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S.F. Holding Co., Ltd.
順豐控股股份有限公司

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

(Stock Code: 6936)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025

The board of directors (the “**Board**”) of S.F. Holding Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited results of the Group for the year ended December 31, 2025. This announcement, containing the full text of the 2025 Annual Report of the Company, is prepared with reference to the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcement of annual results. The Company’s 2025 Annual Report will be published on the HKEXnews’ website (www.hkexnews.hk) and the Company’s website (www.sf-express.com) in due course, and will be sent to the Company’s shareholders (if requested).

By Order of the Board
S.F. Holding Co., Ltd.
GAN Ling
Joint Company Secretary

Shenzhen, the PRC, March 30, 2026

As at the date of this announcement, the Board comprises Mr. Wang Wei as chairman and executive director, Mr. Ho Chit and Mr. Xu Bensong as executive directors; and Mr. Chan Charles Sheung Wai, Mr. Lee Carmelo Ka Sze and Dr. Ding Yi as independent non-executive directors.

COMPANY VISION

To be the well-respected and the world's leading digital intelligence logistics solution provider

Important Notice

The Company's Board of Directors, Directors and senior management hereby guarantee that the contents of this annual report (the "Report") are true, accurate, and complete, and that there are no misrepresentations, misleading statements, or material omissions, and shall assume individual and joint legal liabilities.

The Financial Report is prepared in accordance with the International Financial Reporting Standards and audited by PricewaterhouseCoopers, which has expressed a standard unqualified opinion thereon.

The Report has been considered and approved at the 4th meeting of the seventh session of the Board of Directors of the Company (the "Board Meeting") with all Directors present and voting in favor.

Forward-looking statements such as future development plans contained herein do not constitute any undertaking made by the Company to investors. Investors are advised to invest rationally and to take into account possible investment risks.

Investors are advised to pay attention to the major risks currently faced by the Group and the countermeasures, the details of which are set out in the "Risk Management and Internal Controls" of the "Corporate Governance Report."

The profit distribution plan considered and approved at the Board Meeting is as follows: based on the total number of Shares at the record date in respect of the implementation of 2025 final dividend distribution plan, less the Shares in repurchase securities account of the Company, a final cash dividend of RMB4.3 (tax inclusive) per 10 Shares will be distributed to all Shareholders. The Company will not carry out bonus issue or conversion of capital reserve into share capital for the year of 2025. Upon preliminary calculation using the Company's total number of Shares as of the date of this Report and excluding the Shares in the repurchase securities account on the even date, the amount of the final cash dividend distribution is expected to be RMB2.14 billion. Coupled with the 2025 interim cash dividend of approximately RMB2.32 billion disbursed, the estimated aggregate amount of cash dividends for 2025 is RMB4.46 billion, accounting for approximately 40% of the profit attributable to owners of the Company in 2025. The 2025 final dividend distribution plan is subject to consideration and approval at the 2025 annual general meeting of the Company.

The Report is prepared in both Chinese and English versions. If there is any ambiguity in understanding the Financial Report, the English version shall prevail. If there is any ambiguity in understanding of other contents other than the Financial Report, the Chinese version shall prevail.

Contents

4	Corporate Information
8	Key Accounting Data and Financial Indicators
13	Letter to Shareholders
17	Management Discussion and Analysis
84	Directors and Senior Management
87	Corporate Governance Report
104	Report of Directors
126	Independent Auditor's Report
131	Consolidated Statement of Profit or Loss
132	Consolidated Statement of Comprehensive Income
133	Consolidated Statement of Financial Position
136	Consolidated Statement of Changes in Equity
138	Consolidated Statement of Cash Flows
140	Notes to the Consolidated Financial Statements
236	Definitions

Corporate Information

Board of Directors

Executive Directors

Mr. Wang Wei (*Chairman*)

Mr. Ho Chit

Ms. Wang Xin (*Retired on December 30, 2025*)

Mr. Xu Bensong

Independent Non-executive Directors

Mr. Chan Charles Sheung Wai

Mr. Lee Carmelo Ka Sze

Dr. Ding Yi

Audit Committee

Mr. Chan Charles Sheung Wai (*Chairman*)

