation would be calculated as follows:

$$[(800+1200)-(800+1000)]/(800+1200+1620) \times 51\% - 0 = 2.82\%$$

This means that 2.82% of shareholding would need to be compensated.

- (b) **Cash Compensation.** Alternatively, if so elected by the Founders, the Founders shall pay to the Investor an amount calculated as follows (the “**Cash Compensation**”):

$$X2 = \left(\frac{CPT - CAP}{TPT} \right) \times 51\% \times TT - CAC$$

For purposes of the foregoing formula, the following definitions shall apply:

- (i) X2 shall mean the cash compensation amount for each specific Performance Year;
- (ii) CPT shall mean the cumulative performance target for all Performance Years elapsed;
- (iii) CAP shall mean the cumulative Special Business Performance for all Performance Years elapsed;
- (iv) TPT shall mean the total number of the Performance Targets;
- (v) CAC shall mean the amount of cash already compensated by the Founders to the Company as of the date of calculation of the above formula; and
- (vi) TT shall mean the Total Valuation.

The maximum cash compensation provided in respect of underperformance in any single fiscal year shall not exceed ten percent (10%) of the Total Purchase Price for First Stage Transactions. Any payment of Cash Compensation shall be made in immediately available funds within thirty (30) days following the finalization of the Audited Financial Statements for the respective Performance Year. For the avoidance of doubt,

LETTER FROM THE BOARD

the Founders and the Investor agree that, in the event that the VAM is triggered and the Founders elect for the Cash Compensation, the Founders shall, at their sole discretion, decide to pay such Cash Compensation in US dollars or Renminbi. In case the Founders elect to pay the Cash Compensation in Renminbi, the Founders shall pay to the Investor such amount equal to the Cash Compensation Amount converted at the then-effective central parity exchange rate published by the People's Bank of China on the date of such payment.

For illustrative purpose, if the Target Company achieves its performance target in 2025 but fails to meet the target in 2026, recording only USD10 million, the cash compensation would be calculated as follows:

$$[(800+1200)-(800+1000)]/(800+1200+1620)\times 51\%\times 31,062,252-0=875,235$$

This means that USD875,235 will be compensated.

(IV) No Additional Consideration

For the avoidance of doubt, the Seller expressly acknowledges and agrees that, other than the Total Purchase Price for First Stage Transactions provided for under the Agreement, the Sellers shall not be entitled to, nor shall the Investor be obligated to provide, any additional consideration, compensation, or payment of any kind in connection with the Transferred Shares.

(V) Finality of Compensation

Any Equity Compensation or Cash Compensation provided in the Agreement shall be final, conclusive, and non-reversible. The Seller shall have no right to reclaim or recover any such compensation, whether in whole or in part, notwithstanding any financial overperformance by COPE in any subsequent fiscal year during or after the Performance Period.

The Annual Performance Target shall be equal to the Pre-tax Net Profit, subject to the following adjustments:

- (i) When determining the Special Business Performance for a particular fiscal year, and with respect to the recognition of warehouse rental costs of the companies that enjoy a rent-free period, the Parties agree that such warehouse rental costs shall not be accounted for or adjusted in accordance with GAAP or International Financial Reporting Standards ("IFRS"). Additionally, for the purpose of determining the warehouse rental costs during the twelve (12) months immediately following the commencement date of the lease term, the monthly rental cost shall be calculated as the actual total rental

LETTER FROM THE BOARD

amount payable by the companies for the first twelve (12) months from the commencement date of the lease, divided by twelve (12). Starting from the thirteenth (13th) month of the lease term and thereafter, the monthly rental cost shall be recognized based on the actual rental payments made by the applicable company. The above method of recognition shall apply to all warehouse leases with rent-free arrangements, whether effective as of the date hereof or entered into in the future by the companies. For the avoidance of doubt, with respect to any warehouse lease without a rent-free period, no adjustment shall be made to the warehouse rental costs in accordance with GAAP or IFRS for the purpose of determining the Special Business Performance. Instead, the rental cost shall be recognized based on the annual rental amount as provided in the relevant lease agreements.

- (ii) For the purpose of determining the Special Business Performance, any cost related to the chief strategic officer appointed by the Investor to the companies, including but not limited to, salaries, bonuses, incentives and reimbursements, incurred during a given Performance Year, if paid by the companies, shall be deducted from the companies' costs for the purpose of determining the Special Business Performance of that Performance Year.

In determining the Special Business Performance rental costs, the rental expense for the first twelve months of a lease is calculated by aggregating the rental payments payable during that period and allocating such amount evenly over twelve months. This treatment is intended to mitigate the distortion that may arise where rent-free periods are concentrated in a single year and to facilitate a more consistent assessment of operating performance. From the thirteenth month onwards, the Special Business Performance rental costs are recognised based on the actual cash rental payments.

LETTER FROM THE BOARD

For illustration of how the Special Business Performance is calculated and how the Annual Performance Target is adjusted by the Special Business Performance, assuming the following facts for a Target Company signing a new lease for a particular fiscal year:

Details	Assumptions	Notes
Lease terms	6 years	
Rental-free period	First 3 months	
Monthly cash payment after lease-free period	US\$30,000	
Discount rate applied	5% per annum	
Total lease payments (ignore time value)	US\$2,070,000	US\$30,000 × 69
Present value of lease payment (eq. to right-of-use assets/lease liability)	US\$1,786,880	Discounted at 5%, approximately
Depreciation on right-of-use assets (Year 1)	US\$297,813	eq. to US\$1,786,880/6
Lease Interest expenses (Year 1)	US\$77,164	5% @ weighted-average lease liability
Total GAAP related expenses (Year 1)	US\$374,977	Sum of depreciation and interest
GAAP pre-tax net profit	US\$1,000,000	A
Add back: GAAP lease expenses	+US\$374,977	From above
Adjusted profit before Special Business Performance rental costs	US\$1,374,977	B
Less: Special Business Performance rental costs for the year	(US\$270,000)	C, [eq. to US\$30,000 × 9 + US\$nil × 3]
Special Business Performance	US\$1,104,977	E=B-C
Difference between GAAP and non-GAAP	US\$104,977	F=E-A

Accordingly, the Special Business Performance is measured by reference to **US\$1,104,977**, rather than the GAAP pre-tax net profit, to reflect a performance basis that the Parties consider more representative of the Target Company's underlying operating performance during periods affected by new leases with rent-free periods.

The performance targets were set having regard to the industry prospects and expected growth trend of the Target Companies.

LETTER FROM THE BOARD

In total, the Target Companies' own pre-tax net profits were US\$0.9 million in 2023, and US\$4.0 million in 2024, and US\$8.0 million in 2025, with year-on-year growth rates of 319.9% in 2024 and 100.4% in 2025.

The Group's own pre-tax net profits were RMB35.9 million in 2022, RMB37.8 million in 2023, and RMB80.8 million in 2024, with year-on-year growth rates of 5.3% in 2023 and 113.8% in 2024.

According to QYResearch, an independent global market research company, the global cross-border warehousing market was valued at approximately US\$41.57 billion in 2024 and is projected to reach US\$130.56 billion by 2031, representing a compound annual growth rate ("CAGR") of 21.0% during 2025–2031.

Taking into account the historical financial performance of the Target Companies, the Company's own financial track record, and the industry's projected CAGR for 2025–2031, the Board considers that the Annual Performance Targets set by the Target Companies for 2025–2027 are reasonable and well-aligned with market expectations.

Shareholding Increase Plan and Final Equity Acquisition

Performance-Based Incremental Share Acquisition

Subject to the Target Companies achieving the Satisfactory Performance for the fiscal years ending 31 December 2026 and/or 31 December 2027, the Company shall acquire additional shares in each Target Company from the Founders (the "**Shareholding Increase Plan**") at a valuation equal to five (5) times the Pre-tax Net Profit of the respective Performance Year.

For FY2026, if at least 90% of the Annual Performance Target is achieved, the Company shall acquire an additional 14% of the total issued shares of each Target Company. The consideration shall be consummated following the finalization of the Audited Financial Statements for the relevant Performance Year by the Company through a cash payment and, if so elected by the Company at its discretion, through issuance of shares. Notwithstanding the foregoing, the cash payment shall constitute at least fifty percent (50%) of the total consideration. If the consideration consists solely of cash, such payment shall be made by the Company to the Sellers in US dollars within ninety days following the finalization of the Audited Financial Statements. If the consideration consists of a combination of cash and shares, both the cash payment and the issuance of shares shall be completed by the Company to the Sellers within one hundred and eighty days following the finalization of the Audited Financial Statements.

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For FY2027, if at least 90% of the Annual Performance Target is achieved, the Company shall acquire an additional 15% of the total issued shares of each Target Company. Consideration shall be settled by cash (minimum 50%) and, if elected by the Company, by issuance of shares of the Company, valued at the average closing price of the Company's shares over the 60 trading days preceding the relevant board approval, discounted by 15%.

Upon conclusion of the fiscal year ending 31 December 2029, the Company shall acquire from the Founders all remaining equity interests in the Target Companies not previously acquired (the "**Final Equity Acquisition**"). The valuation shall be the higher of (i) five (5) times the mean average of Pre-tax Net Profit for FY2028 and FY2029, or (ii) the net asset value of the Target Companies as of 31 December 2029. The equity swap shall be consummated within 180 days following finalization of the FY2029 audited financial statements.

Any shares issued by the Company in connection with acquisitions under the Agreement shall constitute restricted shares, subject to a 12-month holding period, and valued at the 60-day average closing price discounted by 15%.

The 15% discount for the issue price of the consideration shares was determined through fair negotiations between the Group and the sellers and is considered fair and reasonable. In reaching this outcome, the following qualitative and quantitative factors were taken into account:

1. Cash flow considerations: Issuing consideration shares as payment enables the Company to acquire the Target Companies without impacting its cash flow position.
2. Transaction rationale and benefits: The discount was assessed in light of the reasons and benefits of the acquisition as disclosed in the announcement.
3. Historical share price and financial performance: The Company's past trading performance and financial results were taken into account in determining the discount level.

In respect of the Company's trading performance: during 2025, (1) the Company's share price experienced significant fluctuations within a range of HK\$1.18 to HK\$0.48, reflecting a lack of stability in the stock value over a certain period of time; (2) the Company's shares recorded an average daily trading volume of approximately 1.72 million shares, with an average daily turnover of approximately HK\$1.44 million and an average monthly turnover rate of 4.31%. Given the relatively low liquidity of the Company's shares, which may lead to higher transaction costs and longer execution times should the Target Companies seek to dispose of such shares in the future, the

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Group has considered applying a discount rate in any future acquisitions of the Target Companies as a reasonable measure to compensate for the market value risks borne by the Target Companies.

In respect of the Company's financial performance: for the first half of 2025, the Group recorded total revenue of approximately RMB800 million, representing a decrease of approximately 43.4% as compared to the corresponding period in 2024. The Company recorded a loss attributable to owners of approximately RMB14.4 million for the first half of 2025, whereas a profit attributable to owners of approximately RMB38.1 million was recorded for the corresponding period in 2024.

Taking into account the volatility, liquidity and trading volume of the Company's shares in 2025, as well as the Group's financial performance during the same period, and following multiple rounds of discussion and negotiation between the Company and the Target Companies, the discount of 15% for the issue price of the consideration shares was determined.

4. Regulatory reference: The Company also referred to relevant regulations applicable to A-share listed companies, which stipulate that the issue price of shares for asset acquisitions must not be lower than 80% of the market reference price (calculated based on the average trading price over 20, 60, or 120 trading days prior to the board resolution).

Pursuant to the general mandate, the maximum discount permitted for share placements is 20%. Taking this as the benchmark, and following multiple rounds of commercial negotiations, the parties considered factors including the Company's historical share price performance, financial results, and the strategic synergies of the transaction. Ultimately, a discount of 15% was agreed, which the Directors believe is fair and reasonable and in the interests of the Company and its shareholders.

The Board considers that the discount of 15% is fair and reasonable and in the interests of the Company and its shareholders, for the following reasons:

- (i) The discount has taken into full account the Company's share price performance in 2025, including price trends, volatility, trading volume and liquidity indicators.
- (ii) It has also taken into account the Group's financial performance in 2025, including revenue and profit metrics.

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- (iii) The discount reflects the strategic significance of the transaction to the Company. Through this investment, the Company will strengthen its warehousing and last-mile delivery capabilities in the United States, thereby establishing a complete “end-to-end” local fulfilment capability. The seller’s mature warehousing network, stable operating team and strong profitability in the United States are highly complementary to the Group’s existing logistics chain. The transaction aligns with the Company’s globalization strategy, deepens its presence in the U.S. market, enhances service capabilities and customer loyalty, reduces policy risks and enables the Company to capture market opportunities. The Board believes that the transaction will promote sustainable business growth and create greater value for shareholders.
- (iv) Compared with the statutory maximum discount of 20% generally permitted for placements under general mandate, the discount of 15% is more prudent and strikes a balance between transaction feasibility and shareholder interests.
- (v) The discount was determined after arm’s length negotiations between the Company and the counterparty based on normal commercial terms, and does not involve any transfer of benefits or undue favour.

Based on the above, the Board considers that the 15% discount is prudent, falls within market norms, and is fair and reasonable. It is in the interests of the Company and its shareholders as a whole.

The total consideration payable under the Shareholding Increase Plan and the Final Equity Acquisition shall not exceed US\$64,133,824 in aggregate for FY2026–FY2029, whether settled in cash or a combination of cash and shares.

Any equity swap shall be conditional upon (i) the Company’s market capitalization not being lower than HK\$849,888,000 (based on the 30 trading days prior to and including 16 January 2026), and (ii) such issuance not resulting in a change of control under the Hong Kong Takeovers Code. If the issuance of shares by the Company would trigger any of the aforesaid conditions, such consideration shall be settled in cash by the Company within 90 days following the finalization of the audited financial statements of the Target Companies for the relevant fiscal year. In essence, the default settlement of the Final Equity Acquisition shall be by way of issuance of consideration shares. The Parties agree that the share swap shall be consummated within one hundred and eighty (180) days following the finalization of the Audited Financial Statements for 2029 fiscal year. However, in the event that the issuance of shares would trigger the Share Issuance Condition, the entire consideration for the Final Equity Acquisition shall be settled solely in cash.

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Accordingly, the Company may be required to allot and issue consideration shares up to approximately 29.99% of the then issued share capital of the Company, at a price to be determined. Any such consideration shares to be allotted and issued shall be subject to (i) the grant of specific mandate by the Shareholders, and (ii) the approval for the listing of and permission to deal in, such consideration shares by the Listing Committee.

An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the consideration shares.

The total aggregate value of consideration contemplated under the Agreement is US\$79,910,830 (equivalent to HK\$621,754,204) (i.e. US\$15,777,006 being the total Consideration for the Transferred Shares and the New Shares plus US\$64,133,824 being the cap of the total consideration payable under the Shareholding Increase Plan and Final Equity Acquisition).

[Any such consideration shares when allotted and issued shall be credited as fully paid and rank *pari passu* with all other Shares in issue in the share capital of the Company.]

The cap of the total consideration payable of US\$64,133,824 was determined based on the GAAP pre-tax profit of the Target Companies, applying a valuation multiple of 5 times and a mark-up of 70%.

	GAAP		Cap Markup 70%			
	pre-tax profit	Valuation multiple	Valuation	Equity interest	Consideration	CAP
2026	9,251,112	5	46,255,560	14%	6,475,779	11,008,824
2027	15,000,000	5	75,000,000	15%	11,250,000	19,125,000
Avg. of 2028 & 2029	20,000,000	5	100,000,000	20%	20,000,000	34,000,000
Total					37,725,779	64,133,824

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The Board's basis for determining the GAAP pre-tax profits is as follows:

1. FY2026 (US\$9,251,112): The performance target for 2026 was set at US\$12,000,000. Under the new lease accounting standard, the Target Companies' rental expenses were adjusted upward. Based on existing warehouse arrangements and commercial negotiations between the parties, the accrued rental expenses was US\$7,416,337, whereas under the new lease accounting standard it was US\$10,235,997. The difference of US\$2,748,888 reduced the reported GAAP pre-tax profit. Accordingly, the audited GAAP pre-tax profit for 2026 was US\$12,000,000 – US\$2,748,888 = US\$9,251,112. As the warehouse rental agreements had already been signed in January 2026, this adjustment was foreseeable and certain.
2. FY2027 (US\$15,000,000): The performance target for 2027 was set at US\$16,200,000, primarily reflecting the expansion of overseas warehouses and related business needs. Following commercial negotiations between the parties, approximately US\$1,200,000 of rental expense impact was deducted, resulting in a GAAP pre-tax profit of US\$15,000,000.
3. FY2028 and FY2029 (average US\$20,000,000): The performance targets for 2028 and 2029 were established with reference to the gradual release of profits from new overseas warehouses and international business expansion undertaken in 2026 and 2027. From 2028 onwards, the Target Companies are expected to reach a stable operating stage, with business scale and profitability fully realized. Taking into account industry development trends and management's projections of not less than 33.3% year-on-year growth, and after multiple rounds of negotiation, the Board prudently agreed on an average pre-tax profit target of not less than US\$20,000,000 for 2028 and 2029.

The 70% cap markup was based on the Target companies' internal evaluation of their business outlook, industry position, and growth potential following the acquisition. Upon integration into the Group, the Target Companies expected to benefit from enhanced resources, expanded markets, and stronger customer networks, which would support improved performance.

At the outset of negotiations, the Target Companies proposed setting the cap at 100%, reflecting their confidence in their own value and the synergies anticipated from integration. In subsequent rounds of negotiation, the Group conducted detailed due diligence, including a review of the Target Companies' historical operating results, financial condition, actual growth levels, industry valuation benchmarks, comparable transactions, and the feasibility of expected synergies. Based on this comprehensive assessment, and in line with principles of prudence, fairness, and shareholder protection, the parties agreed to adjust the cap downward to 70%.

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The Group adopted the market approach in its assessment and selected five comparable companies (including the Group itself) within the same industry. The average price-to-earnings (PE) benchmarks of these companies were approximately 12.11x in 2024 and 9.54x in 2025. In this transaction, the Group applied a relatively lower PE multiple to the acquisition of the Target Companies, taking into account their historical operating results, financial condition, growth potential, and expected synergies with the Group's future business. While management believes that the Target Companies may have higher intrinsic value in the future, the Board, in the interests of prudence and shareholder protection, considered it appropriate to set a reasonable cap to secure a fair acquisition price and preserve flexibility for potential future increases in shareholding. The Board also took into account the uncertainties arising from tariff policies in the United States and their potential impact on industry volatility, thereby avoiding the risk of paying an excessive premium. Following multiple rounds of negotiation, the parties agreed to adjust the cap from 100% to 70%, which also mitigates the risk of dilution of existing shareholders' interests in the event of future increases in shareholding. The Company emphasized that the cap of 70% was determined by the Company based on commercial negotiation.

In respect of comparable transactions, the Group reviewed industry cases, including transaction prices, structures and timing. The Company noted that the adoption of a cap mechanism is commonly used in comparable transactions. The setting of a cap is generally treated as part of commercial terms and is not typically publicly disclosed. The Group also referred to publicly available comparable transactions in other industries, to illustrate that the use of a cap is consistent with market practice. For example, in the shipping and port sector, China Merchants Energy Shipping Co., Ltd. (stock code: 601872.SH) announced on 12 July 2025 that its wholly-owned subsidiary Sinotrans Container Lines Co., Ltd. intended to acquire shares in Antong Holdings Co., Ltd. and further increase its shareholding within 12 months, with a proposed investment amount ranging from RMB360 million to RMB720 million and a maximum purchase price of RMB3.20 per share.

In respect of synergies and feasibility:

1. **Warehousing and last-mile delivery synergy:** The Target Companies have established approximately 2.2 million square feet of self-operated warehousing network in the United States, covering the East, West and South regions. This enables efficient coverage of key direct customers and allows the Group to integrate its first-mile strengths with last-mile delivery capabilities, forming a complete closed-loop from collection, booking, transportation, customs clearance to overseas warehousing, sorting and delivery. This enhances localized fulfilment and rapid response capabilities.

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2. **Direct customer expansion synergy:** While the Group's customer base is primarily e-commerce platform users, the Target Companies focus on high-end direct customers. This complementarity supports the Group's strategy to optimize its customer mix and increase the proportion of direct customer business. This strategic shift will drive the Group's transformation from a traditional, price-sensitive logistics service provider to a high value-added, deeply integrated supply chain solutions partner, thereby strengthening profitability and long-term resilience.

3. **Supply chain finance synergy:** The Group and the Target Companies plan to cooperate in supply chain finance services, creating significant business synergies and supporting the Group's transformation into a comprehensive supply chain service provider. The Target Companies' direct customers often face funding challenges such as procurement prepayments and delayed tax rebates. By offering financing solutions for accounts receivable, inventory and prepayments, the Group can address these pain points, increase customer reliance on its full-chain services, and enhance loyalty. Leveraging the Target Companies' mature U.S. warehousing network, the Group can also strengthen the physical foundation for inventory financing and integrate information, logistics and capital flows to deepen control over the entire supply chain, thereby promoting sustainable business development.

Through this acquisition, the Group and the Target Companies will be able to integrate their respective strengths, further consolidate a one-stop comprehensive logistics service system, and build a complete cross-border logistics value chain.

The 70% cap was therefore the outcome of independent, fair, and market-oriented negotiations. It appropriately reflects the Target Companies' growth potential while safeguarding shareholder interests. A lower cap (such as 60% or 50%) or no cap was not adopted because it would have understated the Target Companies' prospects and failed to capture the commercial value expected from the transaction. Conversely, maintaining a 100% cap would have exposed the Group to valuation risks if performance fell short. By setting the cap at 70%, the Group effectively controlled transaction costs, limited the acquisition price ceiling, and mitigated overvaluation risk, thereby protecting minority shareholders while recognizing the Target Companies' capabilities and expected synergies. This arrangement is favorable to the Company. Taking into account the Company's interests, the Company has agreed to accept the Sellers' proposal on this matter.

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The Board has considered the total consideration payable of US\$64,133,824 and believes it is fair and reasonable and in the interests of the Company and its shareholders as a whole. For the qualitative basis, the Company has considered the following:

- (a) The United States (“U.S.”) represents the Company’s principal market and is therefore a strategic focus requiring significant investment.
- (b) Tariff policies have created significant challenges for the Company’s operations. To mitigate these, it is essential to establish local warehousing and last-mile delivery capabilities in the U.S.
- (c) The cancellation of the T86 duty-free policy has resulted in longer delivery times for cross-border e-commerce parcels. In response, many enterprises have opted to place goods in local warehouses to shorten delivery times, thereby accelerating the development of overseas warehousing.
- (d) The Target Companies in the U.S. specializes in overseas warehousing and last-mile delivery services. It demonstrates a high level of professionalism and maintains relatively strong financial performance compared with industry peers. However, the Target Companies lack a dedicated business development team, which has constrained its growth. The Company can introduce additional clients to the Target Companies, thereby creating complementary strengths and mutual business benefits.