Mr. Lee Carmelo Ka Sze

Dr. Ding Yi

Remuneration and Appraisal Committee

Dr. Ding Yi (*Chairlady*)

Mr. Chan Charles Sheung Wai

Mr. Lee Carmelo Ka Sze

Nomination Committee

Mr. Lee Carmelo Ka Sze (*Chairman*)

Dr. Ding Yi

Mr. Wang Wei

Strategy Committee

Mr. Chan Charles Sheung Wai (*Chairman*)

Dr. Ding Yi

Mr. Wang Wei

Risk Management Committee

Mr. Ho Chit (*Chairman*)

Mr. Chan Charles Sheung Wai

Mr. Lee Carmelo Ka Sze

H Share Registrar

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Legal Advisers

As to Hong Kong laws:

Herbert Smith Freehills Kramer

23rd Floor, Gloucester Tower

15 Queen's Road Central

Hong Kong

Auditor

PricewaterhouseCoopers

Certified Public Accountants and

Registered Public Interest Entity Auditor

22/F, Prince's Building

Central, Hong Kong

Compliance Adviser

Caitong International Capital Co., Limited

Unit 2401-05, 24th Floor

Grand Millennium Plaza

181 Queen's Road Central

Hong Kong

Registered Address in the PRC

3/F, Complex Building

SF South China Transit Center, No. 1111

Hangzhan 4th Road

Shenzhen Airport, Caowei Community

Hangcheng Sub-district, Bao'an District, Shenzhen

Guangdong Province, the PRC

Principal Place of Business in the PRC

TK Chuangzhi Tiandi Building
Keji South 1st Road
Nanshan District, Shenzhen
Guangdong Province, the PRC

Principal Place of Business in Hong Kong

9/F, Asia Logistics Hub – SF Centre
36 Hong Wan Road, Tsing Yi
New Territories, Hong Kong

Joint Company Secretaries

Ms. Gan Ling
Ms. So Ka Man (*FCG, HKFCG (PE)*)

Authorized Representatives

Mr. Ho Chit
Ms. Gan Ling

Company's Website

www.sf-express.com

“SF Holding is the largest integrated logistics service provider in China and Asia, and the fourth largest in the world¹”

Founded in 1993, SF has evolved into Asia’s largest and the world’s fourth-largest integrated logistics service provider through its 33-year development, ranking 393rd on the Fortune Global 500 list. SF serves over 2.35 million corporate clients and more than 800 million individual consumers, offers logistics services spanning time-definite express services, economy express services, freight services, cold chain and pharmaceutical logistics services, intra-city on-demand delivery services, as well as supply chain and international services (including international express services, international cargo and freight forwarding services, and supply chain services). Leveraging its industry-leading technology, SF empowers customers in building global, end-to-end one-stop secure and efficient smart supply chain systems, with the vision of becoming the well-respected and the world’s leading digital intelligence logistics solution provider.

SF boasts an extensive global logistics service network, with domestic operations covering all cities in China. SF’s international express services, international cargo and freight forwarding services, and supply chain services extend to 95 countries and regions globally, while its international small parcel delivery services establish the footprint in 200 countries and regions. SF is the premium brand in the logistics industry both in China and globally, having been listed for nine consecutive years among “China’s Most Admired Companies” by Fortune China, and ranks first in Express Delivery Service Public Satisfaction in China for 16 consecutive years. The Company’s time-definite express services maintain a commanding market share in China. In China, SF ranks first in five segments¹: express delivery, freight, cold chain, intra-city on-demand delivery², and supply chain services³. In Asia, SF ranks first in four segments¹: express delivery, freight, intra-city on-demand delivery², and international services⁴.

Looking ahead, as a global logistics leader connecting Asia with the rest of the world, SF will continue to leverage its well-recognized premium brand, extensive global network coverage and comprehensive logistics service capabilities to accelerate global expansion, drive sustainable and healthy business growth, and position itself as the go-to logistics partner for business customers and retail customers – fostering growth together with customers and creating shared value.



Largest in Asia

Integrated logistics service provider¹



No. 1 in Asia

Express, Freight, Intra-city On-demand Delivery², International Business⁴



No. 1

Public satisfaction for express services in China



4th Largest Globally

Integrated logistics service provider¹



No. 1 in China

Express, Freight, Cold Chain, Intra-city On-demand Delivery², Supply Chain³

16 years in a row

1 According to Frost & Sullivan Report, in terms of revenue in 2024
2 Among third-party intra-city on-demand delivery service providers

3 Among non-state-owned independent third-party supply chain solution providers
4 Among the integrated logistics service providers in Asia

Business Segments

Express Logistics



Time-definite Express

- Provide time-definite and high-quality door-to-door domestic express service
- Options of half-day delivery, same-day delivery, next morning/next day delivery



Economy Express

- Provide cost-effective, timely and stable domestic parcels delivery services
- Leverage nationwide warehouse network to provide smart sub-warehouses and integrated warehousing and distribution service



Freight

- Provide domestic large parcels delivery, less-than-truck-load freight transport and full-truck-load transport services
- Dual-brand operation comprising the SF Freight directly-operated network and SX Freight franchising network



Cold Chain and Pharmaceutical Logistics

- Provide seasonal and fresh food logistics services to deliver seasonal agricultural products directly from place of origin to consumers
- Provide cold chain food logistics services and B2B2C end-to-end temperature-controlled transportation and delivery services
- Provide GSP certified pharmaceutical cold storage and pharmaceutical temperature-controlled transportation and delivery services (from -80°C to 25°C)



Intra-city On-demand Delivery

- Provide point-to-point instant delivery service mainly for merchants and customers within the city
- City-wide delivery services within average 1 hour, delivery services for regions in 3km within average 22 minutes

Supply Chain and International



International Express

- Provide international time-definite express, cross-border e-commerce parcels delivery, overseas local express and integrated warehousing and distribution services



International Cargo and Freight Forwarding

- Provide international air, sea, railway, ground and multi-modal freight transport solutions



Supply Chain

- Provide one-stop domestic and international digital supply chain solutions
- Covering high-tech, industrial equipment, automotive, consumer goods, retail food, retail and catering, life sciences and other industries

Key Accounting Data and Financial Indicators

Financial Summary

Results Overview for 2025

(Amounts in RMB)