The Board has also taken into account the negotiation process with the Sellers and the agreed cap mechanism, which provides certainty on the maximum payable amount.

It has also carefully considered the Target Companies’ business model, historical operating performance, cash flow position, industry prospects, market competition, and the potential synergies arising from the acquisition. Based on this comprehensive assessment, the Board is of the view that the proposed 70% CAP is reasonable.

This structure, through its phased and dynamic adjustment mechanism, ensures a strong linkage between future equity/capital investment and performance targets. It provides substantial protection and support for the Company’s interests while effectively safeguarding the legitimate rights of the Company and all minority shareholders.

In assessing the Shareholding Increase Plan and the Final Equity Acquisition, the Company has placed particular emphasis on the P/E Ratios of the Hong Kong listed companies in the same industry for 2024. Given that the Target Companies are currently in a high-investment development stage, with their customer base not yet fully established and without a stable business

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development team, the Company considers it prudent and appropriate to apply a relatively conservative multiple of 5x the pre-tax net profit of the relevant performance years. This approach reflects the actual circumstances of the Target Companies and ensures a cautious and reasonable valuation basis.

The Company adopted 2024 data because negotiations with the Sellers were conducted during 2024. At that time, the financial information of comparable Hong Kong-listed companies for 2025 had not yet been updated or released. Accordingly, the 2024 data represented the most current, complete, and reliable basis available for determining the valuation multiple of 5x pre-tax net profit.

This approach ensured that the valuation was anchored to finalized and publicly available figures, consistent with market practice and the principle of prudence. Using incomplete or unaudited 2025 data during negotiations would not have provided a fair or reliable benchmark.

Average price-to-earnings ratios (“P/E Ratios”) of Hong Kong-listed companies in the same industry in 2024 and 2025

Stock Short Name	Stock Code	Principal Business	Date of Listing	Average P/E multiple for the year 2024	Average P/E multiple for the year 2025
SINOTRANS	00598.HK	Three major segments: professional logistics, agency and related services, and e-commerce business, focusing on cross-border end-to-end supply chain services.	2003-02-13	10.03	6.45
COSCO SHIP INTL	00517.HK	Container manufacturing, ship agency, shipping services, and logistics solutions	1993-07-08	9.42	9.87
SHENZHEN INT'L	00152.HK	Investment in integrated logistics infrastructure, expressway operations, warehousing, and supply chain services.	2005-07-28	10.36	6.82
ZTO EXPRESS-W	02057.HK	Express delivery network services, covering the whole country and cross-border e-commerce logistics, with high efficiency and low cost as core competitive advantages	2016-10-27	14.08	13.34

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Stock Short Name	Stock Code	Principal Business	Date of Listing	Average P/E multiple for the year 2024	Average P/E multiple for the year 2025
FAR INTL	02516.HK	Cross-border delivery, freight forwarding, and overseas warehouse operations	2023-12-22	16.66	11.23

The Board has entrusted the Directors, together with a team of professional legal counsel, to conduct a comprehensive legal and compliance due diligence review of the Target Companies. This review covers whether the establishment and operations of the Target Companies comply with applicable laws and regulations, whether there are any material legal disputes, litigation, or potential legal risks, and whether the Company’s investment motives are consistent with its strategic planning and business development objectives.

Furthermore, the Board has engaged a professional accounting firm to perform an in-depth audit of the Target Companies’ financial position. The audit examines whether the financial statements accurately reflect the financial condition and operating results of the Target Companies, and whether issues such as financial misrepresentation or concealed liabilities exist. Particular attention was given to the quality of the Target Companies’ assets, their debt profile, and cash flow position, in order to assess the overall financial risk.

Taking into account the actual circumstances of the Target Companies and referencing the average P/E Ratios of comparable Hong Kong listed peers, the Board considered that applying a multiple of 5x earnings provides an appropriate and prudent adjustment for policy risks and uncertainties, consistent with the investment principle of “risk-return parity.” The Board further recognized that the future strategic synergies between the Target Companies and the Company’s business carry significant value, ensuring that the Company can secure these strategic benefits while maintaining control over financial risk.

The Board also considered applying valuation multiple of “five (5) times the Pre-tax Net Profit of the respective Performance Year” and “five (5) times the mean average of Pre-tax Net Profit for FY2028 and FY2029” are fair and reasonable, for the following reasons:

1. **Different valuation bases:** The median multiple of 3.7x was derived from size-adjusted EV/EBITDA of comparable U.S. listed companies. By contrast, the Company applied a multiple of 5x based on pre-tax net profit. EV/EBITDA and pre-tax net profit are distinct valuation metrics, and therefore the multiples are not directly comparable.

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2. **Choice of comparable companies:** Prior to the acquisition, the Target Companies were U.S.-based, and the valuation referenced U.S. listed peers, whose EV/EBITDA multiples ranged between 0.8x and 9.6x, with a median of 3.7x. Following the acquisition, the Target Companies became part of the Company's listed group. Accordingly, Hong Kong-listed peers were considered more appropriate comparables. The average P/E ratios of Hong Kong-listed companies in the same industry for 2024 and 2025 were above 5x. After negotiations and taking into account a range of commercial considerations, the Board determined that applying a multiple of 5x pre-tax net profit for each performance year was in the interests of the Company and its shareholders.

3. **Transaction structure considerations:** In the first round of acquisition of 51% equity interest in the Target Companies, the Company will make a one-off payment to the Sellers, which was relatively favorable to them. As a result, the valuation multiple applied was relatively lower. For the subsequent Shareholding Increase Plan, as profit targets and performance-based mechanisms are in place, a higher valuation multiple was considered appropriate.

Accordingly, the Board believes that the proposed valuation for the Shareholding Increase Plan and the Final Equity Acquisition is cautious, responsible, and in the best interests of the Company and all its shareholders.

Termination

The Agreement and the Ancillary Agreements may be terminated prior to the Closing only in the following circumstances:

- (1) By mutual agreement of the Parties in writing, specifying the effective date of termination;

- (2) By written notice from the Company to the other Parties, upon the occurrence of any of the following events:
 - (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Target Companies or the Sellers set forth in the Agreement shall have occurred that would cause a condition set forth in the Agreement or the Ancillary Agreements not to be satisfied, such breach is incapable of being cured or is not cured prior to the date that is thirty (30) days from the date that the applicable Target Company, and such breach in respect of or

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related to taxes had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect, and Sellers are notified in writing by the Company of such breach or failure to perform;

- (ii) unless otherwise contemplated by the Agreement, any change in COPE's or Hyperlining's shareholding structure, financial condition, assets, liabilities, business, or operations that has, or in the reasonable judgment of the Company is likely to have, a material adverse effect on Target Company or the transactions contemplated by the Agreement or the Ancillary Agreements, and the Sellers and Target Company fail to take effective remedial measures to cure such change within thirty (30) days after the Company issues a written demand for correction; or
 - (iii) any of the closing conditions set forth in the Agreement (as disclosed in Section 5 above, other than Section 5.2) have not been satisfied and not waived by the Company within ninety (90) days after the date of the Agreement or such other extended period as may be agreed by the Parties.
- (3) By written notice from the Sellers to the other Parties, upon the occurrence of any of the following events:
- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in the Agreement shall have occurred that would cause a condition set forth in the Agreement or the Ancillary Agreements not to be satisfied, and such breach is incapable of being cured or is not cured prior to the date that is thirty (30) days from the date that the Company are notified in writing by the Sellers of such breach or failure to perform;
 - (ii) the closing conditions set forth in Section 5(2) above have not been satisfied within ninety (90) days after the date of the Agreement or such other extended period as may be agreed by the Parties.

The termination or rescission of the Agreement shall not affect the Party's right to claim against the breaching Party for liability for breach of contract.

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VALUATION OF THE TARGET COMPANIES

The Company has engaged International Valuation Limited (“IVL”) to carry out valuation of the 51% equity interest of the Target Companies, which was appraised to be at approximately USD16,870,000 on the Valuation Date in accordance with International Valuation Standards 2025 under the market approach as set out in the Valuation Report.

IVL considered the three generally accepted approaches to value, namely the Income Approach, the Market Approach, and the Asset-Based (Cost) Approach. In estimating the market value of the equity interest in the Target Companies, IVL relied primarily on the Market Approach. Under the Market Approach, IVL relied on the trading multiples of publicly traded guideline companies of the Target Companies. The Market Approach benchmarked the Target Companies’ equity value to the publicly trading entities by looking into their financial performances. The Market Approach reflects the current market’s investment preferences or investment habitat and provides up-to-date public market information allowing the Company to make a more informative decision.

The Cost Approach was not adopted as it may not be able to reflect the expected future economic benefits of an income-generating business. The Income Approach is also not adopted since prospective financial projection at market participants’ point of view, which is subject to a number of assumptions and contingent factors, was not reliably available.

Under the Market Approach, IVL reviewed a range of valuation multiples including EV/Sales, P/S, EV/EBITDA, P/E, and P/B. EV/EBITDA was selected as the most appropriate multiple, as it captures differences in capital structure, taxation, and non-cash items such as depreciation and amortization, thereby providing a more consistent measure of operating performance across companies. A set of comparable companies was identified based on similarity of business scope, positive EBITDA and positive operating profit after tax performance, operating history, and availability of public financial information. The size-adjusted EV/EBITDA multiples of these companies, as of 31 December 2025, ranged between 0.8x and 9.6x, with a median of 3.7x used for the valuation.

The median size-adjusted EV/EBITDA multiple was applied to the latest twelve-month EBITDA of the Target Companies, derived from the accountants’ reports and financial statements for the year ended 31 December 2025, excluding non-recurring items. Enterprise values were then adjusted for net cash or debt positions and non-operating assets or liabilities to arrive at equity values on a marketable minority basis. Further adjustments were made to reflect the specific characteristics of the subject interests: (i) a discount for lack of marketability of 20.4% was applied, based on the Stout Restricted Stock Study Companion Guide 2025, and (ii) a control

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premium of 31.4% was applied, based on the FactSet/BVR Control Premium Study (Q3 2025). These adjustments reflect the fact that the Target Companies are private entities and that the subject interests represent controlling stakes.

The calculation resulted in a market value of approximately USD33,000,000 (rounded) for 100% of Cope and USD150,000 (rounded) for 100% of Hyperlining. Accordingly, the market value of the 51% equity interest in Cope was USD16,800,000 (rounded), and the market value of the 51% equity interest in Hyperlining was USD70,000 (rounded). The aggregate market value of the 51% equity interest in the Target Companies was therefore USD16,870,000.

The valuation is subject to a number of major assumptions, including reliance on the draft financial statements as reasonably representative of the Target Companies' financial position and performance, stability in taxation laws and economic conditions in the territories of operation, retention of competent management and key personnel, continued validity of legal approvals and licenses, and industry trends consistent with forecasts. Any deviation from these assumptions may significantly affect the valuation outcome.

Based on the valuation set out above, the total equity value of the Target Companies are approximately US\$33.15 million. Following numerous negotiations with the Sellers conducted on the basis of fair commercial principles, the final transaction consideration corresponds to approximately 93% of the valuation (i.e. approximately US\$33.15 million x 51% x 93% = approximately US\$15.7 million). This valuation discount was determined after careful consideration of the industry characteristics, geopolitical factors, and commercial judgment by the Company.

Having considered (i) the rationale of the Independent Valuer in selecting market approach instead of cost approach and income approach as the appropriate valuation approach; and (ii) the Valuation was prepared by the Independent Valuer in accordance with the applicable requirements and standards, the Board is of the view that the adoption of market approach for the Valuation is fair and reasonable.

The Directors also agree with the Independent Valuer that the market approach has the benefits of simplicity, clarity, speed and the need for fewer assumptions, and introduces objectivity in application as publicly available inputs are used.

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Market Comparables

In the course of valuing the Target Company, IVL searched for listed companies with business scopes and operations similar to those of the Target Companies as comparable companies on best-effort basis with reference to the following selection criteria:

- The companies are principally engaged in the operation of warehousing, truckload transportation and related brokerage services in North America, which are close to the Target Companies' business;
- Over 50% of the total revenue of the companies were generated from operation of warehousing, truckload transportation and related brokerage services in their preceding financial year;
- The companies have positive EBITDA and positive operating profit after tax for the latest 12-month period as of the Valuation Date, similar to the Target Companies;
- The companies have pertinent operating histories and are listed on stock exchanges as of the Valuation Date; and
- The financial information and relevant multiple of the companies are available to the public.

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IVL was not aware of any other comparable companies satisfying the selection criteria but not selected in the valuation. Hence, the comparable companies adopted are considered exhaustive based on the best-effort research analysis.

Company Name & Stock Ticker	Descriptions and Nature of Business	Place of Listing	Location of Principal Businesses	EV (in USD million) (note 1)	EBITDA (in USD million) (note 1)	Original EV/ EBITDA Multiple	Size- adjusted EV/ EBITDA Multiple
XPO Inc (XPO US Equity)	XPO, Inc. provides logistics services. The company offers asset-based less-than-truckload transportation, warehousing, distribution, supply chain, and other logistics services. XPO serves customers throughout North America.	United States <i>(note 1)</i>	North America	19,728.70	1,174.00	16.8 x	7.8 x
Old Dominion Freight Line Inc (ODFL US Equity)	Old Dominion Freight Line, Inc. is an inter-regional and multi-regional motor carrier. The company primarily transports less-than-truckload shipments of general commodities, such as consumer goods, textiles, and capital goods. Old Dominion Freight Line serves regional markets throughout the United States.	United States	North America	32,825.04	1,751.64	18.7 x	8.2 x
Saia Inc (SAIA US Equity)	Saia, Inc. provides trucking transportation to the retail, petrochemical, and manufacturing industries. The company offers regional, interregional, and national less-than-truckload services, and selected truckload services throughout the United States.	United States	United States	9,012.23	629.35	14.3 x	6.7 x

LETTER FROM THE BOARD

Company Name & Stock Ticker	Descriptions and Nature of Business <i>(note 1)</i>	Place of Listing <i>(note 1)</i>	Location of Principal Businesses <i>(note 2)</i>	EV <i>(in USD million) (note 1)</i>	EBITDA <i>(in USD million) (note 1)</i>	Size-	
						Original EV/ EBITDA Multiple	adjusted EV/ EBITDA Multiple
Knight-Swift Transportation Holdings Inc (KNX US Equity)	Knight-Swift Transportation Holdings Inc. provides transportation and logistics services. The company offers dry van, cross border freight transportation, fleet solutions, consulting, brokerage, equipment leasing, temperature-controlled transport, and engineering services. Knight-Swift Transportation Holdings serves customers in North America.	United States	North America	10,961.64	1,368.21	8.0 x	2.9 x
Landstar System Inc (LSTR US Equity)	Landstar System, Inc. is a North American truckload carrier. The company transports a variety of freight, including iron and steel, automotive products, paper, lumber, chemicals, foodstuffs, and military hardware. Landstar System provides truckload carrier, intermodal transportation, and expedited air and truck services to shippers in the United States, Canada, and Mexico.	United States	United States	4,616.58	195.85	23.6 x	9.6 x

LETTER FROM THE BOARD

Company Name & Stock Ticker	Descriptions and Nature of Business <i>(note 1)</i>	Place of Listing <i>(note 1)</i>	Location of Principal Businesses <i>(note 2)</i>	EV <i>(in USD million) (note 1)</i>	EBITDA <i>(in USD million) (note 1)</i>	Size-	
						Original EV/ EBITDA Multiple	adjusted EV/ EBITDA Multiple
Schneider National Inc (SNDR US Equity)	Schneider National, Inc. operates as a transportation and logistics services company. The company offers a broad portfolio of premier truckload, intermodal, and logistics solutions, as well as manages hire trucking fleets in North America. Schneider National provides asset-based truckload services with asset-light intermodal and non-asset logistics offerings.	United States	United States	4,850.23	618.90	7.8 x	3.5 x
Werner Enterprises Inc (WERN US Equity)	Werner Enterprises, Inc. is a transportation company that primarily hauls truckload shipments of general commodities in both interstate and intrastate commerce. The company operates in the continental United States, as well as in Canada and Mexico.	United States	United States	2,548.30	366.19	7.0 x	3.2 x
ArcBest Corp (ARCB US Equity)	ArcBest Corporation is a diversified holding company involved in motor carrier transportation and intermodal transportation operations. The company transports a variety of goods around the world.	United States	United States	2,010.44	291.75	6.9 x	3.9 x

LETTER FROM THE BOARD

Company Name & Stock Ticker	Descriptions and Nature of Business <i>(note 1)</i>	Place of Listing <i>(note 1)</i>	Location of Principal Businesses <i>(note 2)</i>	EV <i>(in USD million) (note 1)</i>	EBITDA <i>(in USD million) (note 1)</i>	Size-	
						Original EV/ EBITDA Multiple	adjusted EV/ EBITDA Multiple
Marten Transport Ltd (MRTN US Equity)	Marten Transport, Ltd. is a long-haul truckload carrier providing protective service and time-sensitive transportation. The company specializes in protective service transportation of foods and other products requiring temperature-controlled carriage or insulated carriage. Marten Transport serves customers in the United States.	United States	United States	884.62	128.31	6.9 x	2.3 x
Covenant Logistics Group Inc (CVLG US Equity)	Covenant Logistics Group, Inc. operates as a truckload carrier. The company offers temperature-controlled transportation service for shippers primarily in the frozen food and consumer products industries. Covenant Logistics Group serves customers in the United States.	United States	United States	858.46	113.38	7.6 x	0.8 x
Median							
<i>Note 1:</i> Sourced from Bloomberg							
<i>Note 2:</i> Sourced from Bloomberg and annual reports of the comparable companies							

LETTER FROM THE BOARD

The Directors considered the Valuation to be fair and reasonable, having taken into account:

1. Geopolitical and U.S. policy risks: Recent geopolitical tensions and changes in U.S. trade policies, including tariff measures, have introduced uncertainties in cross-border trade. These factors could affect the Target Companies' overseas warehouse operations, such as through trade barriers or logistics disruptions. To account for these risks, an appropriate discount was applied in the valuation.
2. Strategic synergies: The Company is a comprehensive cross-border logistics service provider with over 20 years of industry experience and resources. While the Target Companies have a stable customer base, it is relatively concentrated. Through this transaction, both parties expect to achieve synergies in resources, markets, and customers, rather than treating the investment as purely financial. The agreed valuation multiple reflects these strategic benefits while remaining conservative.
3. Transaction efficiency and cash flow: Overseas warehouse operations are capital-intensive but generate stable cash flows. The Company's ability to make a one-off cash payment provided significant advantages, reducing uncertainty and transaction costs. The Sellers also recognized that few potential investors could meet such payment terms. This efficiency was factored into the agreed valuation multiple.

EFFECT OF THE TRANSACTIONS ON THE EARNINGS, ASSETS AND LIABILITIES OF THE COMPANY

Upon Completion, the Target Companies will become subsidiaries of the Company and the financial results, assets and liabilities of the Target Companies will be consolidated in the books and accounts of the Group. The unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular has been prepared to illustrate the financial effect of the Transactions.

Effect on assets and liabilities

Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix III to this circular, which is prepared as if the Transactions had completed on 31 December 2025 to illustrate the effect of the Transactions, it is expected that the total assets of the Group would increase from approximately RMB1,564 million to approximately RMB1,895 million and the total liabilities of the Group would increase from approximately RMB790 million to approximately RMB1,081 million. As the expected increase in total assets is higher than the expected increase in total liabilities, the net assets of the Group would increase from approximately RMB775 million to approximately RMB831 million.

LETTER FROM THE BOARD

The above analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group would actually be after Completion.

INFORMATION OF THE PARTIES

Information about the Company

The Company is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2516). The Group is 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.

Information about the Sellers

Mr. Zheng is founder and chief executive officer of COPE. Mr. Zheng, COPE Holding and Hyperlining Holding collectively hold one hundred percent (100%) of the issued and outstanding shares of COPE, all of which have been duly subscribed for and are fully paid up.

Ms. An is founder and chief executive officer of Hyperlining, and is the sole shareholder of Hyperlining Holding.

The Trust is the sole shareholder of COPE Holding.

To the best of the knowledge, information and belief of the Directors of the Company, having made all reasonable enquiries, Mr. Zheng, Ms. An and the Trust are third parties independent of the Company and its connected persons.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Sellers, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the Sellers who can exert influence on the Transactions; and (b) the Company, any connected person at the Company's level and/or any connected person of the Company's subsidiaries involved in the Transactions.

Information on the Target Companies

COPE is 100% wholly owned by COPE Holding, Hyperlining Holding and Mr. Zheng. COPE primarily engages in overseas warehousing and last-mile delivery services in the United States. COPE and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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The following financial information has been extracted from the audited financial statements of COPE for the years ended 31 December 2023, 31 December 2024 and 31 December 2025:

	For the year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(audited)	(audited)	(audited)
Net profit before tax	929	3,983	8,005
Net profit after tax	834	2,872	5,782

According to the audited financial statements for the year ended 31 December 2025 of COPE, the total assets of COPE are approximately US\$51,409,000, and the net assets are approximately US\$10,018,000.

Hyperlining is 100% wholly owned by Hyperlining Holding. Hyperlining primarily engages in trucking delivery services in the United States. Hyperlining and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The following financial information has been extracted from the audited financial statement of Hyperlining for the years ended 31 December 2023, 31 December 2024, and 31 December 2025:

	For the year ended 31 December		
	2023	2024	2025
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
	(audited)	(audited)	(audited)
Net profit before tax	6,872	45,321	25,560
Net profit after tax	4,905	32,610	18,148

According to the audited financial statements for the year ended 31 December 2025 of Hyperlining, the total assets of Hyperlining are approximately US\$328,275, and the net assets are approximately US\$55,247.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Transactions are intended to proactively address changes in U.S. trade and tariff policies, particularly adjustments to the small parcel duty exemption regime, which have significantly impacted the cross border e commerce logistics industry. The Company's business, focused on the U.S. market and small parcel logistics, faces challenges under this environment. Through this

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investment, the Company will strengthen its U.S. warehousing and last mile delivery capabilities, building a complete “end to end” local fulfillment capacity. The Sellers’ mature warehousing network, stable operating team, and strong profitability in the U.S. are highly complementary to the Group’s existing logistics chain. The transaction aligns with the Company’s globalization strategy, deepening its U.S. market presence, enhancing service capabilities and customer loyalty, reducing policy risks, and capturing market opportunities. The Board believes the transaction will support sustainable business growth and create greater value for the Shareholders.

The Consideration was determined after arm’s length negotiations between the parties, taking into account the valuation of the Target Companies, their financial performance, and future prospects. The Board considers the basis of the consideration to be fair and reasonable.

The Directors of the Company (including all independent non-executive Directors) consider that the transaction terms involved in the Transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Transactions constitute a notifiable transaction under Chapter 14 of the Hong Kong Listing Rules. Pursuant to Rules 14.22 and 14.23 of the Hong Kong Listing Rules, the highest applicable percentage ratios for the Transactions exceed 25% but are lower than 100%. Therefore, pursuant to Chapter 14 of the Hong Kong Listing Rules, the Transactions constitute a major transaction of the Company and are subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Hong Kong Listing Rules.

Under the Shareholding Increase Plan and Final Equity Acquisition, the Company may be required to allot and issue consideration shares up to approximately 29.99% of the then issued share capital of the Company, at a price to be determined. Any such consideration shares to be allotted and issued shall be subject to (i) the grant of specific mandate by the Shareholders, and (ii) the approval for the listing of, and permission to deal in, such consideration shares by the Listing Committee.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened and held by the Company at Room 201, Hangzhou Cross-border e-commerce Industrial Park, No. 22 Changcheng Street, Gongshu District, Hangzhou City, Zhejiang Province, PRC on Monday, 27 April 2026 at 10:00 a.m. for the purpose of considering and if thought fit, approving the Agreement and the transactions contemplated thereunder. A form of proxy for use at the EGM is enclosed with this circular.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders or any of their close associates has a material interest in the Transactions. Accordingly, no Shareholders are required to abstain from voting on the relevant resolutions to be proposed at the general meeting to approve each of the transactions contemplated under the Transactions (including the allotment and issue of consideration shares). Any vote exercised by the Shareholders at the EGM shall be taken by way of poll.

The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

For those who intend to direct a proxy to attend the EGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 10:00 a.m. on Saturday, 25 April 2026 or not less than 48 hours before the time appointed for the EGM or any adjournment thereof. The register of members of the Company will be closed from Wednesday, 22 April 2026 to Monday, 27 April 2026 (both days inclusive), during which time no share transfers will be effected. The record date for determining the eligibility to attend and vote at the Extraordinary General Meeting will be Monday, 27 April 2026. In order to qualify for attending the EGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 21 April 2026.

You are urged to complete and return the form of proxy whether or not you will attend the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any adjournments thereof) should you wish to do so.

VOTE BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions to be proposed at the EGM shall be voted by poll.

LETTER FROM THE BOARD

RECOMMENDATION

Having considered the aforesaid circumstance and benefits of the Transactions, the Directors are of the view that the Agreement and the Transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

WARNING

Shareholders and potential investors should note that the completion of the Transactions are subject to, among other things, approval from the Shareholders and relevant regulatory authorities. Therefore, the Transactions may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,

By order of the Board

FAR International Holdings Group Company Limited

Wang Quan

Chairman and Executive Director

I. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2023, 2024 and 2025 are disclosed on pages 62 to 67 of the annual report of the Company for the year ended 31 December 2023, pages 66 to 71 of the annual report of the Company for the year ended 31 December 2024, pages 2 to 4 of the annual results announcement of the Company for the year ended 31 December 2025 respectively, all of which are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.far800.com. Quick links to the annual reports of the Company are set out below:

Annual report of the Company for the year ended 31 December 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042500728.pdf>

Annual report of the Company for the year ended 31 December 2024:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042401975.pdf>

Annual results announcement of the Company for the year ended 31 December 2025:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0327/2026032702818.pdf>

II. INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular,

A. The Group had the following indebtedness:

- (i) Bank loans of approximately RMB661.4 million, comprising of unsecured bank loans of approximately RMB118.5 million, guaranteed bank loans of approximately RMB357.9 million, and secured and guaranteed bank loans of approximately RMB185.0 million; and
- (ii) Lease liabilities of approximately RMB35.5 million, comprising a current portion of approximately RMB10.6 million and a non-current portion of approximately RMB24.9 million.

B. The Target Companies had the following indebtedness:

- (i) Obligations under finance lease liabilities of approximately RMB6.3 million, comprising a current portion of approximately RMB1.6 million and a non-current portion of approximately RMB4.7 million; and

- (ii) Lease liabilities of approximately RMB376.7 million, comprising a current portion of approximately RMB35.7 million and a non-current portion of approximately RMB341.0 million.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables and accruals in the ordinary course of business, at the close of business as at 28 February 2026, the Group and the target companies did not have any debt securities issued and outstanding, or otherwise created but unissued, or loan capital, or other borrowings or term loans or similar indebtedness including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, or hire purchase commitments, or mortgages and charges, or contingent liabilities, and there were no other material guarantees.

III. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the Group's internal resources, cash flow from operations, external borrowings, currently available banking and other facilities, and the effects of the Completion, the Group will have sufficient working capital to meet its present requirements and for the period up to twelve (12) months from the date of this circular in the absence of unforeseeable circumstances.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up.

V. FINANCIAL AND PROSPECTS OF THE ENLARGED GROUP

Our Group is principally engaged in the provision of end-to-end cross-border delivery services, freight forwarding services and other logistics services. Our major service line serves e-commerce customers by delivering products from China to the United States.

Prior to the Acquisition, the Group relied on third-party service providers for last-mile delivery services and certain warehousing services in the United States, the costs and service quality of which varied.

The Target Companies are principally engaged in the provision of last-mile delivery and warehousing services in the United States. Following completion of the Acquisition, the Target Companies will become one of the Group's service providers in the United States, serving the Group's customers.

As stated in the paragraph headed "REASONS FOR AND BENEFITS OF THE TRANSACTIONS" in this circular, the Sellers' established warehousing network and stable operating team in the United States are highly complementary to the Group's existing logistics chain. The Acquisition is therefore expected to enhance the operational efficiency of the Enlarged Group and may have a positive impact on the profit margins of the Enlarged Group, particularly in respect of its U.S. operations.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

[Letter Head to be inserted]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF COPE SERVICES INCORPORATED TO THE DIRECTORS OF FAR INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED

Introduction

We report on the historical financial information of COPE Services Incorporated (the “**Target Company**”) set out on pages II-5 to II-60, which comprises the statements of financial position of the Target Company as at 31 December 2023, 2024 and 2025 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-5 to II-60 forms an integral part of this report, which has been prepared for inclusion in the investment circular of FAR International Holdings Group Company Limited (the “**Company**”) dated 2 April 2026 (the “**Investment Circular**”) in connection with the acquisition of 51% equity interest in the Target Company by the Company (the “**Acquisition**”).

Responsibility of sole director of the Target Company for the Historical Financial Information

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

The financial statements of the Target Company for the Relevant Periods (“**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the sole director of the Target Company. The sole director of the Target Company is responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and for such internal control as the sole director determines is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Reporting accountant's responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Target Company as at 31 December 2023, 2024 and 2025 and of its financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

ST Lo & Co.

Certified Public Accountants (Practising)

Hong Kong, 2 April 2026

LO Kit Yin

Practising Certificate number: P05354

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

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

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by ST Lo & Co. in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in United States Dollars ("US\$") and all values are rounded to the nearest thousand (US\$'000) except when otherwise indicated.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	7	60,214	102,411	106,175
Cost of services		(56,615)	(94,746)	(94,901)
Gross profit		3,599	7,665	11,274
Other income, gain and losses, net	9	908	1,003	536
(Impairment losses)/Reversal of impairment loss on trade and other receivables, and deposits		2	(706)	(47)
Written off on trade receivables		—	(36)	—
Administrative expenses		(3,459)	(2,892)	(1,894)
Finance costs	10	(121)	(1,051)	(1,864)
Profit before income tax		929	3,983	8,005
Income tax expense	11	(95)	(1,111)	(2,223)
Profit for the year	12	834	2,872	5,782
Other comprehensive income for the year		—	—	—
Total comprehensive income for the year attributable to shareholders of the Target Company		834	2,872	5,782

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Non-current assets				
Property, plant and equipment	<i>14</i>	308	1,333	2,748
Right-of-use assets	<i>15</i>	7,346	32,828	26,358
Deferred tax assets	<i>16</i>	—	42	—
Deposits	<i>18</i>	323	1,578	2,372
		7,977	35,781	31,478
		7,977	35,781	31,478
Current assets				
Trade receivables	<i>17</i>	4,689	10,798	13,846
Prepayments, deposits and other receivables	<i>18</i>	1,343	1,600	1,439
Amount due from a shareholder	<i>19</i>	—	49	842
Amount due from a related company	<i>20</i>	76	—	—
Time deposits	<i>21</i>	874	—	—
Cash and bank balances	<i>21</i>	5,698	4,525	3,804
		12,680	16,972	19,931
		12,680	16,972	19,931
Current liabilities				
Trade payables	<i>22</i>	7,477	6,375	5,513
Accruals and other payables	<i>23</i>	3,095	4,688	3,681
Contract liabilities	<i>24</i>	855	852	438
Amount due to a related company	<i>25</i>	—	68	164
Tax payable		264	1,192	1,238
Obligations under finance lease liabilities	<i>27</i>	25	90	229
Lease liabilities	<i>15</i>	1,162	5,656	4,065
		12,878	18,921	15,328
		12,878	18,921	15,328
Net current assets/(liabilities)		(198)	(1,949)	4,603
Total assets less current liabilities		7,779	33,832	36,081

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

		As at 31 December		
	<i>Notes</i>	2023	2024	2025
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Non-current liabilities				
Obligations under finance lease liabilities	27	62	297	706
Lease liabilities	15	6,303	29,299	25,234
Deferred tax liabilities	16	50	—	123
		6,415	29,596	26,063
Net assets		1,364	4,236	10,018
Equity				
Share capital	28	10	10	10
Retained earnings		1,354	4,226	10,008
Total equity		1,364	4,236	10,018

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

STATEMENT OF CHANGES IN EQUITY

	Share capital <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>
Balance at 1 January 2023	10	520	530
Profit for the year	—	834	834
Balance at 31 December 2023 and at 1 January 2024	10	1,354	1,364
Profit for the year	—	2,872	2,872
Balance at 31 December 2024 and at 1 January 2025	10	4,226	4,236
Profit for the year	—	5,782	5,782
Balance at 31 December 2025	10	10,008	10,018

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

STATEMENT OF CASH FLOWS

Notes	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Operating activities			
Profit before income tax	929	3,983	8,005
Adjustment for:			
Bad debts written off on trade receivables	—	36	—
Provision for bad debt of other receivables	—	689	—
Depreciation on property, plant and equipment	256	200	406
Depreciation on right-of-use assets	1,078	4,980	6,470
Interest income	(29)	(51)	(35)
Impairment loss/(reversal of impairment loss) on trade and other receivables and deposits	(2)	18	47
Loss on disposal of property, plant and equipment	123	—	—
Gain on early termination of right-of-use assets	(2)	(2)	—
Interest expenses	121	1,051	1,864
	2,474	10,904	16,757
Changes in working capital:			
Increase in trade receivables	(3,789)	(6,156)	(3,088)
Increase in deposits, prepayments and other receivables	(363)	(2,208)	(640)
Decrease in contract liabilities	(754)	(3)	(414)
(Decrease)/Increase in trade payables	5,640	(1,102)	(862)
(Decrease)/Increase in accruals and other payables	1,867	1,553	(1,007)
Net cash generated from operations	5,075	2,988	10,746
Profits tax paid	(42)	(275)	(2,012)
Cash from operating activities	5,033	2,713	8,734

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Investing activities				
Payment to Purchase of Property, plant and equipment		(266)	(885)	(1,135)
Proceeds from disposal of Property, plant and equipment		400	—	—
Interest income received		42	51	35
(Placement)/Mature of time deposits		(874)	874	—
Advance to a shareholder		—	(49)	(793)
Net cash used in investing activities		(698)	(9)	(1,893)
Financing activities				
Advance from/(repayment to) a related company		(76)	144	96
Interest expenses paid		(121)	(1,051)	(1,864)
Repayment of obligations under finance lease liabilities		(5)	(40)	(138)
Repayment of lease liabilities		(847)	(2,930)	(5,656)
Net cash used in financing activities		(1,049)	(3,877)	(7,562)
(Decrease)/Increase in cash and cash equivalents		3,286	(1,173)	(721)
Cash and cash equivalents at the beginning of the year		2,412	5,698	4,525
Cash and cash equivalents at the end of the year	21	5,698	4,525	3,804

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

General information

COPE Services Incorporated (the “**Target Company**”) is a company incorporated in the United States of America (the “**U.S.**”) with limited liability. The Target Company’s registered office is located at 12400 Philadelphia Ave, Eastvale, CA91752, the U.S.

The principal activities of the Target Company are the provision of last-mile delivery services, warehousing services and trucking delivery services.

These financial statements are presented in United States Dollars (“**US\$**”), unless otherwise stated.

1. Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all individuals HKFRSs, Hong Kong Accounting Standard and Interpretations issued by the Hong Kong Institute of Certified Public Accountant (“**HKICPA**”). The Historical Financial Information has been prepared under the historical cost convention, and on the basis that the Target Company is a going concern.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Relevant Periods have been adopted by the Target Company consistently throughout the Relevant Periods.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

2 New standards, interpretations and amendments not yet effective

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

<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	<i>Narrow-scope amendments to HKFRS¹</i>
<i>Amendments to HKFRS 9 and HKFRS 7</i>	<i>Amendments to Classification and Measurement of Financial Instruments¹</i>
<i>Amendments to HKFRS 9 and HKFRS 7</i>	<i>Contracts Referencing Nature-dependent Electricity¹</i>
<i>HKFRS 18</i>	<i>Presentation and Disclosure in Financial Statements²</i>
<i>HKFRS 19</i>	<i>Subsidiaries without Public Accountability: Disclosures²</i>
<i>Hong Kong Interpretation 5</i>	<i>Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause²</i>
<i>Amendments to HKFRS 10 and HKAS 28</i>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

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

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

3 The effective date to be determined.

The sole director of the Target Company anticipates that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Target Company.

HKFRS 18

HKFRS 18 was issued in July 2024 and will replace HKAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in HKFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

HKFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by HKFRS 18 might require system and process changes for many entities, so entities should focus now to be ready for adoption. The Target Company is in the process of assessing the impact of adoption of HKFRS 18.

3. Material Accounting Policy Information

The financial statements have been prepared in accordance with the following accounting policies which conform to HKFRSs issued by the HKICPA. The material accounting policies are set out below.

3.1 Revenue recognition

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those services. Specifically, the Target Company 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;

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Target Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents 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 Target Company’s performance as the Target Company performs;
- The Target Company’s performance creates and enhances an asset that the customer controls as the asset is created or enhanced; or
- The Target Company’s performance does not create an asset with an alternative use to the Target Company and the Target Company 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 service.

Revenue is measured based on the consideration to which the Target Company expects to be entitled in a contract with a customer, excludes discounts and sales related taxes.

Provision of last-mile delivery services and trucking services

Revenue from provision of last-mile delivery services and trucking services is recognised when the services are rendered. The customers could only receive the benefit only when the parcels are delivered to the receivers.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Provision of warehousing services

Revenue from provision of warehousing services is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs.

Contract liabilities

A contract liability represents the Target Company's obligation to transfer goods or services to a customer for which the Target Company has received consideration from the customer. The Target Company recognises revenue from provision of warehousing services, warehousing operation services, last-mile delivery services and trucking services.

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 Target Company performance in transferring control of goods or services.

Principal versus agent

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

The Target Company is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Target Company 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 Target Company does not control the specified good or service provided by another party before that good or service is transferred to the customer.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

When the Target Company 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.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Service income is recognised when the service is rendered.

3.2 Government Grants

Government grants related to income are not recognised until there is reasonable assurance that the Target Company 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 Target Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.3 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.

3.4 Retirement benefits costs

Employees of the Target Company participate in federally mandated programs, including Social Security and Medicare, which are operated by the U.S. government. The Target Company is required to contribute certain percentages of employees' payroll costs to these programs. Such contributions are recognised as an expense to the statement of profit or loss when employees have rendered services entitling them to the contributions.

3.5 Taxation

Income tax expense represents the sum of the current income tax 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 statements 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 Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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 Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Company intends to settle current tax liabilities and assets on a net basis.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Current and deferred tax are recognised in profit or loss.

3.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method over their estimated useful lives, as follows:

Computers	3 years
Furniture and fixtures	5–10 years
Office equipment	5 years
Machinery and equipment	5 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

3.7 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.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

The Target Company as lessee

The Target Company assesses whether a contract is or contains a lease, at inception of the contract or acquisition date. The Target Company 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 Target Company 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.

Lease liabilities

At the commencement date of a lease, the Target Company 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 Target Company 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 Target Company exercising an option to terminate the lease.

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

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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 Target Company 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 Target Company presents right-of-use assets as a separate line in the statement of financial position.

The Target Company 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 of non-financial assets” policy as stated above.

3.8 Impairment losses on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Target Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets and other non-financial assets 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 Target Company 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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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.

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 Target Company 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.

3.9 Cash and cash equivalents

Cash and cash equivalents presented on the statement of financial position include:

- (i) cash, which comprises cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (ii) cash equivalents, which comprises 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 than for investment or other purposes.

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For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.10 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a Target Company 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 Target Company’s financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Financial assets at amortised cost (debt instruments)

The Target Company 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.

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.

Impairment of financial assets

The Target Company 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.

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The Target Company always recognises lifetime ECL for trade receivables. The expected credit losses on this financial assets is estimated using a provision matrix based on the Target Company'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 Target Company 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 Target Company 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.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Company 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 Target Company 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 Target Company's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Target Company'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;

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

- 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 Target Company 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 Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Company 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 Target Company 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.

Definition of default

The Target Company 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 Target Company, in full (without taking into account any collaterals held by the Target Company).

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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

Write-off policy

The Target Company 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 Target Company'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 Target Company in accordance with the contract and all the cash flows that the Target Company expects to receive, discounted at the original effective interest rate.

If the Target Company 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 Target Company 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 Target Company 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.

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Derecognition of financial assets

The Target Company 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, borrowings and amount due to a director, 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

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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.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company'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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Fair value measurement

When measuring fair value, except for the value in use of assets for the purpose of impairment assessment, the Target Company 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 Target Company 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 Target Company 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 Target Company 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.

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3.11 Related parties

For these financial statements, related party includes a person and entity as defined below:

- (i) A person or a close member of that person's family is related to the Target Company if that person:
 - (1) is a member of the key management personnel of the Target Company or of a parent of the Target Company;
 - (2) has control or joint control over the Target Company; or
 - (3) has significant influence over the Target Company.
- (ii) An entity is related to the Target Company if any of the following conditions applies:
 - (1) the entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (3) both entities are joint ventures of the same third entity;
 - (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (5) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the reporting entity is itself such as plan, the sponsoring employers are also related to the plan;
 - (6) the entity is controlled or jointly controlled by a person identified in (i);

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- (7) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company; or
- (8) a person identified in (i)(2) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Target Company's accounting policies, which are described in Note 3, the sole director of the Target Company is required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the 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.

The following 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.

4.1 Key sources of estimation uncertainty

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 Target Company to use judgement in making assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Target Company's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the

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result of the assessment and it may be necessary to make additional impairment loss in profit or loss. Further details of the trade receivables and deposits and other receivables are given in note 17 and 18 to the financial statements.

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 Target Company 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 Target Company estimates the recoverable amount of the cash-generating unit to which the assets belongs.

As at 31 December 2023, 2024 and 2025, the carrying amounts of right-of-use assets were approximately US\$7,346,000, US\$32,828,000 and US\$26,358,000 respectively. No impairment loss on right-of-use assets were recognised during the Relevant Periods.

5. Capital risk management

The sole director of the Target Company manages its capital to ensure the company will be able to continue as a going concern, while maximizing returns to shareholders through the optimization of the debt and equity balance. The Target Company's overall strategy remained unchanged during the Relevant Periods.

The capital structure of the Target Company consists of equity attributable to owners of the Target Company, comprising issued share capital and retained earnings.

The sole director of the Target Company reviews the capital structure regularly. As part of this review, the sole director of the Target Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director of the Target Company will balance its overall capital structure through the payment of dividends, new shares issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

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6. Financial Instruments

Categories of financial instruments

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Financial assets			
Financial assets at amortised cost			
— Trade receivables	4,689	10,798	13,846
— Deposits and other receivables	1,659	3,051	3,624
— Amount due from the shareholder	—	49	842
— Amount due from a related company	76	—	—
— Time deposits	874	—	—
— Cash and Bank balances	5,698	4,525	3,804
	<u>12,996</u>	<u>18,423</u>	<u>22,116</u>
Financial liabilities			
Financial liabilities at amortised cost			
— Trade payables	7,477	6,375	5,513
— Accruals and other payables	3,095	4,688	3,681
— Amount due to a related company	—	68	164
— Lease liabilities	7,465	34,955	29,299
— Obligations under finance lease liabilities	87	387	935
	<u>18,124</u>	<u>46,473</u>	<u>39,592</u>

6.1 Financial risk management objectives and policies

The Target Company's major financial instruments include trade receivables, deposits and other receivables, amount due from a shareholder and a related company, time deposits, cash and bank balances, trade payables, accruals and other payables, amount due to a related company and obligations under finance leases and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit 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 in a timely and effective manner.

Credit risk

Credit risk refers to the risk that the Target Company's counterparties default on their contractual obligations resulting in financial losses to the Target Company. As at 31 December 2023, 2024 and 2025, the Target Company'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 Target Company 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 statement of financial position.

The credit risk of the Target Company mainly arises from trade receivables, deposits and other receivables, amount due from a related company, amount due from a shareholder and bank balances. The carrying amounts of these balances represent Target Company's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Target Company 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.

In determining the ECL for trade receivables, the management of the Target Company has taken into account the historical default experience and forward-looking information. In this regard, the management consider that the Target Company's credit risk is significantly reduced.

For trade receivables, the Target Company has applied the simplified approach under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") to measure the loss allowance at lifetime ECL. The Target Company determines the ECL collectively 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 management considers that the Target Company's credit risk is significantly reduced.

In order to minimise the credit risk of deposits and other receivables, the Target Company has assessed that the expected credit loss rates for these receivables based on past experience. In addition, the Target Company 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 management considers that the Target Company's credit risk is significantly reduced.

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For amount due from a related company, in order to minimise the credit risk, management 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 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 Target Company has concentration of credit risk as 12.3%, 12.0% and 21.7% of the total trade receivables was due from the Target Company's largest customer as at 31 December 2023, 2024 and 2025 respectively. 45.5%, 50.6% and 53.5% of the total trade receivables was due from the Target Company's five largest customers as at 31 December 2023, 2024 and 2025 respectively.