Revenue

RMB **308.2** billion
↑ **8.4%**

Total assets

RMB **216.5** billion
↑ **1.2%**

Gross profit

RMB **40.3** billion
↑ **3.6%**

Equity attributable to owners
of the Company

RMB **99.3** billion
↑ **8.0%**

EBITDA

RMB **32.8** billion
↑ **0.3%**

Basic earnings per share

RMB **2.23** per Share
↑ **5.7%**

Profit attributable to owners
of the Company

RMB **11.1** billion
↑ **9.3%**

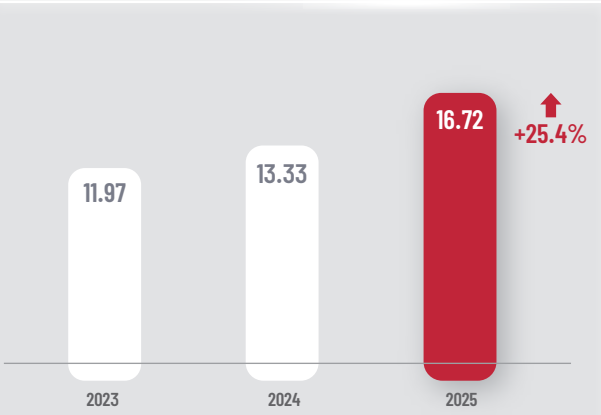
Weighted average return
on net assets

11.5%
+ **0.35%**

Key Accounting Data and Financial Indicators

Total Volume

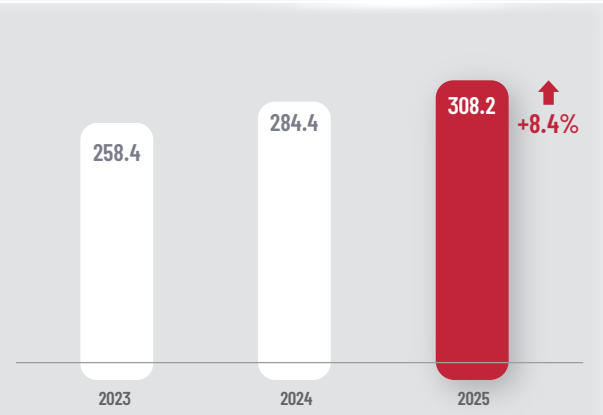
Unit: 1 billion parcels



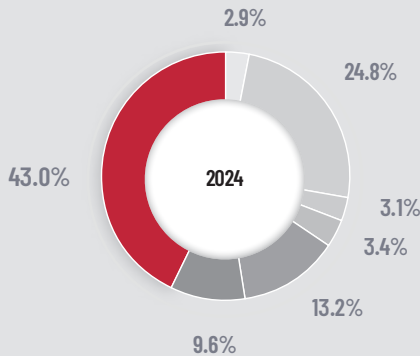
The total volume includes the volume of express logistics business and international express business (exclude oversea local express business).

Total Revenue

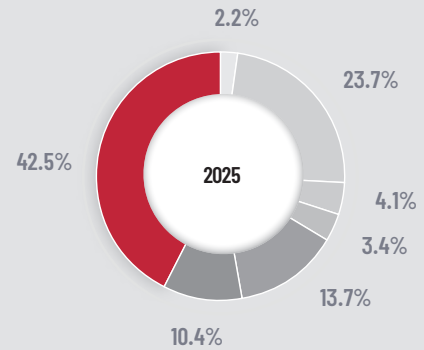
Unit: RMB Billion



Revenue Breakdown by Segment

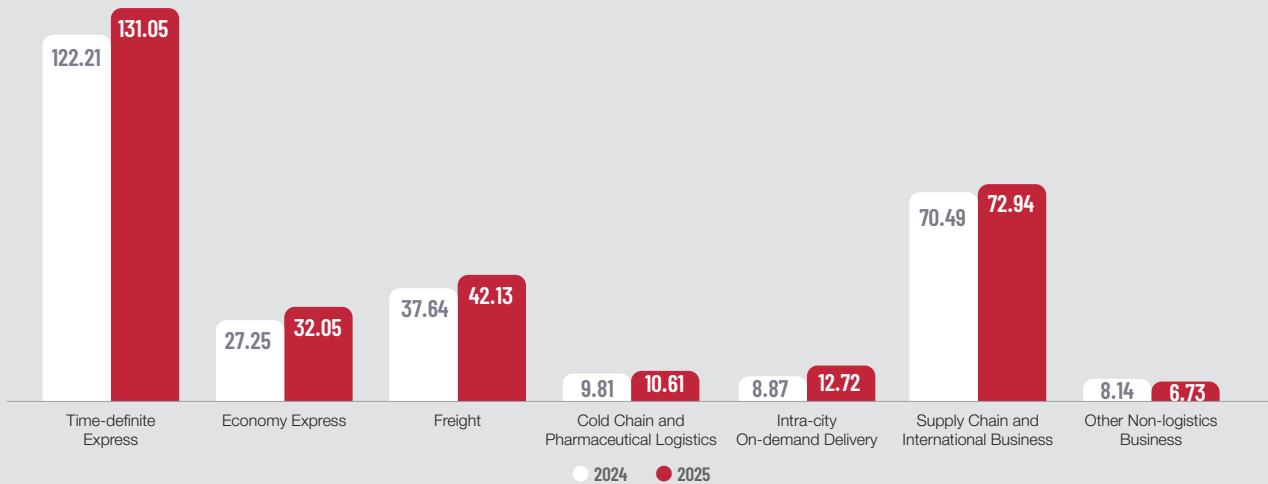


- Time-definite Express
- Economy Express
- Freight
- Cold Chain and Pharmaceutical Logistics
- Intra-city On-demand Delivery
- Supply Chain and International Business
- Other Non-logistics Business