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

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

<u>Category</u>	<u>Description</u>	<u>Basis for recognising ECL</u>
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

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Category	Description	Basis for recognising ECL
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 Target Company has no realistic prospect of recovery	Amount is written off

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

	Notes	Internal credit rating	12-month or lifetime ECL	At 31 December 2025		
				Gross carrying amount	Loss allowance	Net carrying amount
				<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	17	(i)	Lifetime ECLs (not credit impaired) and simplified approach	13,897	(51)	13,846
Financial assets included in deposits and other receivables	18	Performing	12-month ECL	3,644	(20)	3,624
Amount due from a shareholder	19	Performing	12-month ECL	842	—	842
Bank balances	21	Performing	12-month ECL	3,797	—	3,797

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	Notes	Internal credit rating	12-month or lifetime ECL	At 31 December 2024		
				Gross carrying amount	Loss allowance	Net carrying amount
				US\$'000	US\$'000	US\$'000
Trade receivables	17	(i)	Lifetime ECLs (not credit impaired) and simplified approach	10,809	(11)	10,798
Financial assets included in deposits and other receivables	18	Performing	12-month ECL	3,064	(13)	3,051
Amount due from a shareholder	19	Performing	12-month ECL	49	—	49
Bank balances	21	Performing	12-month ECL	4,510	—	4,510

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

	Notes	Internal credit rating	12-month or lifetime ECL	At 31 December 2023		
				Gross carrying amount	Loss allowance	Net carrying amount
				US\$'000	US\$'000	US\$'000
Trade receivables	17	(i)	Lifetime ECLs (not credit impaired) and simplified approach	4,689	—	4,689
Financial assets included in deposits and other receivables	18	Performing	12-month ECL	1,665	(6)	1,659
Amount due from a related company	20	Performing	12-month ECL	76	—	76
Time deposits	21	Performing	12-month ECL	874	—	874
Bank balances	21	Performing	12-month ECL	5,692	—	5,692

Note:

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

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Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. The management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Target Company's operations.

The remaining undiscounted contracted maturity profile of the Target Company's non-derivative financial liabilities at the end of the reporting period, based on the earliest date in which the Target Company is required to settle, is summarised below:

	Less than 1 year or on demand <i>US\$'000</i>	One to five years <i>US\$'000</i>	Over five years <i>US\$'000</i>	Total undiscounted cash flows <i>US\$'000</i>	Carrying amount <i>US\$'000</i>
At 31 December 2025					
Non-derivative financial liabilities					
Trade payables	5,513	—	—	5,513	5,513
Accruals and other payables	3,681	—	—	3,681	3,681
Amount due to a related company	164	—	—	164	164
Obligations under finance leases	286	787	—	1,073	935
Lease liabilities	5,563	15,003	16,506	37,072	29,299
	15,207	15,790	16,506	47,503	39,592
	15,207	15,790	16,506	47,503	39,592

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	Less than 1 year or on demand <i>US\$'000</i>	One to five years <i>US\$'000</i>	Over five years <i>US\$'000</i>	Total undiscounted cash flows <i>US\$'000</i>	Carrying amount <i>US\$'000</i>
At 31 December 2024					
Non-derivative financial liabilities					
Trade payables	6,375	—	—	6,375	6,375
Accruals and other payables	4,688	—	—	4,688	4,688
Amount due to a related company	68	—	—	68	68
Obligations under finance leases	114	334	—	448	387
Lease liabilities	7,479	16,617	20,454	44,550	34,955
	<u>18,724</u>	<u>16,951</u>	<u>20,454</u>	<u>56,129</u>	<u>46,473</u>

	Less than 1 year or on demand <i>US\$'000</i>	One to five years <i>US\$'000</i>	Over five years <i>US\$'000</i>	Total undiscounted cash flows <i>US\$'000</i>	Carrying amount <i>US\$'000</i>
At 31 December 2023					
Non-derivative financial liabilities					
Trade payables	7,477	—	—	7,477	7,477
Accruals and other payables	3,095	—	—	3,095	3,095
Obligations under finance leases	31	68	—	99	87
Lease liabilities	1,521	3,877	3,868	9,266	7,465
	<u>12,124</u>	<u>3,945</u>	<u>3,868</u>	<u>19,937</u>	<u>18,124</u>

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7. Revenue

Revenue mainly represents revenue arising from last-mile delivery services, warehousing services and trucking services for the year. An analysis of the Target Company revenue is as follows:

Disaggregation of revenue from contracts with customers by major services lines

	Year ended 31 December		
	2023	2024	2025
	US\$'000	US\$'000	US\$'000
Major service lines			
Last-mile delivery services	54,912	86,055	80,355
Warehousing services	5,004	15,437	23,103
Trucking services	298	919	2,717
	<u>60,214</u>	<u>102,411</u>	<u>106,175</u>

Disaggregation of revenue from contracts with customers by timing of recognition

	Year ended 31 December		
	2023	2024	2025
	US\$'000	US\$'000	US\$'000
Time of revenue recognition			
Overtime	5,004	15,437	23,103
A point in time	<u>55,210</u>	<u>86,974</u>	<u>83,072</u>
	<u>60,214</u>	<u>102,411</u>	<u>106,175</u>

8. Segment information

The sole director of the Target Company, being the chief operating decision makers, review the Target Company's internal reporting in order to assess performance and allocate resource. The Target Company is principally engaged in the provision of last-mile delivery services, warehousing services and trucking services. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Target Company as a whole as the Target Company's resources are integrated and no discrete operating segment financial information is available.

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Geographical information

The following table sets out information about the geographical location of the Target Company's revenue from external customers. The geographical location of revenue from external customers is based on the location of the place of customers' incorporation as follows:

Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Mainland China	8,706	19,608	19,688
Hong Kong	327	3,426	10,153
The U.S.	51,181	79,377	76,334
	<u>60,214</u>	<u>102,411</u>	<u>106,175</u>

As at 31 December 2023 and 2024 and 2025, all of the Target Company's non-current assets, excluding deferred tax assets, were located in the U.S.

Information about major customers

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

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Customer A ¹	14,239	20,983	N/A
Customer B ¹	8,204	N/A	20,989
Customer C ²	6,597	N/A	N/A
Customer D ²	N/A	10,932	13,369
	<u>N/A</u>	<u>10,932</u>	<u>13,369</u>

1 Revenue from last-mile delivery services rendered.

2 Revenue from last-mile delivery services and warehousing services rendered.

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9. Other income, gains and losses, net

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Bank interest income	29	51	35
Commission income	154	245	238
Consulting service income	12	331	—
Early settlement discount received from a credit card company	237	374	219
Government grants (<i>note (i)</i>)	557	—	—
Gain on early termination of right-of-use assets	2	2	—
Loss on disposal of property, plant and equipment	(123)	—	—
Sundry income	40	—	44
	908	1,003	536
	908	1,003	536

Note:

- (i) The government grants were mainly incentives provided due to employment subsidies in respect of COVID-19. As of 31 December 2023, 2024 and 2025, there were no unfulfilled conditions or contingencies relating to these government grants.

10. Finance costs

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Interests on:			
Obligations under finance leases liabilities	1	11	40
Lease liabilities	120	1,040	1,824
	121	1,051	1,864
	121	1,051	1,864

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11. Income tax expenses

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current income tax:			
— The U.S. Profits Tax (i)	122	1,203	2,057
Deferred tax expense/(benefits)			
(Note 16)	(27)	(92)	166
	<u>95</u>	<u>1,111</u>	<u>2,223</u>

- (i) Under the Internal Revenue Code in the U.S., the statutory federal corporate income tax rate applicable to the Target Company is **21%**. In addition to federal income tax, the Target Company is subject to state corporate income taxes, with rates varying by jurisdiction.

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

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Profit before income tax	<u>929</u>	<u>3,983</u>	<u>8,005</u>
Tax at applicable domestic income tax rate of 21%	195	836	1,681
Tax effect of expenses not deductible for tax purpose	5	7	7
Tax effect of income not assessable	(125)	—	—
State taxes, net of federal tax benefit	<u>20</u>	<u>268</u>	<u>535</u>
	<u>95</u>	<u>1,111</u>	<u>2,223</u>

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12. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Director's emoluments (<i>Note 13</i>)	167	210	322
Salaries, allowances and other benefits (excluding director's emoluments)	599	1,516	2,243
Contributions to retirement benefits scheme (excluding director's emoluments)	47	107	166
Total staff costs	<u>813</u>	<u>1,833</u>	<u>2,731</u>
Auditor's remuneration	—	—	—
Bad debts written off on trade receivables	—	36	—
Written off on other receivables	—	689	—
Impairment loss (reversal of impairment loss) on:			
— trade receivables	—	11	40
— other receivables	(2)	7	7
	<u>(2)</u>	<u>18</u>	<u>47</u>
Depreciation of Property, plant and equipment	256	200	406
Depreciation of Right-of-use assets	<u>1,078</u>	<u>4,980</u>	<u>6,470</u>

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13. Director's emoluments

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	167	210	322
	<u>167</u>	<u>210</u>	<u>322</u>

Five highest paid employees

The five highest paid employees during the Relevant Periods included 1 director. Details of the remuneration of the remaining non-director, highest paid employees for the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Salaries, allowances and benefits in kind	185	220	282
	<u>185</u>	<u>220</u>	<u>282</u>

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2023	2024	2025
	Nil to US\$100,000	4	4
	<u>4</u>	<u>4</u>	<u>4</u>

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14. Property, plant and equipment

	Computers <i>US\$'000</i>	Furniture and fixtures <i>US\$'000</i>	Office equipment <i>US\$'000</i>	Machinery and equipment <i>US\$'000</i>	Total <i>US\$'000</i>
Cost					
At 1 January 2023	30	538	18	800	1,386
Additions	—	94	—	264	358
Disposals	(30)	(537)	(18)	(824)	(1,409)
At 31 December 2023 and 1 January 2024	—	95	—	240	335
Additions	33	360	15	817	1,225
At 31 December 2024 and 1 January 2025	33	455	15	1,057	1,560
Additions	18	603	12	1,188	1,821
At 31 December 2025	<u>51</u>	<u>1,058</u>	<u>27</u>	<u>2,245</u>	<u>3,381</u>
Accumulated depreciation					
At 1 January 2023	26	250	14	367	657
Charge for the year	4	89	2	161	256
Written back on disposals	(30)	(331)	(16)	(509)	(886)
At 31 December 2023 and 1 January 2024	—	8	—	19	27
Charge for the year	9	38	3	150	200
At 31 December 2024 and 1 January 2025	9	46	3	169	227
Charge for the year	12	87	4	303	406
At 31 December 2025	<u>21</u>	<u>133</u>	<u>7</u>	<u>472</u>	<u>633</u>
Net carrying amount					
At 31 December 2023	<u>—</u>	<u>87</u>	<u>—</u>	<u>221</u>	<u>308</u>
At 31 December 2024	<u>24</u>	<u>409</u>	<u>12</u>	<u>888</u>	<u>1,333</u>
At 31 December 2025	<u>30</u>	<u>925</u>	<u>20</u>	<u>1,773</u>	<u>2,748</u>

As at 31 December 2023, 2024 and 2025, the net book value of machinery and equipment included an approximate amount of US\$57,000, US\$368,000 and US\$850,000 respectively held under finance leases. Details please refer to Note 27.

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Payments for additions of machinery and equipment included approximate amounts of US\$92,000, US\$340,000, and US\$686,000 for the years ended 31 December 2023, 2024, and 2025, respectively, which were financed through finance leases.

15. Right of use assets and lease liabilities

(i) Right-of-use assets

	Leased properties <i>US\$'000</i>
Cost	
At 1 January 2023	986
Additions	8,466
Early termination	(1,092)
	8,360
At 31 December 2023 and 1 January 2024	8,360
Additions	30,476
Early termination	(257)
	38,579
	38,579
Accumulated depreciation	
At 1 January 2023	118
Charge for the year	1,078
Written back on early termination	(182)
	1,014
At 31 December 2023 and 1 January 2024	1,014
Charge for the year	4,980
Written back on early termination	(243)
	5,751
At 31 December 2024 and 1 January 2025	5,751
Charge for the year	6,470
	12,221
	12,221
Net carrying amount	
At 31 December 2023	7,346
	7,346
At 31 December 2024	32,828
	32,828
At 31 December 2025	26,358
	26,358

The above item of right-of-use assets is depreciated on a straight-line basis over the terms of the lease per annum.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

(ii) Lease liabilities

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current	1,162	5,656	4,065
Non-current	6,303	29,299	25,234
	<u>7,465</u>	<u>34,955</u>	<u>29,299</u>

During the years ended 31 December 2023, 2024 and 2025, the Target Company entered into new lease agreements in respect of buildings and recognised lease liabilities of approximately US\$8,342,000, US\$30,436,000 and nil respectively.

During the years ended 31 December 2023, 2024 and 2025, the Target Company early terminated leases and de-recognised lease liabilities of approximately US\$912,000, US\$16,000 and nil respectively as stated in Note (i) above.

(iii) Amounts recognised in profit or loss

	For the year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Depreciation expenses on right-of-use assets	1,078	4,980	6,470
Gain on termination of a lease (included in other income, gains and losses, net)	2	2	—
Interest expenses on lease liabilities (included in finance costs)	120	1,040	1,824
Expenses relating to short-term leases (included in administrative and other expenses)	<u>180</u>	<u>425</u>	<u>585</u>

The Target Company had no expenses relating to variable lease payments not included in the measurement of the lease liability for the years ended 31 December 2023, 2024 and 2025. All leases payments are fixed payments.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

(iv) *Others*

During the years ended 31 December 2023, 2024 and 2025, total cash outflows for leases amounted to approximately US\$1,147,000, US\$4,395,000 and US\$8,065,000 respectively.

16. Deferred taxation

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Deferred tax (liabilities)/assets	(50)	42	(123)

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

	Impairment loss on trade and other receivables	Right-of- use assets	Property, plant and Equipment	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January 2023	2	1	(80)	(77)
Credited (charged) to profit and loss	—	25	2	27
At 31 December 2023 and 1 January 2024	2	26	(78)	(50)
Credited (charged) to profit and loss	105	290	(303)	92
At 31 December 2024 and 1 January 2025	107	316	(381)	42
Credited (charged) to profit and loss	14	241	(420)	(165)
At 31 December 2025	121	557	(801)	(123)

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

17. Trade receivables

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	4,689	10,809	13,897
Less: allowance for impairment loss of trade receivables	<u>—</u>	<u>(11)</u>	<u>(51)</u>
	<u>4,689</u>	<u>10,798</u>	<u>13,846</u>

The Target Company allows credit period of 0 to 30 days to its trade customers depending on creditability of the customers. The Target Company does not hold any collateral over its trade receivables.

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

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within 3 months	4,685	10,720	13,469
4–12 months	4	77	355
1–2 years	<u>—</u>	<u>1</u>	<u>22</u>
	<u>4,689</u>	<u>10,798</u>	<u>13,846</u>

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

The Target Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated collectively 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 dates.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

The estimated loss rates are estimated based on historical default 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 Target Company to assess both the current as well as the forecast direction of conditions at the reporting date.

The Target Company recognised lifetime ECL for trade receivables with gross carrying amount of approximately US\$4,689,000, US\$10,809,000 and US\$13,897,000 as at 31 December 2023, 2024 and 2025, respectively, collectively by applying expected credit loss rates of —%, 0.1% and 0.4% for the years ended 31 December 2023, 2024 and 2025, respectively.

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

	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
As at 1 January	—	—	11
Impairment loss recognised	—	11	40
As at 31 December	—	11	51
Expected credit loss rate (%)	—%	0.1%	0.4%

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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

18. Deposits, prepayments and other receivables

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Other deposits paid	1,142	2,458	3,092
Prepayments	7	127	187
Other receivables	523	606	552
	<u>1,672</u>	<u>3,191</u>	<u>3,831</u>
Less: Impairment losses of deposits and other receivables	<u>(6)</u>	<u>(13)</u>	<u>(20)</u>
	<u><u>1,666</u></u>	<u><u>3,178</u></u>	<u><u>3,811</u></u>
Represented by:			
Non-current portion	323	1,578	2,372
Current portion	1,343	1,600	1,439
	<u>1,666</u>	<u>3,178</u>	<u>3,811</u>

The non-current portion of the Target Company's deposits, which are expected to be recovered more than one year after the end of each reporting period, represents rental deposits.

The Target Company measures the impairment for other receivables based on 12-month ECL.

The movement in the impairment loss of deposits and other receivables is as follows:

	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
As at 1 January	8	6	13
Impairment loss recognised/(Reversal of impairment loss recognised)	<u>(2)</u>	<u>7</u>	<u>7</u>
As at 31 December	<u><u>6</u></u>	<u><u>13</u></u>	<u><u>20</u></u>

The Target Company 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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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 relevant years in assessing the loss allowance for deposits and other receivables.

19. Amount due from a shareholder

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
ZHENG Qingguo (“ Mr. ZHENG ”)	—	49	842

The amount due is non-interest bearing, unsecured, repayable on demand and non-trade in nature.

20. Amount due from a related company

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Hyperlining LLC	76	—	—

Shareholder of the Target Company, AN Wen, is the controlling shareholder of the related company.

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

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21. Time deposit/bank balances and cash*(i) Time deposit*

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Current:			
Time deposit with original maturity over three months	874	—	—

(ii) Cash and Bank balances

Cash and bank balances included demand deposits and short-term bank deposits for the purpose of meeting the Target Company'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.

The balances of time deposit, cash and bank balances were all denominated in US\$.

22. Trade payables

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	7,477	6,375	5,513

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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

	As at 31 December		
	2023	2024	2025
	US\$'000	US\$'000	US\$'000
Within 3 months	7,075	6,127	4,613
4–12 months	—	—	620
Over 1 year	402	248	280
	<u>7,477</u>	<u>6,375</u>	<u>5,513</u>

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

23. Accruals and other payables

	As at 31 December		
	2023	2024	2025
	US\$'000	US\$'000	US\$'000
Salaries payable	41	—	—
Accrued expenses	2,314	2,222	786
Other payables (<i>Note i</i>)	740	2,466	2,895
	<u>3,095</u>	<u>4,688</u>	<u>3,681</u>

Note (i): Of the total balances, amounts of approximately US\$260,000, US\$nil, and US\$1,413,000, were due to credit card companies as at 31 December 2023, 2024 and 2025 respectively. The associated credit limits are secured by the personal guarantee of the sole director, Mr. ZHENG.

24. Contract liabilities

	As at 31 December		
	2023	2024	2025
	US\$'000	US\$'000	US\$'000
Contract liabilities	<u>855</u>	<u>852</u>	<u>438</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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

During the years ended 31 December 2023, 2024 and 2025, all of the contract liabilities at the beginning of the respective year have been recognised as revenue.

All of the contract liabilities are expected to be recognised as revenue within one year.

25. Amount due to a related company

The amount due to a related company is non-interest bearing, unsecured, repayable on demand and non-trade in nature.

26. Retirement benefits plan

The employees of the Target Company in the U.S. are covered by federally-managed retirement and health benefit programs, including Social Security and Medicare. The Target Company is required to contribute a specified percentage of payroll costs to these programs in accordance with federal law. The Target Company's obligation with respect to these programs is limited to making the required contributions. The assets of these programs are held separately from those of the Target Company under the control of the U.S. government.

The total cost charged to statement of profit or loss and other comprehensive income of approximately US\$47,000, US\$107,000 and US\$166,000 represent contributions payable to these schemes by the Target Company for the year ended 31 December 2023, 2024 and 2025, respectively.

27. Obligations under finance leases

The Target Company leased its machinery and equipment under several finance leases. The lease terms is 3 to 5 years. As at 31 December 2023, 2024 and 2025, the interest rates underlying the obligation under finance leases are fixed at respective contract dates ranging from 7.0% to 7.5%, 6.0% to 7.5% and 7%, respectively. The leases have no terms of renewal of escalation clauses. Except for 2 leases in which the total lease payments approximate the fair value of assets, other leases have purchase options, pursuant to which, the Target Company has rights to acquire these machinery and equipment at pre-agreed prices upon the maturity of leases terms.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

	As at 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Analysed for the reporting purpose as:			
Current portion	25	90	229
Non-current portion	62	297	706
	87	387	935
	87	387	935

Addition of machinery and equipment under finance leases for the year ended 31 December 2023, 2024 and 2025 amounted to approximately US\$92,000, US\$340,000 and US\$686,000 respectively.

	As at 31 December					
	Minimum lease payments			Present value of minimum lease payments		
	2023	2024	2025	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 year	31	114	286	25	90	229
Over 1 year but less than 2 years	30	107	268	26	90	226
Over 2 years but less than 5 years	38	227	519	36	207	480
	99	448	1,073	87	387	935
Less: future finance charges	(12)	(61)	(138)	(-)	(-)	(-)
Present value of minimum lease payments	87	387	935	87	387	935
	87	387	935	87	387	935

The Target Company's obligations under finance leases are secured by the lessor's charge over the leased assets and personal guarantee by the shareholders, Mr. ZHENG and AN Wen.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

28. Paid-in capital/share capital

	Number of shares	Share Capital US\$'000
Authorised and issued:		
At 1 January 2023, 31 December 2023, 2024 and 2025	<u>10,000</u>	<u>10</u>

29. Related party transactions

During the years, the Target Company entered into the following transactions with related parties.

(a) Compensation of key management personnel

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
AN Wen	55	56	4
Mr. ZHENG	<u>167</u>	<u>210</u>	<u>322</u>

30. Litigations

In January 2023, the Target Company commenced legal proceedings in the United States against Company A relating to the alleged unlawful occupation of warehouses in California and Georgia and breaches of an alleged oral sublease arrangement. Company A also filed counterclaims in the Georgia proceedings.

On 5 October 2023, the parties entered into a mutual settlement and reached an agreement that all claims and counterclaims were fully resolved and the litigations were dismissed with prejudice. Under the settlement, all warehouse assets in the two warehouses were transferred to Company A for a consideration of US\$400,000, and Company A agreed to reimburse the rental deposits originally paid by the Target Company to the warehouse landlords totalling US\$800,300.

The Target Company received the disposal consideration of US\$400,000 in November 2023, deposit reimbursements of US\$458,300 and US\$200,000 in May and July 2025 respectively, and the remaining balance of US\$142,000 is expected to be recovered in February 2026.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Following the settlement, the warehouses are fully utilised by Company A and the Target Company no longer retains any rights to the warehouse assets. Other than routine rent pass-through arrangements under the Georgia lease (which are contractually reimbursable by Company A), the settlement does not give rise to any continuing obligations. No provision had been made in respect of the legal proceedings or the deposits prior to settlement, and management considers the remaining receivable to be fully recoverable.

31. Reconciliation of liabilities arising from financing activities

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Target Company'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 statement of cash flow as cash flow from financing activities.