Unit: RMB Billion

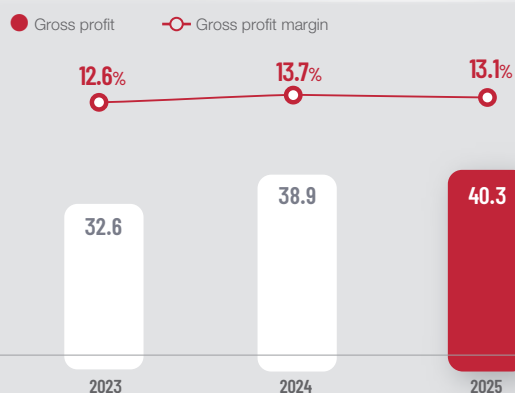
↑ 7.2% ↑ 17.6% ↑ 11.9% ↑ 8.1% ↑ 43.4% ↑ 3.5% ↓ 17.4%



Key Accounting Data and Financial Indicators

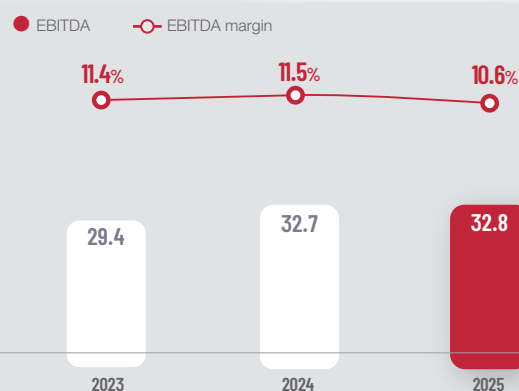
Gross profit

Unit: RMB Billion



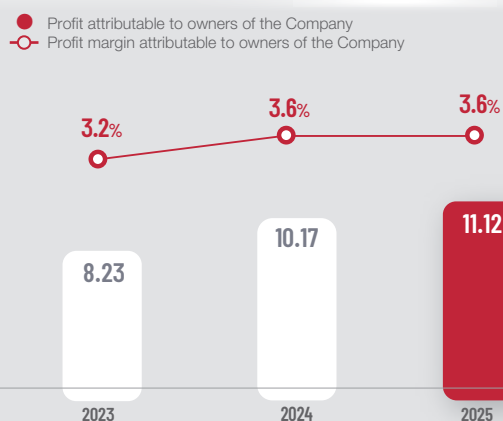
EBITDA

Unit: RMB Billion



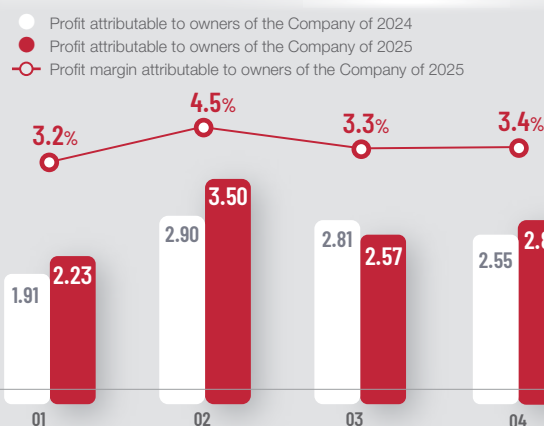
Profit attributable to owners of the Company

Unit: RMB Billion



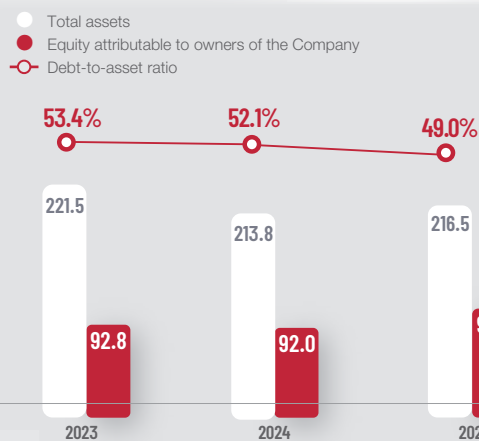
Quarterly profit attributable to owners of the Company