	Amount due to a related company	Lease liabilities	Obligations under finance leases	Total
	<i>US\$'000</i>	<i>US\$'000</i> <i>(Note 15)</i>	<i>US\$'000</i> <i>(Note 27)</i>	<i>US\$'000</i>
At 1 January 2023	—	883	—	883
Cash flows in	—	—	—	—
Cash flows out	—	(967)	(6)	(973)
Finance costs incurred <i>(Note 10)</i>	—	120	1	121
Non-cash movement	—	7,430	92	7,522
At 31 December 2023 and 1 January 2024	—	7,466	87	7,553
Cash flows in	68	—	—	68
Cash flows out	—	(3,970)	(51)	(4,021)
Finance costs incurred <i>(Note 10)</i>	—	1,040	11	1,051
Non-cash movement	—	30,420	340	30,760

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

	Amount due to a related company	Lease liabilities	Obligations under finance leases	Total
	<i>US\$'000</i>	<i>US\$'000</i> <i>(Note 15)</i>	<i>US\$'000</i> <i>(Note 27)</i>	<i>US\$'000</i>
At 31 December 2024 and 1 January 2025	68	34,956	387	35,411
Cash flows in	96	—	—	96
Cash flows out	—	(7,480)	(178)	(7,658)
Finance costs incurred <i>(Note 10)</i>	—	1,824	40	1,864
Non-cash movement	—	—	686	686
	<u>164</u>	<u>29,300</u>	<u>935</u>	<u>30,399</u>

(b) Total cash outflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	Year ended 31 December		
	2023	2024	2025
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Within operating cash flows	180	425	585
Within financing cash flows	967	3,970	7,480
Total cash outflows for leases	<u>1,147</u>	<u>4,395</u>	<u>8,065</u>

32. Major non-cash transactions

Saved as disclosed in Note 15, the Target Company had no other non-cash transactions for the Relevant Periods.

33. Subsequent events

On 20 January 2026, Colink First HK Limited (“**COPE Holding**”) and Hyperlining Holdings HK Limited (“**Hyperlining Holding**”), shareholders of the Target Company (collectively, the “**Sellers**”), entered into the agreement with FAR International Holdings Group Company Limited (the “**Purchaser**”), pursuant to which the Purchaser has conditionally agreed to acquire all shares in the Sellers and subscribe for 690 new common shares in the Target Company, together with 51% shares of a related company, Hyperlining LLC. The total consideration is US\$15,777,006.

Immediately after the closing, the Purchaser will become the sole shareholder of COPE Holding and Hyperlining Holding, will hold 44.55% of the Target Company through COPE Holding and Hyperlining Holding, and FAR Luxembourg Holdings Sarl, a wholly-owned of the Purchaser will hold 6.45% of the Target Company directly. In aggregate, the Purchaser will hold 51% of the Target Company. The Target Company will become subsidiary of the Purchaser.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

[Letter Head to be inserted]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HYPERLINING LLC TO THE DIRECTORS OF FAR INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED

Introduction

We report on the historical financial information of Hyperlining LLC (formerly known as Hyperlining, Inc.) (the “**Target Company**”) set out on pages II-64 to II-90, which comprises the statements of financial position of the Target Company as at 31 December 2023, 2024 and 2025 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages II-64 to II-90 forms an integral part of this report, which has been prepared for inclusion in the investment circular of FAR International Holdings Group Company Limited (the “**Company**”) dated 2 April 2026 (the “**Investment Circular**”) in connection with the acquisition of 51% equity interest in the Target Company by the Company (the “**Acquisition**”).

Sole Director of the Target Company's responsibility for the Historical Financial Information

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

The financial statements of the Target Company for the Relevant Periods (“**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the sole director of the Target Company. The sole director of the Target Company is responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and for such internal control as the sole director determines is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of Target Company as at 31 December 2023, 2024 and 2025 and of its financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

ST Lo & Co.

Certified Public Accountants (Practising)

Hong Kong, 2 April 2026

LO Kit Yin

Practising Certificate number: P05354

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

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

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by ST Lo & Co. in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in United States Dollars ("US\$"), unless otherwise indicated.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Revenue	7	25,882	369,444	247,439
Cost of services		(17,758)	(315,775)	(221,643)
Gross profit		8,124	53,669	25,796
Administrative expenses		(1,252)	(8,348)	(236)
Profit before income tax		6,872	45,321	25,560
Income tax expense	9	(1,967)	(12,711)	(7,412)
Profit for the year		4,905	32,610	18,148
Other comprehensive income for the year		—	—	—
Total comprehensive income for the year attributable to shareholder of the Target Company		4,905	32,610	18,148

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Current assets				
Trade receivables	<i>10</i>	—	53,527	47,824
Prepayments		2,675	1,631	1,764
Amount due from a related company	<i>11</i>	—	67,973	163,740
Bank balances	<i>12</i>	101,570	90,301	114,947
		<u>104,245</u>	<u>213,432</u>	<u>328,275</u>
Current liabilities				
Trade payables	<i>13</i>	—	72,050	28,549
Other payables		11,791	86,599	185,835
Contract liabilities	<i>14</i>	2,802	2,980	2,980
Amount due to a related company	<i>15</i>	75,920	—	—
Amount due to the shareholder	<i>16</i>	8,101	4,700	54,474
Tax payable		1,142	10,004	1,190
		<u>99,756</u>	<u>176,333</u>	<u>273,028</u>
Net current assets and net assets		<u>4,489</u>	<u>37,099</u>	<u>55,247</u>
Equity				
Share capital	<i>17</i>	1,000	1,000	1,000
Retained earnings		3,489	36,099	54,247
Total equity		<u>4,489</u>	<u>37,099</u>	<u>55,247</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

STATEMENT OF CHANGES IN EQUITY

	Share capital	(Accumulated losses)/Retained earnings	Total
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Balance at 1 January 2023	1,000	(1,416)	(416)
Profit for the year	—	4,905	4,905
Balance at 31 December 2023 and at 1 January 2024	1,000	3,489	4,489
Profit for the year	—	32,610	32,610
Balance at 31 December 2024 and at 1 January 2025	1,000	36,099	37,099
Profit for the year	—	18,148	18,148
Balance at 31 December 2025	1,000	54,247	55,247

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

STATEMENT OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Operating activities				
Profit before income tax		6,872	45,321	25,560
Changes in working capital:				
Decrease/(Increase) in trade receivables		—	(53,527)	5,703
(Increase)/Decrease in prepayments		(2,675)	1,044	(133)
Increase in contract liabilities		2,802	178	—
Increase/(Decrease) in trade payables		—	72,050	(43,501)
Increase in other payables		11,791	74,808	99,236
Net cash generated from operations		18,790	139,874	86,865
Profits tax paid		(1,625)	(3,849)	(16,226)
Cash generated from operating activities		<u>17,165</u>	<u>136,025</u>	<u>70,639</u>
Investing activities				
Advance to a related company		—	(67,973)	(95,767)
Net cash generated from investing activities		<u>—</u>	<u>(67,973)</u>	<u>(95,767)</u>
Financing activities				
Advance from/(repayment to) a related company		75,920	(75,920)	—
Advance from/(repayment to) shareholder		3,401	(3,401)	49,774
Net cash generated from/(used in) financing activities		<u>79,321</u>	<u>(79,321)</u>	<u>49,774</u>
Increase/(Decrease) in cash and cash equivalents		96,486	(11,269)	24,646
Cash and cash equivalents at the beginning of the year		<u>5,084</u>	<u>101,570</u>	<u>90,301</u>
Cash and cash equivalents at the end of the year	12	<u><u>101,570</u></u>	<u><u>90,301</u></u>	<u><u>114,947</u></u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

General information

Hyperlining LLC (the “**Target Company**”) is a company incorporated in the United States of America (the “**U.S.**”) with limited liability. The Target Company’s registered office is located at 12400 Philadelphia Ave, Eastvale, CA91752, the United States of America.

The principal activity of the Target Company is the provision of trucking delivery services.

These financial statements are presented in United States Dollars (“**US\$**”), unless otherwise stated.

Change of Target Company name and Company type

Pursuant to a special resolution passed at the extraordinary general meeting of the Target Company held on 4 April 2025, the name of the Target Company was changed from Hyperlining, Inc., a corporation, to Hyperlining LLC, a limited liability company. In connection with this change, the company was converted from a corporation (Inc.) to a limited liability company (LLC) under the laws of the State of California, and its name was accordingly changed.

1. Basis of preparation

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all individuals HKFRSs, Hong Kong Accounting Standard and Interpretations issued by the Hong Kong Institute of Certified Public Accountant (“**HKICPA**”). The Historical Financial Information has been prepared under the historical cost convention, and on the basis that the Target Company is a going concern.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Relevant Periods have been adopted by the Target Company consistently throughout the Relevant Periods.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

2 New standards, interpretations and amendments not yet effective

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

<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	<i>Narrow-scope amendments to HKFRS¹</i>
<i>Amendments to HKFRS 9 and HKFRS 7</i>	<i>Amendments to Classification and Measurement of Financial Instruments¹</i>
<i>Amendments to HKFRS 9 and HKFRS 7</i>	<i>Contracts Referencing Nature-dependent Electricity¹</i>
<i>HKFRS 18</i>	<i>Presentation and Disclosure in Financial Statements²</i>
<i>HKFRS 19</i>	<i>Subsidiaries without Public Accountability: Disclosures²</i>
<i>Hong Kong Interpretation 5</i>	<i>Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause²</i>
<i>Amendments to HKFRS 10 and HKAS 28</i>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

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

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

3 The effective date to be determined.

The sole director of the Target Company anticipates that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Target Company.

HKFRS 18

HKFRS 18 was issued in July 2024 and will replace HKAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in HKFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

HKFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The changes in presentation and disclosure required by HKFRS 18 might require system and process changes for many entities, so entities should focus now to be ready for adoption. The Target Company is in the process of assessing the impact of adoption of HKFRS 18.

3. Material Accounting Policy Information

The financial statements have been prepared in accordance with the following accounting policies which conform to HKFRSs issued by the HKICPA. The material accounting policies are set out below.

3.1 Revenue recognition

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those services. Specifically, the Target Company 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;

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Target Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a 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 Target Company’s performance as the Target Company performs;
- The Target Company’s performance creates and enhances an asset that the customer controls as the asset is created or enhanced; or
- The Target Company’s performance does not create an asset with an alternative use to the Target Company and the Target Company 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 service.

Revenue is measured based on the consideration to which the Target Company expects to be entitled in a contract with a customer, excludes discounts and sales related taxes.

Provision of trucking services

Revenue from provision of trucking services is recognised when the services are rendered. The customers could only receive the benefit only when the goods are delivered to the receivers.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Contract liabilities

A contract liability represents the Target Company's obligation to transfer goods or services to a customer for which the Target Company has received consideration from the customer. The Target Company recognises revenue from provision of trucking service.

Principal versus agent

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

The Target Company is a principal if it controls the specified service before that service is transferred to a customer. The Target Company is an agent if its performance obligation is to arrange for the provision of the specified service by another party. In this case, the Target Company does not control the specified service provided by another party before that service is transferred to the customer.

When the Target Company 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 services to be provided by the other party.

3.2 Taxation

Income tax expense represents the sum of the current income tax 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 statements 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 Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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.

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 Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Company intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss.

3.3 Cash and cash equivalents

Cash and cash equivalents presented on the statement of financial position include:

- (i) cash, which comprises cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (ii) cash equivalents, which comprises 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 than for investment or other purposes.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.4 Financial instruments

Equity investments (other than investments in subsidiary, associate, joint venture or partnership) and other financial instruments are initially recognised at fair value, which is normally the transaction price. Subsequent to initial recognition, equity investments and other financial instruments are measured at fair value with changes in fair value recognised in profit or loss except for equity investment that is not publicly traded and whose fair value cannot be measured reliably, and contracts linked to instruments, if exercised, will result in delivery of financial instruments whose fair value cannot be measured reliably, are measured at cost less impairment.

At the end of each reporting period, the carrying amounts of the equity investments and other financial instruments are reviewed for evidence that the fair values are below the carrying amounts. If there is an indication that there has been a significant difference between the carrying amounts and best estimate of the amount that the Target Company would receive if assets were sold at the reporting date, an impairment loss is recognised immediately in the statement of comprehensive income and retained earnings. A reversal of an impairment loss is recognised immediately in profit or loss but limited to the carrying amounts would have been had no impairment been recognised.

3.5 Related parties

For these financial statements, related party includes a person and entity as defined below:

- (i) A person or a close member of that person's family is related to the Target Company if that person:
 - (1) is a member of the key management personnel of the Target Company or of a parent of the Target Company;
 - (2) has control or joint control over the Target Company; or
 - (3) has significant influence over the Target Company.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

- (ii) An entity is related to the Target Company if any of the following conditions applies:
- (1) the entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (3) both entities are joint ventures of the same third entity;
 - (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (5) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the reporting entity is itself such as plan, the sponsoring employers are also related to the plan;
 - (6) the entity is controlled or jointly controlled by a person identified in (i);
 - (7) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company; or
 - (8) a person identified in (i)(2) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Target Company's accounting policies, which are described in Note 3, the sole director of the Target Company is required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the 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.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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.

The following 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.

4.1 Key sources of estimation uncertainty

Impairment losses recognised in respect of trade receivables

The impairment provisions for trade receivables are measured using ECL model which requires the Target Company to use judgement in making assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Target Company'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. Further details of the trade receivables are given in note 10 to the financial statements.

5. Capital risk management

The sole director of the Target Company manages its capital to ensure the company will be able to continue as a going concern, while maximizing returns to shareholders through the optimization of the debt and equity balance. The Target Company's overall strategy remained unchanged during the Relevant Periods.

The capital structure of the Target Company consists of equity attributable to owners of the Target Company, comprising issued share capital and retained earnings.

The sole director of the Target Company reviews the capital structure regularly. As part of this review, the sole director of the Target Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the sole director of the Target Company will balance its overall capital structure through the payment of dividends, new shares issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

6. Financial Instruments

Categories of financial instruments

	As at 31 December		
	2023	2024	2025
	US\$	US\$	US\$
Financial assets			
Financial assets at amortised cost			
— Trade receivables	—	53,527	47,824
— Amount due from a related company	—	67,973	163,740
— Bank balances	101,570	90,301	114,947
	101,570	211,801	326,511
Financial liabilities			
Financial liabilities at amortised cost			
— Trade payables	—	72,050	28,549
— Other payables	11,791	86,599	185,835
— Amount due to related company	75,920	—	—
— Amount due to the shareholder	8,101	4,700	54,474
	95,812	163,349	268,858

6.1 Financial risk management objectives and policies

The Target Company's major financial instruments include trade receivables, amount due from a related company, bank balances, trade payables, other payables, amount due to a related company and amount due to a shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit 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 in a timely and effective manner.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

Credit risk

Credit risk refers to the risk that the Target Company's counterparties default on their contractual obligations resulting in financial losses to the Target Company. As at 31 December 2023, 2024 and 2025, the Target Company'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 Target Company 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 statement of financial position.

The credit risk of the Target Company mainly arises from trade receivables, amount due from a related company and bank balances. The carrying amounts of these balances represent Target Company's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Target Company 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.

In determining the ECL for trade receivables, the management of the Target Company has taken into account the historical default experience and forward-looking information. In this regard, the management consider that the Target Company's credit risk is significantly reduced.

For trade receivables, the Target Company has applied the simplified approach under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") to measure the loss allowance at lifetime ECL. The Target Company determines the ECL collectively 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 management considers that the Target Company's credit risk is significantly reduced.

For amount due from a related company, in order to minimise the credit risk, management 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 has taken into account the historical default experience and forward-looking information, available without undue cost or effort as appropriate.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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

The Target Company has concentration of credit risk as —%, 100.00% and 84.71% of the total trade receivables was due from the Target Company's five largest customers as at 31 December 2023, 2024 and 2025 respectively.

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

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

<u>Category</u>	<u>Description</u>	<u>Basis for recognising ECL</u>
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

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Category	Description	Basis for recognising ECL
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Target Company has no realistic prospect of recovery	Amount is written off

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

				At 31 December 2025		
				Gross carrying amount	Loss allowance	Net carrying amount
				US\$	US\$	US\$
Notes	Internal credit rating	12-month or lifetime ECL				
10	(i)	Lifetime ECLs (not credit impaired) and simplified approach	47,824	—	47,824	
11	Performing	12-month ECL	163,740	—	163,740	
12	Performing	12-month ECL	114,947	—	114,947	
				At 31 December 2024		
				Gross carrying amount	Loss allowance	Net carrying amount
				US\$	US\$	US\$
Notes	Internal credit rating	12-month or lifetime ECL				
10	(i)	Lifetime ECLs (not credit impaired) and simplified approach	53,527	—	53,527	
11	Performing	12-month ECL	67,973	—	67,973	
12	Performing	12-month ECL	90,301	—	90,301	

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	Notes	Internal credit rating	12-month or lifetime ECL	At 31 December 2023		
				Gross	Loss	Net
				carrying	allowance	carrying
				amount	US\$	amount
				US\$	US\$	US\$
Bank balances	12	Performing	12-month ECL	101,570	—	101,570

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

Liquidity risk

In the management of the liquidity risk, the Target Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. The management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Target Company's operations.

The remaining undiscounted contracted maturity profile of the Target Company's non-derivative financial liabilities at the end of the reporting period, based on the earliest date in which the Target Company is required to settle, is summarised below:

	Less than 1	One to five	Over five	Total	Carrying		
	year or on			years		years	undiscounted
	demand			years		years	cash flows
	US\$	US\$	US\$	US\$	US\$		
At 31 December 2025							
Non-derivative financial liabilities							
Trade payables	28,549	—	—	28,549	28,549		
Other payables	185,835	—	—	185,835	185,835		
Amount due to the shareholder	54,474	—	—	54,474	54,474		
	<u>268,858</u>	<u>—</u>	<u>—</u>	<u>268,858</u>	<u>268,858</u>		

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

	Less than 1 year or on demand <i>US\$</i>	One to five years <i>US\$</i>	Over five years <i>US\$</i>	Total undiscounted cash flows <i>US\$</i>	Carrying amount <i>US\$</i>
At 31 December					
2024					
Non-derivative					
financial liabilities					
Trade payables	72,050	—	—	72,050	72,050
Other payables	86,599	—	—	86,599	86,599
Amount due to the shareholder	4,700	—	—	4,700	4,700
	<u>163,349</u>	<u>—</u>	<u>—</u>	<u>163,349</u>	<u>163,349</u>
	Less than 1 year or on demand <i>US\$</i>	One to five years <i>US\$</i>	Over five years <i>US\$</i>	Total undiscounted cash flows <i>US\$</i>	Carrying amount <i>US\$</i>
At 31 December					
2023					
Non-derivative					
financial liabilities					
Other payables	11,791	—	—	11,791	11,791
Amount due to a related company	75,920	—	—	75,920	75,920
Amount due to the shareholder	8,101	—	—	8,101	8,101
	<u>95,812</u>	<u>—</u>	<u>—</u>	<u>95,812</u>	<u>95,812</u>

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7. Revenue

An analysis of the Target Company's revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	US\$	US\$	US\$
Trucking services	25,882	369,444	247,439

Disaggregation of revenue from contracts with customers by timing of recognition

	Year ended 31 December		
	2023	2024	2025
	US\$	US\$	US\$
Time of revenue recognition			
At a point in time	25,882	369,444	247,439

8. Segment information

The sole director of the Target Company, being the chief operating decision makers, review the Target Company's internal reporting in order to assess performance and allocate resource. The Target Company is principally engaged in the provision of trucking services.

Geographical information

The following table sets out information about the geographical location of the Target Company's revenue from external customers. The geographical location of revenue from external customers is based on the location of the place of customers' incorporation as follows:

As at 31 December 2023 and 2024 and 2025, all of the Target Company's non-current assets, excluding deferred tax assets, were located in the U.S.

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Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Mainland China	25,382	339,708	202,736
Hong Kong	—	5,416	—
The U.S.	500	24,320	44,703
	<u>25,882</u>	<u>369,444</u>	<u>247,439</u>

Information about major customers

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

	Year ended 31 December		
	2023	2024	2025
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Customer A	N/A	133,455	197,766
Customer B	N/A	78,205	N/A
Customer C	25,382	69,638	N/A
	<u>25,382</u>	<u>69,638</u>	<u>N/A</u>

9. Income tax expenses

	Year ended 31 December		
	2023	2024	2025
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Current income tax:			
— The U.S. Profits Tax	1,967	12,711	7,412
	<u>1,967</u>	<u>12,711</u>	<u>7,412</u>

Under the Internal Revenue Code in the U.S., the statutory federal corporate income tax rate applicable to the Target Company is **21%**. In addition to federal income tax, the Target Company is subject to state corporate income taxes, with rates varying by jurisdiction.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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

	Year ended 31 December		
	2023	2024	2025
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Profit before income tax	6,872	45,321	25,560
Tax at applicable domestic income tax rate of 21%	1,444	9,517	5,368
Tax effect of expenses not deductible for tax purpose	—	22	—
Utilisation of previously unrecognised tax losses	(129)	—	—
State taxes, net of federal tax benefit	652	3,172	2,044
	<u>1,967</u>	<u>12,711</u>	<u>7,412</u>

10. Trade receivables

	As at 31 December		
	2023	2024	2025
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Trade receivables	—	53,527	47,824
Less: allowance for impairment loss of trade receivables	—	—	—
	<u>—</u>	<u>53,527</u>	<u>47,824</u>

The Target Company allows credit period of 0 to 30 days to its trade customers depending on creditability of the customers. The Target Company does not hold any collateral over its trade receivables.

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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

	As at 31 December		
	2023	2024	2025
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Within 3 months	—	53,527	47,824

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

The Target Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated collectively 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 dates.

The estimated loss rates are estimated based on historical default 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 Target Company to assess both the current as well as the forecast direction of conditions at the reporting date.

The Target Company recognised lifetime ECL on trade receivables with gross carrying amounts of approximately US\$53,527 and US\$47,824 as at 31 December 2024 and 2025, respectively. However, as no customers had experienced repayment difficulties in the past, nil expected credit loss rates were applied during the Relevant Periods.

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

11. Amount due from a related company

	As at 31 December		
	2023	2024	2025
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
COPE Services Incorporated	—	67,973	163,740

Ms. AN Wen is the controlling shareholder of a related company.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

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

12. Bank balances

Bank balances included demand deposits and short-term bank deposits for the purpose of meeting the Target Company'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.

Bank balances were all denominated in US\$.

13. Trade payables

	As at 31 December		
	2023	2024	2025
	US\$	US\$	US\$
Trade payables	—	72,050	28,549

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

	As at 31 December		
	2023	2024	2025
	US\$	US\$	US\$
Within 3 months	—	72,050	28,549

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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

14. Contract liabilities

	As at 31 December		
	2023	2024	2025
	US\$	US\$	US\$
Contract liabilities	<u>2,802</u>	<u>2,980</u>	<u>2,980</u>

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

During the years ended 31 December 2023, 2024 and 2025, all of the contract liabilities at the beginning of the respective year have been recognised as revenue.

All of the contract liabilities are expected to be recognised as revenue within one year.

15. Amount due to a related company

The amount due to a related company is non-interest bearing, unsecured, repayable on demand and non-trade in nature.

16. Amount due to the shareholder

The amount due to the shareholder is non-interest bearing, unsecured, have no fixed terms of repayment and non-trade in nature.

17. Paid-in capital/share capital

	Number of shares	Share capital US\$
Authorised and issued:		
At 1 January 2023, 31 December 2023, 2024 and 2025	<u>1,000,000</u>	<u>1,000</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANIES

18. Subsequent events

On 20 January 2026, Hyperlining Holdings HK Limited (“**Hyperlining Holding**”), a shareholder of the Target Company, entered into the agreement with FAR International Holdings Group Company Limited (the “**Purchaser**”), pursuant to which the Purchaser has conditionally agreed to acquire all shares in Hyperlining Holding, together with all shares of a related company, Colink First HK Limited. The total consideration is US\$15,777,006.

Immediately after the closing, the Purchaser will become the sole shareholder of Hyperlining Holding, will hold 51% of the Target Company through Hyperlining Holding. The Target Company will become subsidiary of the Purchaser.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from the reporting accountants, SHINEWING (HK) CPA LIMITED, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose in this circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors

FAR International Holdings Group Company Limited
Room 201 Hangzhou Cross-border e-commerce Industrial Park
No. 22 Changcheng Street
Gongshu District, Hangzhou City
Zhejiang Province, PRC

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of FAR International Holdings Group Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) prepared by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 December 2025 and related notes as set out in Appendix III of the circular of the Company dated 2 April 2026, in connection with the acquisition of COPE Services Incorporated (“**COPE**”) and Hyperlining LLC (“**Hyperlining**”) (Collectively the “**Target Companies**”) and subscription for new shares of COPE (the “**Circular**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages III-4 to III-9 of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the acquisition of 51% effective interest in the Target Companies (the “**Transaction**”) on the Group's financial position as at 31 December 2025 as if the Transaction had taken place at 31 December 2025. As part of this process, information about the Group's financial position, has been extracted by the directors of the Company from the Group's financial statements for the year ended 31 December 2025, on which the results announcement had been published on 27 March 2026.

Directors' Responsibility for the Unaudited pro forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management (“**HKSQM**”) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Transaction on unadjusted financial information of the Group as if the Transaction had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589
Hong Kong
2 April 2026

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Introduction

The following is an illustrative unaudited pro forma condensed consolidated statement of assets and liabilities (“**Unaudited Pro Forma Financial Information**”) of FAR International Holdings Group Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 31 December 2025 in connection with the acquisition of COPE Services Incorporated (“**COPE**”) and Hyperlining LLC (“**Hyperlining**”) (collectively the “**Target Companies**”) and subscription for new shares of COPE.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the “**Directors**”) in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants, for illustrative purpose only.

The Unaudited Pro Forma Financial Information presented below is prepared to illustrate the effect of the Acquisition on assets and liabilities of the Group as if the acquisition of 51% effective interest in COPE and Hyperlining (the “**Transaction**”) had been completed on 31 December 2025. The Unaudited Pro Forma Financial Information is prepared based on (i) the audited consolidated statement of financial position as at 31 December 2025 extracted from the Group’s published annual results announcement for the year ended 31 December 2025, (ii) the audited statement of financial position of the Target Companies as at 31 December 2025, which has been extracted from the Accountants’ Report of the Target Companies thereon set out in Appendix II to the circular dated 2 April 2026 (the “**Circular**”), (iii) the audited statement of financial position of Colink First HK Limited (“**COPE Holding**”) extracted from the audited financial statements of COPE Holding for the year ended 31 December 2025; and (iv) the audited statement of financial position of Hyperlining Holdings HK Limited (“**Hyperlining Holding**”) extracted from the audited financial statements of Hyperlining Holding for the year ended 31 December 2025, after making the pro forma adjustments relating to the Transaction that are directly attributable to the Transaction and not related to future events or decisions; and factually supportable as if the Transaction had been undertaken as at 31 December 2025.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and is based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual assets and liabilities of the Group that would have been attained had the Transaction been completed on 31 December 2025 nor purport to predict the Group’s future assets and liabilities. The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the annual results announcement published by the Group for the year ended 31 December 2025, and other financial information included elsewhere in the circular.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2025

	The Group as at 31 December 2025 RMB'000 Note (1)	COPE as at 31 December 2025 RMB'000 Note (2)	Hyperlinking as at 31 December 2025 RMB'000 Note (3)	COPE Holding as at 31 December 2025 RMB'000 Note (4)	Hyperlinking Holding as at 31 December 2025 RMB'000 Note (5)	Pro forma adjustments RMB'000 Note (6)	Pro forma adjustments RMB'000 Note (7)	Pro forma adjustments RMB'000 Note (8)	Pro forma adjustments RMB'000 Note (9)	The Group after Acquisition as at 31 December 2025 RMB'000
Non-current assets										
Property, plant and equipment	21,243	19,318	—	—	—	—	—	—	—	40,561
Right-of-use assets	35,948	185,265	—	—	—	—	—	—	—	221,213
Goodwill	126,581	—	—	—	—	—	67,060	—	—	193,641
Deposits	56,287	16,669	—	—	—	—	—	—	—	72,956
Investment in subsidiary	—	—	—	—	197	—	(197)	—	—	—
Investments in associates	—	—	—	24,285	—	—	(24,285)	—	—	—
Equity investments designated at fair value through other comprehensive income	—	—	—	—	30,480	—	(30,480)	—	—	—
Deferred tax assets	11,769	—	—	—	—	—	—	—	—	11,769
	251,828	221,252	—	24,285	30,677	—	(54,962)	67,060	—	540,140
Current assets										
Trade and bills receivables	557,189	97,322	336	—	—	—	—	—	—	654,847
Deposits, prepayments and other receivables	139,057	16,026	12	1	1	—	—	—	—	155,097
Amounts due from related companies	—	—	1,151	—	—	—	(1,151)	—	—	—
Financial assets at fair value through profit and loss	3,617	—	—	—	—	—	—	—	—	3,617
Time deposit	61,405	—	—	—	—	—	—	—	—	61,405
Bank balances and cash	551,157	26,740	808	—	—	(96,281)	—	—	(2,871)	479,553
	1,312,425	140,088	2,307	1	1	(96,281)	(1,151)	—	(2,871)	1,354,519
Total assets	1,564,253	361,340	2,307	24,286	30,678	(96,281)	(56,113)	67,060	(2,871)	1,894,659

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP

	The Group as at 31 December 2025 RMB'000 Note (1)	COPE as at 31 December 2025 RMB'000 Note (2)	Hyperlinking as at 31 December 2025 RMB'000 Note (3)	COPE Holding as at 31 December 2025 RMB'000 Note (4)	Hyperlinking Holding as at 31 December 2025 RMB'000 Note (5)	Pro forma adjustments RMB'000 Note (6)	Pro forma adjustments RMB'000 Note (7)	Pro forma adjustments RMB'000 Note (8)	Pro forma adjustments RMB'000 Note (9)	The Group after Acquisition as at 31 December 2025 RMB'000
Current liabilities										
Trade payables	92,770	38,750	201	—	—	—	—	—	—	131,721
Accruals and other payables	39,326	25,869	1,689	—	—	—	—	—	—	66,884
Contract liabilities	19,390	3,080	21	—	—	—	—	—	—	22,491
Amount due to related companies	—	1,151	—	—	—	—	(1,151)	—	—	—
Income tax payables	5,752	8,703	8	—	—	—	—	—	—	14,463
Lease liabilities	10,846	30,179	—	—	—	—	—	—	—	41,025
Provision on litigation	2,500	—	—	—	—	—	—	—	—	2,500
Borrowings	592,482	—	—	—	—	—	—	—	—	592,482
	763,066	107,732	1,919	—	—	—	(1,151)	—	—	871,566
Non-current liabilities										
Deferred tax liabilities	10	870	—	—	—	—	—	—	—	880
Lease liabilities	26,649	182,323	—	—	—	—	—	—	—	208,972
	26,659	183,193	—	—	—	—	—	—	—	209,852
Net assets	774,528	70,415	388	24,286	30,678	(96,281)	(54,962)	67,060	(2,871)	831,241

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Notes:

1. The amounts are extracted from the audited consolidated statement of financial position of the Group as of 31 December 2025 as set out in the published annual results announcement of the Group for the year ended 31 December 2025.
2. The amounts are extracted from the accountants' report of COPE issued by ST Lo & Co. as set out in Appendix II to this Circular. The amounts were translated to RMB at translation rates of one United States Dollar (“USD”) to RMB7.0288.
3. The amounts are extracted from the accountants' report of Hyperlining issued by ST Lo & Co. as set out in Appendix II to this Circular. The amounts were translated to RMB at translation rates of one USD to RMB7.0288.
4. The amounts are extracted from the audited financial statements of COPE Holding issued by ST Lo & Co. for the period ended 31 December 2025. The amounts were translated to RMB at translation rates of one USD to RMB7.0288.
5. The amounts are extracted from the audited financial statements of Hyperlining Holding issued by ST Lo & Co. for the period ended 31 December 2025. The amounts were translated to RMB at translation rates of one USD to RMB7.0288.
6. The Company will acquire all existing shares of COPE Holding from the Zhenith Family Trust, subscribe for 690 new common shares in COPE, and acquire all existing shares of Hyperlining Holding from Ms. Wen An (collectively as the “**Acquisition**”). The Acquisition is considered by the Directors of the Company a business combination and accounted for using the acquisition method. On completion, the Company will in aggregate, hold 51% effective interest in COPE and Hyperlining through the interest held by COPE Holding and Hyperlining Holding.

Consideration for the acquisition of all existing shares of COPE Holding and Hyperlining Holding is approximately RMB110,893,000 (equivalent to approximately USD15,777,000) less the capital contribution of RMB14,058,000 (equivalent to approximately USD2,000,000) by the Company for the subscription of new shares in COPE and the auditing and assessment fees to be borne by the vendors of approximately RMB554,000 (equivalent to approximately USD79,000). The net consideration of approximately RMB96,281,000 (equivalent to approximately USD13,698,000) will be settled by cash at completion of the Acquisition.

The capital contribution of RMB14,058,000 (equivalent to USD2,000,000) by the Company for the subscription of new shares in COPE shall be deposited into a business bank account of COPE at completion of the Acquisition.

Mr. Qingguo Zheng and Ms. Wen An (collectively referred to as the “**Founders**”) have agreed to provide compensation to the Company should the Target Companies fail to meet certain performance targets either in equity compensation or cash (the “**Value-Adjustment Mechanism**” or the “**VAM**”).

The VAM may give the Group the right to the return of part of the original consideration or receive additional interests in the Target Companies if specified conditions are met. The VAM is accounted for as financial instruments and are measured at fair value through profit or loss under HKFRS 9 “Financial Instruments”. For the purpose of the Unaudited Pro Forma Financial Information, the Directors assume that the performance targets will be achieved and considered that the consideration shall not be adjusted accordingly. The consideration would be adjusted if the performances targets are not met.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

7. This represents the elimination of (i) the intra-group current account of an amount due from COPE to Hyperlining of approximately RMB1,151,000, (ii) investment by COPE Holding in COPE of approximately RMB24,285,000, (iii) investment by Hyperlining Holding in COPE of approximately RMB30,480,000; and (iv) investment by Hyperlining Holding in Hyperlining of approximately RMB197,000.

8. The goodwill arising from the Acquisition is calculated as follows:

	<i>RMB'000</i>
Deemed cost of investment in the Target Companies (note)	110,339
Less:	
51% of fair value of identifiable assets (note) and liabilities attributable to equity shareholders of the Target Companies	43,279
	67,060

Note: Including the capital contribution of RMB14,058,000 (equivalent to USD2,000,000) to be made by the Company to COPE

The amounts of goodwill and fair values of the identifiable assets and liabilities of the Target Companies are subject to change upon the completion of the valuation of the fair values of the identifiable assets and liabilities of the Target Companies on the date of completion of the Acquisition. Consequently, the resulting goodwill, the actual allocation of the purchase price at the date of completion will likely result in different amounts than those stated in the Unaudited Pro Forma Financial Information.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors made preliminary assessment, with reference to HKFRs Accounting Standard 36, Impairment of Assets, as to whether or not, based on the above information, there is any indicator of impairment on goodwill arising from the Acquisition. Based on such assessment, the Directors did not identify any impairment indicator in respect of the goodwill arising from the Acquisition.

The Directors will follow the Group's accounting policy in respect of assets impairment assessment, including the assessment of the impairment of goodwill arising from the Acquisition when preparing the Company's consolidated financial statements covering the period in which the Acquisition is completed. The Company's consolidated financial statements will be subject to the annual audit by the Company's auditor in accordance with Hong Kong Standards of Auditing.

9. The adjustment represents the estimated payments of the remaining professional fees in connection with the Acquisition which is charged to profit or loss of the Group.

10. Subject to the Target Companies achieving certain performance targets for the fiscal years ending 31 December 2026 and/or 31 December 2027, the Company shall acquire additional shares in each Target Companies from the Founders (the "**Shareholding Increase Plan**"). Consideration for the Shareholding Increase shall be settled at least 50% in cash with remainder if elected by the Company, by issuance of shares of the Company.

Upon conclusion of the fiscal year ending 31 December 2029, the Company shall acquire from the Founders all remaining equity interests in the Target Companies not previously acquired (the "**Final Equity Acquisition**"). The Final Equity Acquisition shall be settled by the Company by an equity swap.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
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Consideration for the Shareholding Increase Plan and the Final Equity Acquisition both in cash and in shares is not fixed and will depend on the subsequent financial performance of the Target Companies. Please refer to the section headed Letter From the Board of this Circular for further details of the Shareholding Increase Plan and the Final Equity Acquisition including calculation of the considerations.

11. No adjustments have been made to reflect any trading or other transactions of the Group entered into subsequent to 31 December 2025.

*Set forth below is the management discussion and analysis of the Target Companies for the three financial years ended 31 December 2023, 2024 and 2025 (collectively, the “**Relevant Periods**”) based on the financial information on the Target Companies set out in Appendix II to this circular.*

BUSINESS REVIEW

Cope Services Incorporated (“**COPE**”) is a stock corporation incorporated in California, United States on 7 August 2017. It specializes in providing last-mile delivery services, warehousing services and trucking services, and operates five warehouses located in California, Pennsylvania and Georgia as at 31 December 2025.

FINANCIAL REVIEW

The financial information of COPE as extracted from its Accountants’ Report is set out below:

Revenue

The revenue of COPE for the three years ended 31 December 2023, 2024 and 2025 was approximately US\$60.2 million, US\$102.4 million and US\$106.2 million, respectively. Revenue increased by approximately 70.1% from FY2023 to FY2024 which is attributable to growth in last-mile delivery services, warehousing services and trucking services and by approximately 3.7% from FY2024 to FY2025, attributable to growth in warehousing services and trucking services but drop in last-mile delivery services.

Revenue from last-mile delivery services was US\$54.9 million in FY2023, US\$86.1 million in FY2024, and US\$80.3 million in FY2025. The year-on-year increase in FY2024 was mainly driven by higher chargeable weight handled, supported by additional channels secured from major suppliers. The subsequent decline in FY2025 was primarily due to lower chargeable weight handled as a result of reduced imports from China following U.S. tariff policy changes.

Revenue from warehousing services was US\$5.0 million in FY2023, US\$15.4 million in FY2024 and US\$23.1 million in FY2025. The increase was primarily driven by an expansion in the number of warehouses from two in FY2023 to five in FY2024 and FY2025, with two of them established in the second half of FY2024. This expansion enhanced COPE’s warehouse capacity.

Revenue from trucking services was US\$0.3 million in FY2023, US\$0.9 million in FY2024 and US\$2.7 million in FY2025. The increase was mainly attributable to growth in the number of shipments because of enhancement in warehouse capacity as the revenue from trucking services recognised by COPE are warehouse-related trucking services.

Cost of sales

The cost of sales of COPE for the three years ended 31 December 2023, 2024 and 2025 was approximately US\$56.6 million, US\$94.7 million and US\$94.9 million, respectively. The increasing trend in the cost of sales of COPE was generally in line with the increase in the revenue.

Gross profit

The gross profit of COPE increased from approximately US\$3.6 million in FY2023 to approximately US\$7.7 million in FY2024, representing growth of approximately 113.0% and further increased to approximately US\$11.3 million in FY2025, an increase of approximately 47.1%. The improvement was mainly due to higher total revenue for the reasons described above.

COPE's overall gross profit margin improved from approximately 6.0% in FY2023 to approximately 7.5% in FY2024 and further increased to approximately 10.6% in FY2025.

The improvement from FY2023 to FY2024 was primarily attributable to higher gross profit margins in last-mile delivery services, partially offset by a lower gross profit margin in warehousing services.

The increase in gross profit margins in last-mile delivery was driven by higher pricing margins charged to customers amid strong market demand in the last quarter of FY2024, arising from market expectations of the potential imposition of tariffs. In contrast, the decrease in gross profit margin of warehousing services resulted from insufficient demand and operational inefficiencies during the initial months following the commencement of operations at newly established warehouses.

The increase in the overall gross profit margin from FY2024 to FY2025 was mainly attributable to an improvement in the gross profit margin of warehousing services following the stabilisation of operations after the initial ramp-up period. This was partially offset by a decline in the gross profit margins of last-mile delivery services, as the strong demand experienced in the last quarter of FY2024 and the first quarter of FY2025, as described above, gradually normalised.

Other income, gains and losses — net

The other income, gains and losses, net of COPE increased from approximately US\$0.9 million in FY2023 to approximately US\$1.0 million in FY2024. This increase was mainly attributable to higher commission income, consulting service income, and early settlement discounts received from a credit card company, partially offset by the absence of government grants relating to COVID-19 employment subsidies in FY2024.

The other income, gains and losses, net of COPE decreased from approximately US\$1.0 million in FY2024 to approximately US\$0.5 million in FY2025. This decrease was primarily attributable to a reduction in consulting service income and early settlement discounts received from a credit card company.

Impairment loss on trade and other receivables

COPE recorded a reversal of impairment loss on trade receivables, deposits, and other receivables of approximately US\$2,000 in FY2023, compared to an impairment loss of approximately US\$706,000 in FY2024. The increase was mainly attributable to a higher gross amount of trade receivables, deposits, and other receivables. In FY2025, COPE further recognized an impairment loss of US\$47,000 due to a continued increase in the gross amount of trade receivables, deposits, and other receivables.

Administrative expenses

COPE's administrative expenses decreased by approximately US\$0.6 million, or 16.4%, from approximately US\$3.5 million in FY2023 to approximately US\$2.9 million in FY2024, and further decreased by 34.5% to approximately US\$1.9 million in FY2025.

The continuous decrease in administrative expenses was primarily attributable to a year-on-year reduction in IT service fees for system development and maintenance, as the relevant systems had been successfully launched in late FY2022 and early 2023, resulting in reduced post-implementation support and development costs.

Finance costs

COPE's finance costs increased by 768.6%, from approximately US\$0.1 million in FY2023 to approximately US\$1.1 million in FY2024, and further increased by 77.4% to approximately US\$1.9 million in FY2025.

The continuous increase in finance costs was primarily attributable to higher lease liabilities and obligations under finance leases at the beginning of each respective years, which in turn led to an increase in the related finance costs.

Income tax expense

Income tax expenses primarily comprise current and deferred income taxes calculated at the applicable tax rates in accordance with the relevant laws and regulations in the United States.

COPE's income tax expenses increased from approximately US\$0.1 million in FY2023 to approximately US\$1.1 million in FY2024 and further increased to approximately US\$2.2 million in FY2025. This increase was mainly attributable to higher profit before taxation in each respective year.

Profit for the year

As a result of the foregoing, COPE recorded profits of approximately US\$0.8 million, US\$2.9 million, and US\$5.8 million for FY2023, FY2024, and FY2025, respectively.

Trade receivables

COPE's trade receivables increased from approximately US\$4.7 million as at 31 December 2023 to approximately US\$10.8 million as at 31 December 2024, representing a growth of 130.3%. Trade receivables further increased to approximately US\$13.8 million as at 31 December 2025, reflecting a 28.2% rise.

The increase was primarily attributable to higher average monthly revenue in the last quarter of each respective year, which resulted in higher billings and a larger outstanding receivables balance at year end. The increase in FY2025 was further exacerbated by slower customer repayments in the last quarter of FY2025.

Trade payables

COPE's trade payables decreased from approximately US\$7.5 million as at 31 December 2023 to approximately US\$6.4 million as at 31 December 2024, representing a reduction of approximately 14.7%. Trade payables further decreased to approximately US\$5.5 million as at 31 December 2025, reflecting a reduction of approximately 13.5%.

The decrease was primarily attributable to a reduced reliance on outsourced warehousing services provided by suppliers, as COPE increasingly utilised self-owned and self-managed warehouses. In addition, major suppliers of last-mile delivery services generally did not grant credit periods, which also contributed to the lower trade payables balance despite the increase in business volume.

Liquidity, Financial Resources and Capital Structure

COPE generally finances its operations primarily through cash generated from operations. It is anticipated that COPE has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements. As of 31 December 2025, COPE had cash and bank balance of approximately US\$3.8 million.

As of 31 December 2023, 2024 and 2025, the net assets of COPE amounted to approximately US\$1.4 million, US\$4.2 million and US\$10.0 million respectively.

As at 31 December 2023, 2024 and 2025, COPE had lease liabilities of approximately US\$7.5 million, US\$35.0 million and US\$29.3 million, respectively. Of these amounts, the current portion amounted to approximately US\$1.2 million, US\$5.7 million and US\$4.1 million respectively.

As at 31 December 2023, 2024 and 2025, COPE had obligation under finance lease liabilities of approximately US\$0.1 million, US\$0.4 million and US\$0.9 million, respectively. Of these amounts, the current portion amounted to approximately US\$25,000, US\$90,000 and US\$0.2 million respectively.

Gearing ratio

As at 31 December 2023, 2024 and 2025, the gearing ratio of COPE, based on the total debt (including lease liabilities and obligation under finance lease liabilities) to total equity of the Company was approximately 553.7%, 834.3% and 301.8%.

The gearing ratio was relatively high mainly due to the inclusion of lease liabilities arising from COPE's warehouse and logistics operations, while COPE had no interest-bearing bank borrowings during the relevant periods.

Exchange rate fluctuation risk

US\$ is COPE's functional currency and all COPE's business transactions with its customers and suppliers are denominated in US\$. Therefore, COPE did not expose to foreign currency risks. COPE has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations during the relevant periods.

Funding and treasury policy

COPE has adopted a prudent financial management approach towards its treasury policy. COPE closely monitored its liquidity position to ensure that the liquidity structure of its assets, liabilities and other commitments can meet its funding requirements.

Contingent liabilities

As at 31 December 2025, COPE had no material contingent liabilities.

Pledge of assets

As at 31 December 2023, 2024 and 2025, COPE had machinery and equipment included in property, plant and equipment with net book values of approximately US\$57,000, US\$368,000 and US\$850,000, respectively, which were held under finance leases.

Significant investment

COPE did not have any significant investments for the Relevant Periods.

Employees and Remuneration Policy

As at 31 December 2023, 2024 and 2025, COPE employed a total of 17, 33 and 40 full time employees, respectively.

The total staff costs of COPE for FY2023, FY2024 and FY2025 were approximately US\$0.8 million, US\$1.8 million and US\$2.7 million, respectively. COPE has established remuneration policies in line with prevailing market practices and provides remuneration and benefits to its employees based on its operational needs, as well as the responsibilities and performance of the employees.

The employees of COPE in the U.S. are covered by federally-managed retirement and health benefit programs, including Social Security and Medicare. COPE is required to contribute a specified percentage of payroll costs to these programs in accordance with federal law. COPE's obligation with respect to these programs is limited to making the required contributions. The assets of these programs are held separately from those of COPE under the control of the U.S. government.

BUSINESS REVIEW

Hyperlining LLC ("**Hyperlining**") is a limited liability company incorporated in California, United States on 18 October 2021. It specializes in providing trucking services.

FINANCIAL REVIEW

The financial information of Hyperlining as extracted from its Accountants' Report is set out below:

Revenue

The revenue of Hyperlining for the three years ended 31 December 2023, 2024 and 2025 was US\$25,882, US\$369,444 and US\$247,439, respectively. Revenue increased by approximately 1,327.4% from FY2023 to FY2024 which is attributable to Hyperlining commenced its business in August 2023 with FY2023 reflecting a partial-year contribution and a ramp-up period in building customers' and suppliers' relationship. Revenue decreased by approximately 33.0% from FY2024 to FY2025, which was mainly attributable to keen price competition, resulting in a reduction of business volume and revenue from the two largest customers.

Cost of revenue

The cost of revenue of Hyperlining for the three years ended 31 December 2023, 2024 and 2025 was US\$17,758, US\$315,775 and US\$221,643, respectively. The cost of revenue increased by approximately 1,678.2% from FY2023 to FY2024 and decreased by approximately 29.8% from FY2024 to FY2025, which are generally in line with the changes in revenue during the respective periods.

Gross profit

Gross profit increased from US\$8,124 in FY2023 to US\$53,669 in FY2024, representing an increase of approximately 560.6%, mainly due to higher total revenue as described above. It subsequently decreased to US\$25,796 in FY2025, representing a decrease of approximately 51.9%, primarily due to lower revenue.

Hyperlining's overall gross profit margin decreased from approximately 31.3% in FY2023 to approximately 14.5% in FY2024, and further declined to approximately 10.4% in FY2025, mainly due to a reduction in pricing levels adopted to attract new customers and to align with prevailing market levels. In FY2025, customers also requested further price discounts in order to remain competitive in the market, which further exerted downward pressure on the gross profit margin.

Administrative expenses

Hyperlining's administrative expenses increased by US\$7,096, or 566.8%, from US\$1,252 in FY2023 to US\$8,348 in FY2024, and decreased by US\$8,112, or 97.2% to US\$236 in FY2025.

The increase in administrative expenses was primarily attributable to a commission expense paid to an agent for acquiring customers. The decrease in FY2025 is mainly due to no commission expense being paid, as the customer referred by the agent no longer generates revenue.

Income tax expense

Income tax expenses primarily comprise current income taxes calculated at the applicable tax rates in accordance with the relevant laws and regulations in the United States.

Hyperlining's income tax expenses increased from approximately US\$1,967 in FY2023 to approximately US\$12,711 in FY2024 and decreased to approximately US\$7,412 in FY2025. The changes were mainly attributable to changes in profit before taxation in each respective year.

Profit for the year

As a result of the foregoing, Hyperlining recorded profits of approximately US\$4,905, US\$32,610, and US\$18,148 for FY2023, FY2024, and FY2025, respectively.

Trade receivables

Hyperlining's trade receivables increased from nil as at 31 December 2023 to approximately US\$53,527 as at 31 December 2024. Trade receivables then decreased to US\$47,824 as at 31 December 2025, representing a decrease of approximately 10.7%.

The increase in trade receivables in FY2024 was primarily attributable to the granting of 30-day credit terms to customers, whereas no credit period had been granted to customers in FY2023. The decrease in FY2025 was mainly due to a decline in average monthly revenue during the year.

Trade payables

Hyperlining's trade payables increased from nil as at 31 December 2023 to US\$72,050 as at 31 December 2024. Trade payables then decreased to US\$28,549 as at 31 December 2025, representing a decrease of approximately 60.4%.

The increase in trade payables in FY2024 was mainly attributable to the sourcing of new suppliers, which provided 30-day credit terms. The decrease in FY2025 was primarily due to a decline in the average monthly cost of revenue during the last quarter of FY2025.

Liquidity, Financial Resources and Capital Structure

Hyperlining generally finances its operations primarily through cash generated from operations. It is anticipated that Hyperlining has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements. As of 31 December 2025, Hyperlining had cash and bank balance of US\$114,947.

As of 31 December 2023, 2024 and 2025, the net assets of Hyperlining amounted to US\$4,489, US\$37,099 and US\$55,247 respectively.

Gearing ratio

Hyperlining had no interest-bearing bank borrowings or leases during the Relevant Periods.

Exchange rate fluctuation risk

US\$ is Hyperlining's functional currency and all Hyperlining's business transactions with its customers and suppliers are denominated in US\$. Therefore, Hyperlining did not expose to foreign currency risks. Hyperlining has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations during the Relevant Periods.

Funding and treasury policy

Hyperlining has adopted a prudent financial management approach towards its treasury policy. Hyperlining closely monitored its liquidity position to ensure that the liquidity structure of its assets, liabilities and other commitments can meet its funding requirements.

Contingent liabilities

As at 31 December 2025, Hyperlining had no material contingent liabilities.

Significant investment

Hyperlining did not have any significant investments for the Relevant Periods.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular received from International Valuation Limited, an independent valuer, in connection with its valuation as at 31 December 2025 of the Target Companies.

The Board of Directors

April 2, 2026

FAR International Holdings Group Company Limited

Room 201, Hangzhou Cross-border e-commerce Industrial Park

No. 22 Changcheng Street

Gongshu District, Hangzhou City

Zhejiang Province, PRC

Dear Sir and Madam,

International Valuation Limited (“**IVL**”) has concluded its analysis on the 51% equity interest in Cope Services Incorporated (“**Cope**”) and 51% equity interest in Hyperlining LLC (“**Hyperlining**”, collectively the “**Target Companies**”). The purpose of this engagement is to estimate the market values of the 51% equity interest in the Target Companies as of December 31, 2025 (the “**Valuation Date**”).

Our work is designed solely to assist the management (the “**Management**”) of FAR International Holdings Group Company Limited (the “**Company**”) and its subsidiaries (together as the “**Group**”) to determine the market values of the 51% equity interest in the Target Companies as of the Valuation Date for major transaction reference purpose.

This report states our scope of work and purpose of appraisal, identifies the business appraised, economic overview, describes the basis and methodology of our appraisal, investigation and analysis, major assumptions and limiting conditions, and presents our opinion of value.

PURPOSE OF APPRAISAL

IVL acknowledges that this report is prepared solely to assist the Management to determine the market values of the 51% equity interest in the Target Companies as of the Valuation Date. We understand that this report would be made available for major transaction reference purpose only. No other use of our valuation report is intended or should be inferred.

We assume no responsibility whatsoever to any person other than the Group in respect of, or arising out of, the contents of this report. If others chose to rely in any way on the contents of this report they do so entirely on their own risk.

DEFINITION OF VALUE

The report was prepared in accordance with International Valuation Standards 2025. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of market value: “*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*” Unless otherwise noted, the market values of the 51% equity interest in the Target Companies are determined on controlling shares and going concern bases.

SCOPE OF THE ENGAGEMENT

Our services included performing a valuation on the equity interest of the Target Companies as of the Valuation Date.

In the process of the valuation under this engagement, we relied on business and financial information of the Target Companies provided by the Management or obtained from public sources, if any. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the Management concerning the history and future operations of the Target Companies;
- Discussions with the Management to obtain an explanation and clarification of data provided;
- Development of valuation model to value the Target Companies, including gathering market and industry information in support of various assumptions;
- Discussions with the Management to:
 - Understand in more detail of the Target Companies;
 - Gain a more thorough understanding of the nature and operations of the Target Companies including the estimated market trends;
- Analysis of the conditions and economy for the territory in which the Target Companies operates; and

- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of the market values of the Target Companies.

In the course of our valuation, we used financial and other information provided by the Management. We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

This valuation report comprises:

- A. This letter, which describes the nature and extent of the valuation investigation, and presents the conclusion of value; and
- B. A narrative report, which sets forth the history and nature of the operations, a description of valuation theory, and a presentation and correlation of the valuation techniques employed, and the conclusion of value.

SOURCES OF INFORMATION

As part of our due diligence, we relied upon information and documents furnished to us by the Management, including the following:

- General descriptions and background of the Target Companies;
- Shareholding structure chart of the Target Companies;
- Share purchase agreement dated January 20, 2026 entered into by the Group in relation to the acquisition of 51% equity interest in the Target Companies; and
- Financial statements of the Target Companies for the year ended December 31, 2025.

Other information regarding the economy, as well as additional financial data was obtained from sources deemed to be reliable. In addition, we have discussed with the Management concerning the financial and general outlook of the Target Companies.

In the course of our valuation, we relied on the financial and other information provided by the Management, and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

CONCLUSION

Based on the information provided and the analysis conducted, and subject to the Major Assumptions and Statement of Limiting Conditions, our opinion of the market values of the 51% equity interest in the Target Companies as of December 31, 2025 are reasonably represented in the amount of approximately, **UNITED STATES DOLLARS SIXTEEN MILLION EIGHT HUNDRED AND SEVENTY THOUSAND ONLY (USD16,870,000)**.

We appreciate the opportunity to provide our valuation services. Please do not hesitate to contact us if you have any questions or if we can be of further assistance concerning this engagement. A copy of this report is retained in our files together with the data from which it was prepared.

Respectfully submitted,
International Valuation Limited

INTRODUCTION

Description of the Assignment

International Valuation Limited (“**IVL**”) has concluded its analysis on the 51% equity interest in Cope Services Incorporated (“**Cope**”) and 51% equity interest in Hyperlining LLC (“**Hyperlining**”, collectively the “**Target Companies**”). The purpose of this engagement is to estimate the market values of the 51% equity interest in the Target Companies as of December 31, 2025 (the “**Valuation Date**”).

Our work is designed solely to assist the management (the “**Management**”) of FAR International Holdings Group Company Limited (the “**Company**”) and its subsidiaries (together as the “**Group**”) to determine the market values of the 51% equity interest in the Target Companies as of the Valuation Date for major transaction reference purpose.

The report was prepared in accordance with International Valuation Standards 2025. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of market value: “*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*” Unless otherwise noted, the market values of the 51% equity interest in the Target Companies are determined on controlling shares and going concern bases.

The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Discussions with the Management concerning the history and future operations of the Target Companies;
- Discussions with the Management to obtain an explanation and clarification of data provided;
- Development of valuation model to value the Target Companies, including gathering market and industry information in support of various assumptions;
- Discussions with the Management to:
 - Understand in more detail of the Target Companies;

- Gain a more thorough understanding of the nature and operations of the Target Companies including the estimated market trends;
- Analysis of the conditions and economy for the territory in which the Target Companies operates; and
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of the market values of the Target Companies.

In the course of our valuation, we used financial and other information provided by the Management. We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

Sources of Information

As part of our due diligence, we relied upon information and documents furnished to us by the Management, including the following:

- General descriptions and background of the Target Companies;
- Shareholding structure chart of the Target Companies;
- Share purchase agreement dated January 20, 2026 entered into by the Group in relation to the acquisition of 51% equity interest in the Target Companies; and
- Financial statements of the Target Companies for the year ended December 31, 2025.

Other information regarding the economy, as well as additional financial data was obtained from sources deemed to be reliable. In addition, we have discussed with the Management concerning the financial and general outlook of the Target Companies.

In the course of our valuation, we relied on the financial and other information provided by the Management, and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters, which an audit or more extensive examination might disclose.

We also used financial and other information obtained from private and public sources we considered reliable, and our conclusions are dependent on such information as being complete and accurate in all material respects.

Purpose of Appraisal

IVL acknowledges that this report is prepared solely to assist the Management to determine the market values of the 51% equity interest in the Target Companies as of the Valuation Date. We understand that this report would be made available for major transaction reference purpose only. No other use of our valuation report is intended or should be inferred.

We assume no responsibility whatsoever to any person other than the Group in respect of, or arising out of, the contents of this report. If others chose to rely in any way on the contents of this report they do so entirely on their own risk.

OVERVIEW OF THE TARGET COMPANIES

Business Descriptions

Cope engages in overseas warehousing and last-mile delivery services in the United States. Hyperlining engages in trucking delivery services in the United States.

ECONOMIC OVERVIEW

Overview of the United States Economy

The United States economy delivered resilient performance in 2025 despite mixed signals across key indicators. According to the U.S. Bureau of Economic Analysis, the real gross domestic product (“GDP”) expanded at a robust 4.4% annualized rate in the third quarter of 2025. The momentum was driven by consumer spending, artificial intelligence-driven business investment, and improved trade dynamics.

Employment & Labor Market: The labor market showed pronounced cooling in 2025. According to the employment situation report from the U.S. Bureau of Labor Statistics, payroll employment in 2025 totaled roughly 584,000 — the weakest performance outside of recession since 2003. Unemployment stood at 4.4% in December 2025, down from 4.5% in November, though the improvement masked underlying weakness as labor force participation rate slipped to 62.4%.

Inflation & Monetary Policy: Inflation moderated substantially but remained above the Federal Reserve's 2% target. According to the U.S. Bureau of Labor Statistics, the Consumer Price Index ("CPI") rose 2.7% year-over-year in December 2025, while core CPI (excluding food and energy) stood at 2.6% — the lowest reading since March 2021. The Personal Consumption Expenditures ("PCE") price index, the Fed's preferred inflation gauge, was 2.8% in November 2025 for headline and core. Tariff implementation in August contributed to persistent inflation pressures, with effective tariff rates reaching 17% by November 2025 according to the Yale Budget Lab — the highest level since 1935. The Federal Reserve executed three consecutive 25-basis-point rate cuts in September, October, and December 2025, bringing the federal funds rate to 3.5%-3.75%.

Equity Markets & Corporate Earnings: The S&P 500 delivered exceptional returns of 17.9% including dividends for 2025, while the Nasdaq Composite rose 21.1% including dividends and the Dow Jones Industrial Average advanced 14.9% including dividends. However, gains were heavily concentrated: artificial intelligence-oriented stocks, which accounted for 52% of the S&P 500's return, despite representing only a fraction of market capitalization. Technology sector earnings growth accelerated to 29% year-over-year in Q3 2025, far outpacing the 9.8% growth in the rest of the index.

Housing Market: The housing sector remained fundamentally frozen, with existing home sales at 4.06 million units according to the National Association of Realtors — unchanged from 2024 and the lowest volume since 1995. Median home prices reached an all-time nominal high of US\$446,000 in June 2025, with 2025 full-year average of US\$414,400 reflecting only 1.7% year-over-year growth. New construction starts remained impaired at 1.38 million units monthly, unchanged from 2024.

Trade: The budget deficit shrank to US\$1.67 trillion for year 2025. The tariff revenue came in at US\$264 billion, up some US\$185 billion from the year before.

INDUSTRY OVERVIEW

Overview of Warehousing and Truckload Transportation in North America

Warehousing

Market Size & Growth: According to Grand View Research's market analysis, the North American warehousing market generated revenue of US\$335.1 billion in 2024 and is projected to grow at a compound annual growth rate ("CAGR") of 7.2% from 2025 to 2030. According to

Precedence Research, the global on-demand warehousing segment — driven by e-commerce and flexible logistics requirements — represented US\$147.78 billion in 2025 and is expected to surge at a 13.32% CAGR by 2034, with North America emerging as the fastest-growing regional market.

Transportation and warehousing employment declined by 78,000 jobs from the February peak through November 2025, reflecting the broader logistics sector contraction.

Truckload Transportation

Freight Volumes & Demand: According to the American Trucking Association, freight demand remained suppressed throughout 2025, with national truck tonnage down approximately 7% year-over-year by the third quarter and spot market load postings declining 15% compared to 2023. The American Trucking Association also reported trucks moved 11.27 billion tons of freight in 2024, down from 11.41 billion tons in 2023, with 2025 continuing this downward trajectory.

Rate Environment: Truckload rates showed divergent trends between spot and contract markets. DAT Freight & Analytics reported that spot van rates averaged US\$2.29 per mile in December 2025, up 9% year-over-year, while spot reefer rates reached US\$2.69 per mile (up 9% year-over-year) and flatbed rates hit US\$2.53 per mile (up 6% year-over-year). Contract rates remained relatively flat, with van contracts at US\$2.46 per mile and the spot-to-contract spread narrowing to its smallest gap since March 2022, reflecting shippers' urgency to secure capacity during peak season. FTR Transportation Intelligence projected total truckload rates would rise only 1.6% year-over-year in 2025, comprising 1.3% growth in spot rates and 1.8% in contract rates — down from earlier forecasts of 2.5% growth due to tariff-related uncertainty.

Driver Shortage: The chronic driver shortage persisted, with the American Trucking Association estimating a deficit of 60,000 to 80,000 qualified drivers by year-end 2025. The shortage was exacerbated by an aging workforce, high turnover rates exceeding 90% in long-haul segments, and regulatory barriers including stricter commercial driver's licenses requirements. The industry will require 1.2 million new drivers over the next decade to replace retiring workers and accommodate freight growth.

Operating Costs: Diesel fuel prices provided modest relief, averaging US\$3.61 per gallon for 2025 according to the Energy Information Administration — starting at US\$3.46 per gallon in the first quarter and climbing to an estimated US\$3.75 by the fourth quarter. While lower than 2022-2023 peaks, fuel still accounted for 25 to 40% of total operating costs for most carriers. Insurance costs remained prohibitively high, particularly for smaller operators, while equipment financing became increasingly difficult as lenders tightened credit standards amid rising carrier failures.

DEFINITION OF VALUE

The report was prepared in accordance with International Valuation Standards 2025. In estimating the market value of the equity interest appraised under this engagement, our efforts will be based on the following description of market value: “*Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*” Unless otherwise noted, the market values of the 51% equity interest in the Target Companies are determined on controlling shares and going concern bases.

GENERAL VALUATION OVERVIEW

The methods commonly used to develop approximate indications of value for a business or assets are the Income, Market, and Cost Approaches.

Income Approach

The Income Approach focuses on the income-producing capability of a business or asset. The Income Approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.

Market Approach

The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. Adjustments are made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

Cost Approach

The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate

physical deterioration, functional obsolescence, and economic obsolescence. The Cost Approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Approach

In developing our opinions, we considered all three approaches to value for the asset types and chose the most appropriate approach or approaches for each. Our conclusions rely on the approaches judged to be most appropriate for the purpose and scope of our analysis, as well as the nature and reliability of the data available to us.

In estimating the market value of the equity interest in the Target Companies, we relied primarily on the Market Approach. Under the Market Approach, we relied on the trading multiples of publicly traded guideline companies of the Target Companies. The Market Approach benchmarked the Target Companies' equity value to the publicly trading entities by looking into their financial performances. Not only could the Market Approach reflect the current market's investment preferences or investment habitat, but also provide up-to-date public market information allowing the Management to make a more informative decision.

The Cost Approach was not adopted as it may not be able to reflect the expected future economic benefits of an income-generating business. The Income Approach is also not adopted since prospective financial projection at market participants' point of view, which is subject to a number of assumptions and contingent factors, was not reliably available.

ESTIMATION OF THE MARKET VALUE OF 51% EQUITY INTEREST IN THE TARGET COMPANIES

Introduction

In this section of our report, we describe our valuation analysis utilized to arrive at a concluded market value of the 51% equity interest in the Target Companies.

Valuation Approach

The Market Approach uses direct comparisons to other enterprises and their equity securities to estimate the market value of the common shares of privately issued securities. The Market Approach bases the market value measurement on what other similar enterprises or comparable transactions indicate the value to be. Under this approach, investment by unrelated parties in

comparable equity securities of the subject enterprise or transactions in comparable equity securities of comparable enterprises is examined. One commonly used “market comparables” method is the guideline public company method.

To adopt the guideline public company method under the Market Approach, we have to determine the appropriate valuation multiples of comparable companies, in which we have considered enterprise value-to-sales (“EV/Sales”), price-to-sales (“P/S”), enterprise value-to-earnings before interest, tax, depreciation and amortization (“EV/EBITDA”), price-to-earnings (“P/E”) and price-to-book (“P/B”) multiples.

EV/Sales and P/S multiples were not adopted since these multiples could not take into account of the differences in cost structure and profit margin between the Target Companies and the comparable companies. P/B multiple was not adopted because book value does not necessarily reflect the profitability or the earning capability of Target Companies, and the Target Companies did not possess significant fixed assets as of the Valuation Date. EV/EBITDA multiple was preferred over P/E multiple since it could capture the differences in capital structure (i.e. net cash/(debt)) between the Target Companies and comparable companies. Also, EV/EBITDA multiple could adjust for the differences in taxes and non-cash items such as depreciation and amortization between the Target Companies and comparable companies. Therefore, we have employed EV/EBITDA multiple in the valuation for the Target Companies as of the Valuation Date.

The selection of guideline companies is by understanding the principal business of the valuation target and search for public companies with businesses as similar with the valuation target as possible. Generally speaking, companies in the same geographical location are preferred, followed by expansion to other geographical locations if same geographic location yield no meaningful results.

We searched for listed companies with business scopes and operations similar to those of the Target Companies as comparable companies on best-effort basis with reference to the following selection criteria:

- The companies are principally engaged in the operation of warehousing, truckload transportation and related brokerage services in North America, which are close to the Target Companies’ business;
- Over 50% of the total revenue of the companies were generated from operation of warehousing, truckload transportation and related brokerage services in their preceding financial year;

- The companies have positive EBITDA and positive operating profit after tax for the latest 12-month period as of the Valuation Date, similar to the Target Companies;
- The companies have pertinent operating histories and are listed on stock exchanges as of the Valuation Date; and
- The financial information and relevant multiple of the companies are available to the public.

We are not aware of any other comparable companies satisfying the selection criteria but not selected in our valuation. Hence, the comparable companies adopted are considered exhaustive based on our best-effort research analysis.

The following table presents the comparable companies adopted in the valuation of 51% equity interest in the Target Companies:

Comparable Companies	Business Descriptions
XPO Inc (XPO US Equity)	XPO, Inc. provides logistics services. The company offers asset-based less-than-truckload transportation, warehousing, distribution, supply chain, and other logistics services. XPO serves customers throughout North America.
Old Dominion Freight Line Inc (ODFL US Equity)	Old Dominion Freight Line, Inc. is an inter-regional and multi-regional motor carrier. The company primarily transports less-than-truckload shipments of general commodities, such as consumer goods, textiles, and capital goods. Old Dominion Freight Line serves regional markets throughout the United States.
Saia Inc (SAIA US Equity)	Saia, Inc. provides trucking transportation to the retail, petrochemical, and manufacturing industries. The company offers regional, interregional, and national less-than-truckload services, and selected truckload services throughout the United States.

Comparable Companies	Business Descriptions
Knight-Swift Transportation Holdings Inc (KNX US Equity)	Knight-Swift Transportation Holdings Inc. provides transportation and logistics services. The company offers dry van, cross border freight transportation, fleet solutions, consulting, brokerage, equipment leasing, temperature-controlled transport, and engineering services. Knight-Swift Transportation Holdings serves customers in North America.
Landstar System Inc (LSTR US Equity)	Landstar System, Inc. is a North American truckload carrier. The company transports a variety of freight, including iron and steel, automotive products, paper, lumber, chemicals, foodstuffs, and military hardware. Landstar System provides truckload carrier, intermodal transportation, and expedited air and truck services to shippers in the United States, Canada, and Mexico.
Schneider National Inc (SNDR US Equity)	Schneider National, Inc. operates as a transportation and logistics services company. The company offers a broad portfolio of premier truckload, intermodal, and logistics solutions, as well as manages hire trucking fleets in North America. Schneider National provides asset-based truckload services with asset-light intermodal and non-asset logistics offerings.
Werner Enterprises Inc (WERN US Equity)	Werner Enterprises, Inc. is a transportation company that primarily hauls truckload shipments of general commodities in both interstate and intrastate commerce. The company operates in the continental United States, as well as in Canada and Mexico.
ArcBest Corp (ARCB US Equity)	ArcBest Corporation is a diversified holding company involved in motor carrier transportation and intermodal transportation operations. The company transports a variety of goods around the world.

Comparable Companies Business Descriptions

Marten Transport Ltd (MRTN US Equity) Marten Transport, Ltd. is a long-haul truckload carrier providing protective service and time-sensitive transportation. The company specializes in protective service transportation of foods and other products requiring temperature-controlled carriage or insulated carriage. Marten Transport serves customers in the United States.

Covenant Logistics Group Inc (CVLG US Equity) Covenant Logistics Group, Inc. operates as a truckload carrier. The company offers temperature-controlled transportation service for shippers primarily in the frozen food and consumer products industries. Covenant Logistics Group serves customers in the United States.

Source: Bloomberg

The EV/EBITDA multiples of the comparable companies as of the Valuation Date were extracted from Bloomberg. The EV/EBITDA multiples were adjusted based on the size of each comparable company with reference to the size premium extracted from the Kroll Cost of Capital Navigator. The size-adjusted EV/EBITDA multiple for each comparable company was calculated based on the below formula:

$$\text{Size-adjusted EV/EBITDA} = \frac{1}{\frac{1}{M} + \alpha \varepsilon \theta}$$

where:

M: the original EV/EBITDA multiple of the comparable company

α: the scale factor, which is EBITDA/EBIT (earnings before interest and taxes) after tax of each comparable company

ε : the ratio of the equity to the equity and debt of each comparable company

θ: the size premium of the target company minus the size premium of the comparable company

APPENDIX V VALUATION REPORT ON THE TARGET COMPANIES

The following table shows the details of the original and size-adjusted EV/EBITDA multiples of the comparable companies as of the Valuation Date:

Comparable Companies	Original EV/EBITDA Multiple <i>(Note)</i>	α	ε	θ	Size-adjusted EV/EBITDA Multiple
XPO Inc (XPO US Equity)	16.8x	2.15	0.80	3.98%	7.8x
Old Dominion Freight Line Inc (ODFL US Equity)	18.7x	1.66	1.00	4.14%	8.2x
Saia Inc (SAIA US Equity)	14.3x	2.11	0.96	3.97%	6.7x
Knight-Swift Transportation Holdings Inc (KNX US Equity)	8.0x	7.34	0.76	3.97%	2.9x
Landstar System Inc (LSTR US Equity)	23.6x	1.69	0.97	3.73%	9.6x
Schneider National Inc (SNDR US Equity)	7.8x	4.60	0.92	3.73%	3.5x
Werner Enterprises Inc (WERN US Equity)	7.0x	7.56	0.70	3.28%	3.2x
ArcBest Corp (ARCB US Equity)	6.9x	4.33	0.78	3.28%	3.9x
Marten Transport Ltd (MRTN US Equity)	6.9x	8.03	1.00	3.59%	2.3x
Covenant Logistics Group Inc (CVLG US Equity)	7.6x	64.56	0.64	2.74%	0.8x
Median					3.7x

Note: Sourced from Bloomberg

We multiplied the median size-adjusted EV/EBITDA multiple of the comparable companies as of the Valuation Date to the latest 12-month EBITDA of the Target Companies to arrive at the enterprise values of the Target Companies. The latest 12-month EBITDA was based on the financial statements of the Target Companies for the year ended December 31, 2025, excluding any non-recurring other income/(losses). We then adjusted the derived enterprise values of the Target Companies with net cash/(debt) and non-operating assets/(liabilities) to arrive at the equity values of the Target Companies. Furthermore, we adjusted the derived equity values of the Target Companies with discount for lack of marketability (“**DLOM**”) and control premium to account for the fact that the Target Companies are private companies as of the Valuation Date and the subject equity interests are on controlling basis.

DISCOUNT FOR LACK OF MARKETABILITY (“DLOM”)

The value of privately held shares is not directly comparable to the value of publicly traded securities. This is due to the fact that shareholders of privately held companies do not have the same access to trading markets that shareholders of publicly traded companies enjoy. Therefore, the market value of the ordinary shares must be adjusted to reflect its lack of liquidity and ready market.

A number of research studies including restricted stock studies have attempted to quantify marketability discounts. Restricted stock studies are performed by comparing the prices at which a restricted stock trades vis-à-vis its publicly traded counterpart. A restricted stock is one that is identical to its company’s publicly traded issue but carries a short-term restriction on marketability. In the case of transfers of restricted stock, these studies provide evidence for the application of a discount placed on illiquid investments.

Based on Stout Restricted Stock Study Companion Guide 2025 published by Stout Risius Ross, LLC, a DLOM of approximately 20.4% has been adopted.

CONTROL PREMIUM

A control premium is the premium an investor is willing to pay in addition to a marketable majority equity value to obtain controlling interest in a business subject. The value derived from the comparable companies represents minority interests, therefore adjustment has been made to reflect the degree of control associated with the 51% equity interest in the Target Companies.

Based on the FactSet/BVR Control Premium Study 3rd Quarter, 2025 published by Business Valuation Resources, LLC, a control premium of approximately 31.4% has been adopted.

SUMMARY OF CALCULATION

Details of the calculation of the market value of the Target Companies using the size-adjusted EV/EBITDA multiple were illustrated as follows:

As of December 31, 2025	Cope	Hyperlining
Latest 12-month EBITDA <i>(in USD)</i>	16,209,479	25,560
Multiply: Median Market Multiple as of the Valuation Date	3.7x	3.7x
Enterprise Value <i>(in USD)</i>	59,996,551	94,606
Add: Cash <i>(in USD)</i>	3,804,377	114,947
Less: Debts <i>(in USD)</i>	(30,233,235)	—
Add/Less: Non-Operating Assets/(Liabilities) <i>(in USD)</i>	(3,813,848)	(77,759)
Equity Value (marketable and minority basis) <i>(in USD)</i>	29,753,845	131,794
Add: Control Premium <i>(in USD)</i>	9,342,707	41,383
Less: DLOM <i>(in USD)</i>	(6,069,784)	(26,886)
Market Value of 100% Equity Interest in the Target Companies <i>(in USD)</i>	33,026,767	146,291
Market Value of 51% Equity Interest in the Target Companies <i>(in USD)</i>	16,843,651	74,609
Market Value of 51% Equity Interest in the Target Companies <i>(in USD, rounded)</i>	16,800,000	70,000

Note: The total may not sum up or variation due to rounding.

MAJOR ASSUMPTIONS

In this appraisal, a number of assumptions have to be made in order to sufficiently support our concluded value of the Target Companies. Any deviation from the below major assumptions may significantly vary the valuation result. The major assumptions adopted in this appraisal are:

- The financial statements of the Target Companies for the year ended December 31, 2025 as provided by the Management can reasonably represent its financial position and performance of the Target Companies as of the Valuation Date since audited financial accounts as of the Valuation Date was not available;
- There will be no major changes in the current taxation laws in the territories (the “**Territories**”) in which the Target Companies operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic or financial conditions in the Territories in which the Target Companies operate or intend to operate, which would adversely affect the revenues attributable to and the profitability of the Target Companies;
- The Target Companies will retain and have competent management, key personnel, and technical staff to support its ongoing operation;
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Companies operate or intend to operate has or would be officially obtained and renewable upon expiry;
- Industry trends and the market conditions for related industries will not deviate significantly from economic forecasts; and
- All information and representations provided by the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respect.

CONCLUSION OF VALUE

Based on the information provided and the analysis conducted, and subject to the Major Assumptions and Statement of Limiting Conditions, our opinion of the market values of the 51% equity interest in the Target Companies as of December 31, 2025 are reasonably represented in the amount of approximately, **UNITED STATES DOLLARS SIXTEEN MILLION EIGHT HUNDRED AND SEVENTY THOUSAND ONLY (USD16,870,000)**.

This report and the observations and analyses are intended solely for use by the Group for the purpose of assisting the Management of the Group to assess the market values of the 51% equity interest in the Target Companies as of the Valuation Date and are not to be reproduced, disseminated or disclosed, in whole or in part, to any other party except in accordance with the terms of our engagement letter. The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to the Group.

Yours faithfully,

For and on behalf of

International Valuation Limited

Prepared and analyzed by:

Winnie Lam, CFA

Alan Wu, CFA, FRM

Ms. Winnie Lam has more than ten years of experience in valuation and financial analyses, including business valuation, valuation of intangible assets, financial instruments, natural resources projects and purchase price allocation. Ms. Lam is a charter holder of Chartered Financial Analyst (CFA) and she graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration, double-major in finance and management of organizations.

Mr. Alan Wu has over five years of experience in valuations of businesses, early-stage companies, intangible assets, purchase price allocation for financial reporting and transaction reference. Mr. Wu is a charter holder of Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM). He graduated from City University of Hong Kong with a master's degree in Applied Economics.

STATEMENT OF LIMITING CONDITIONS

This analysis is subject to the following limiting conditions:

1. This appraisal report cannot be included or referred to in any prospectus, offering memo, loan agreement, registration statement, regulatory authority filings, legal and court proceedings or other public documents without prior written consent from International Valuation Limited (“IVL”).
2. This report has been made only for the purpose stated and shall not be used for any other purpose. The information contained in this report is specific to the needs of the Group and for the intended use stated in this report. Neither IVL nor the appraiser is responsible for unauthorized use of this report. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of IVL or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Group, its financial accounting firm and attorneys, regulatory authorities, by any means without the prior written consent and approval of IVL. We assume no responsibilities or liabilities for any losses incurred as a result of unauthorized circulation, publication or reproduction of this report in any form and/or if used contrary to the purpose stated therein.
3. Information furnished by others or taken from Group’s reports and records, standard reference manuals, publications and other sources, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information. We do not accept any responsibilities for any errors or omissions in the information or any consequence liabilities arising from commercial decision or actions resulting from them.
4. IVL assumes no responsibility for legal matters including interpretations of either the law or contracts. No investigation has been made of, and no responsibility is assumed for, the legal description, or for legal matters regarding the valuation subject.
5. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.

6. The date of value to which the estimate, conclusions and opinion expressed in this report applies is set forth in the beginning of this report. This appraisal is valid only for the valuation date indicated. Our value opinion is based on the purchasing power of the reporting currency as of this date. The opinion of value is estimated based on the financial conditions prevailing as of the date of this appraisal.
7. For events that occur subsequent to the appraisal date hereof, no responsibility is taken and no obligation is assumed to revise this report to reflect the impact, if any, of these events or changing conditions as they may have upon the subject although we reserve the right to do so. Neither IVL nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.
8. It is assumed that all required licenses, certificates, or other legislative or administrative authority from any local, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the value estimates provided in this report are based.
9. We have made no investigation of and assumed no responsibility for the ownership or any liabilities against the valuation subject. Responsible ownership and competent management are assumed.
10. Any allocation in this report of the total valuation among components of the valuation subject and the weighting of the reported values among the various appraisal approaches applies only to the program of utilization stated in this report. The separate values for any components or approaches may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.
11. This appraisal report might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the appraiser's estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the Group and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
12. Our valuation is only any an indicative quantum at which interests in the valuation subject might be reasonably be expected to be sold or disposed at the Valuation Date and may be different from the actual transacted price.

13. To the best of our knowledge and belief, the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are impartial, and unbiased professional analyses, opinions, and conclusions.

14. Neither IVL nor any individual signing or associated with this report has any present or prospective interest in the valuation subject of this report and with respect to the parties involved. IVL or any individual signing or associated with this report has no bias with respect to the valuation subject of this report or to the parties involved with this assignment. The engagement in this assignment was not contingent upon developing or reporting predetermined results. The compensation of IVL or any individual signing or associated with this report for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Group, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and 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 the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company were as follows:

Names of Directors	Nature of interest	Number of Shares held/ interested in <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Mr. Wang Quan	Interest in a controlled Corporation	263,189,164 <i>(Note 3)</i>	28.12%
Mr. Yang Zhilong	Interest in a controlled Corporation	8,708,246 <i>(Note 4)</i>	0.90%
Mr. Zhang Guangyang	Beneficial owner	2,098,800 <i>(Note 5)</i>	0.22%

Notes:

- All interests stated are long positions.

2. The calculation is based on the total number of 936,000,000 Shares in issue as at 31 December 2025.
3. Mr. Wang Quan is interested or deemed to be interested in (i) 221,213,154 Shares directly owned by Zi Yue, of which Mr. Wang is the sole shareholder; (ii) 41,976,010 Shares is owned by Gensis FAR Holdings Limited which is wholly-owned by Hangzhou Aiyuan L.P. and 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. Ren He International Holdings Limited held 8,708,246 Shares, representing approximately 0.93% of the entire issued share capital of the Company. Ren He International Holdings Limited is entirely owned by Mr. Yang Zhilong, an executive Director. 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. Mr. Zhang Guangyang held 2,098,800 Shares, representing approximately 0.22% of the entire issued share capital of the Company.

(b) Substantial Shareholders

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Names of Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding
Zi Yue Holdings Limited	Beneficial owner	221,213,154 <i>(Note 1)</i>	23.63%
Ms. Lao Minzhong	Interest of a spouse	263,189,164 <i>(Note 2)</i>	28.12%
AIDC SI PTE. LTD.	Beneficial owner	67,041,663 <i>(Note 2)</i>	7.16%
Alibaba Singapore Holding Private Limited	Interest in a controlled corporation	67,041,663 <i>(Note 2)</i>	7.16%
Alibaba.com Holding Limited	Interest in a controlled corporation	67,041,663 <i>(Note 2)</i>	7.16%

Names of Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding
Alibaba.com International (Cayman) Holding Limited	Interest in a controlled corporation	67,041,663 (Note 3)	7.16%
Alibaba.com Investment Holding Limited	Interest in a controlled corporation	67,041,663 (Note 3)	7.16%
Alibaba.com Limited	Interest in a controlled corporation	67,041,663 (Note 3)	7.16%
Mr. Ye Jianrong	Interest in a controlled corporation	51,699,152 (Note 4)	5.52%

Notes:

1. 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 4.49% shareholding of the Company as at 31 December 2025. 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.
2. 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.
3. AIDC SI PTE. LTD. is interested in approximately 7.16% 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.
4. Coast Harvest Holdings Limited (“**Coast Harvest**”) is interested in approximately 3.55% shareholding of the Company as at 31 December 2025. 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 1.97% shareholding of the Company as at 31 December 2025. 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.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each of Mr. Wang Quan, Mr. Yang Shilong and Mr. Zhang Guangyang entered into a service contract with the Company, pursuant to which each of them agreed to act as an executive Director for a term of three years with effect from 22 December 2023. Mr. Shi Dite entered into a service contract with the Company to act as an executive Director for a term of three years with effect from 20 January 2026. Mr. Yao Shenjie entered into a service contract with the Company, pursuant to which he agreed to act as a non-executive Director for a term of three years with effect from 31 May 2024. Ms. Yi Yun entered into a service contract with the Company, pursuant to which she agreed to act as a non-executive Director for a term of three years with effect from 26 November 2025. Each of Mr. Ye Xingyue and Mr. Ren Tiangan entered into a service contract with the Company, pursuant to which each of them agreed to act as an independent non-executive Director for a term of three years with effect from 22 December 2023. Ms. Wang Jiaofei entered into a service contract with the Company, pursuant to which she agreed to act as an independent non-executive Director for a term of three years with effect from 31 May 2024.

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

4. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, had been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Company.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or prospectus of the Group since 31 December 2024, the date to which the latest published audited accounts of the Company are made up.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

Save and except for disclosed below, no material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material.

- (1) the transaction framework agreement dated 20 January 2026 entered into among the Company, the Sellers, the Target Companies

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have been named in this circular or have given opinion or letter contained in this circular:

Name	Qualifications
ST Lo & Co.	Certified Public Accountants
SHINEWING (HK) CPA Limited	Certified Public Accountants
International Valuation Limited	Independent professional valuer

The above experts have given and has not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter(s), report(s), opinion (as the case may be) and references to its name and logo in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and
- (b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2025), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. GENERAL

- (a) The company secretary of the Company is Mr. Leung Lok Sang. Mr. Leung is a member of both Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is Suite 210, 2nd Floor, Windward III, Regatta Office Park, Grand Cayman KY1-1106, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is Room 1603, 16/F., China Building, No.29 Queen's Road Central, Central, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (e) The principal share registrar and transfer office of the Company is Appleby Global Services (Cayman) Limited.
- (f) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective website of the Company (www.far800.com) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

- (a) the accountants' report on the Target Companies, the text of which is set out in Appendix II to this circular;
- (b) the report on the unaudited pro forma financial information of the Enlarged Group upon the completion of the Transactions, the text of which is set out in Appendix III to this circular;
- (c) the valuation report of the Target Companies prepared by International Valuation Limited dated April 2, 2026, the text of which is set out in Appendix V to this circular;
- (d) the material contracts as referred to in the section headed "Material Contracts" in this Appendix;

- (e) the consent letters referred to in the section headed “Qualifications and Consents of Experts” in this Appendix; and
- (f) this circular.



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)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (the “**EGM**”) of FAR International Holdings Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at Room 201, Hangzhou Cross-border e-commerce Industrial Park, No. 22 Changcheng Street, Gongshu District, Hangzhou City, Zhejiang Province, PRC on Monday, 27 April 2026 at 10:00 a.m. (Hong Kong time) to consider and, if thought fit, pass with or without amendments the following resolutions:

ORDINARY RESOLUTIONS

1. “THAT

- (a) the transaction framework agreement dated 20 January 2026 entered into among the Company, Mr. Qingguo Zheng, Ms. Wen An and the Zhenith Family Trust and COPE Services Incorporated and Hyperlining LLC (the “**Agreement**”) (a copy of which has been produced to the Meeting and initialed by the chairman of the Meeting for identification purpose), the transactions contemplated thereunder (including the allotment and issue of consideration shares) and any other ancillary documents, be and are hereby confirmed, approved and ratified, subject to such addition or amendment as any director(s) of the Company (the “**Director(s)**”) may consider necessary, desirable or appropriate; and
- (b) subject to the Listing Committee having granted the listing of, and permission to deal in the consideration shares, the Directors be and are hereby granted a specific mandate which shall entitle the Directors to exercise all the powers of the Company to allot and issue new ordinary Shares up to 29.99% of the issued share capital of the Company at a price to be determined to the Sellers as consideration for the Shareholding Increase Plan and the Final Equity Acquisition subject to the terms and conditions of the transaction framework agreement, where such consideration shares shall rank *pari passu* in all respects with the other ordinary Shares in issue or to be issued by the Company on or prior to the date of allotment of the consideration shares, provided that the specific

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mandate shall be in addition to, and shall not prejudice nor revoke, any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution; and

- (c) any one or more director(s) of the Company be and is hereby authorised to do all such acts and things and sign all such documents (under seal, if necessary) and to take all such steps as he/she consider, necessary or expedient or desirable in connection with or to give effect to the transaction framework agreement and to implement the transactions contemplated thereunder (including the allotment and issue of consideration shares) and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interests of the Company.”

By order of the Board

FAR International Holdings Group Company Limited

Wang Quan

Chairman and Executive Director

Hong Kong, 2 April 2026

*Headquarters and principal place of business
in Hong Kong registered under Part 16 of the
Companies Ordinance:*

Room 1603, 16/F., China Building,
No.29 Queen’s Road Central, Central, Hong Kong

Registered Office:

Suite 210, 2nd Floor, Windward III, Regatta Office Park,
Grand Cayman KY1-1106, Cayman Islands

Notes:

- (1) A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.

In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or the adjourned meeting (as the case may be).

- (2) Completion and return of the proxy form will not preclude shareholders of the Company from attending and voting in person at the EGM, or any adjourned meeting, should they so wish.

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- (3) The register of members will be closed from Wednesday, 22 April 2026 to Monday, 27 April 2026, both days inclusive, during which period no transfer of shares will be registered. The record date for determining the eligibility to attend and vote at the Extraordinary General Meeting will be Monday, 27 April 2026. In order to qualify for attendance of Extraordinary General Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 21 April 2026.
- (4) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on the Stock Exchange, all votes of shareholders at the EGM will be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the matter prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

As at the date of this announcement, the executive Directors are Mr. Wang Quan, Mr. Yang Zhilong, Mr. Zhang Guangyang and Mr. Shi Dite; the non-executive Directors are Ms. Yi Yun and Mr. Yao Shenjie; and the independent non-executive Directors are Mr. Ye Xingyue, Mr. Ren Tiangan and Ms. Wang Jiaofei.