Unit: RMB Billion



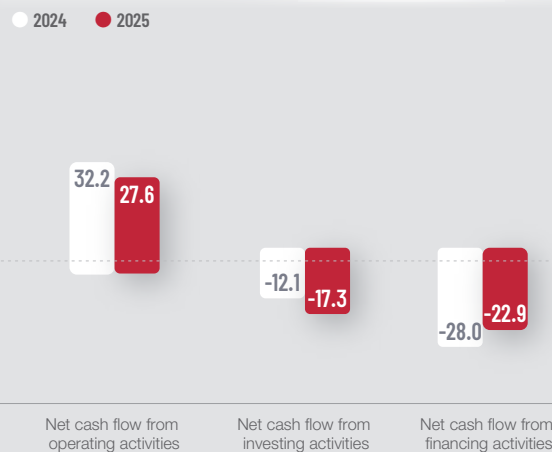
Debt-to-asset ratio

Unit: RMB Billion



Net cash flow

Unit: RMB Billion



Key Accounting Data and Financial Indicators

Income Statement Items	Year ended December 31,		Changes in this year over the previous year	Year ended December 31,		
	2025 RMB'000	2024 RMB'000		2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	308,226,647	284,420,059	8.37%	258,409,403	267,490,414	207,186,647
Gross profit	40,283,594	38,895,947	3.57%	32,633,725	33,012,406	25,777,544
EBITDA ⁽¹⁾ (Non-IFRS measure)	32,779,905	32,695,124	0.26%	29,441,939	28,987,966	21,780,927
Profit for the year	11,684,811	10,218,845	14.35%	7,911,609	7,056,914	4,382,094
Profit attributable to owners of the Company	11,117,216	10,170,427	9.31%	8,234,493	6,227,058	4,731,979

Note:

(1) EBITDA = profit for the year + depreciation and amortization + finance costs, net + income tax expense. For further details, please refer to page 67 of the "Non-IFRS measures" section.

Balance Sheet Items	Year ended December 31,		Changes in this year over the previous year	Year ended December 31,		
	2025 RMB'000	2024 RMB'000		2023 RMB'000	2022 RMB'000	2021 RMB'000
Current assets	91,327,047	88,686,806	2.98%	90,990,680	90,673,493	94,112,124
Non-current assets	125,141,990	125,137,407	0.00%	130,499,975	126,169,214	115,734,564
Total assets	216,469,037	213,824,213	1.24%	221,490,655	216,842,707	209,846,688
Current liabilities	72,894,721	72,193,368	0.97%	73,989,641	77,676,909	76,021,629
Non-current liabilities	33,249,565	39,295,624	-15.39%	44,217,354	40,879,749	35,963,106
Total liabilities	106,144,286	111,488,992	-4.79%	118,206,995	118,556,658	111,984,735
Total equity	110,324,751	102,335,221	7.81%	103,283,660	98,286,049	97,861,953
Equity attributable to owners of the Company	99,309,488	91,993,286	7.95%	92,790,344	86,263,741	82,889,932

Cash Flows Statement Items	Year ended December 31,		Changes in this year over the previous year	Year ended December 31,		
	2025 RMB'000	2024 RMB'000		2023 RMB'000	2022 RMB'000	2021 RMB'000
Net cash generated from operating activities	27,555,275	32,186,373	-14.39%	26,569,819	32,702,947	16,078,955
Net cash used in investing activities	-17,327,253	-12,054,744	-43.74%	-13,505,617	-12,091,458	-17,131,227
Net cash (used in)/generated from financing activities	-22,935,460	-27,979,113	18.03%	-12,994,685	-16,016,950	20,498,576

Key Accounting Data and Financial Indicators

Key Financial Indicators	Year ended December 31,		Changes in this year over the previous year	Year ended December 31,		
	2025	2024		2023	2022	2021
Gross profit margin	13.07%	13.68%	Down by 0.61 percentage point	12.63%	12.34%	12.44%
EBITDA margin	10.64%	11.50%	Down by 0.86 percentage point	11.39%	10.84%	10.51%
Profit margin attributable to owners of the Company	3.61%	3.58%	Up by 0.03 percentage point	3.19%	2.33%	2.28%
Basic earnings per share (RMB)	2.23	2.11	5.69%	1.70	1.28	1.03
Diluted earnings per share (RMB)	2.22	2.11	5.21%	1.70	1.28	1.03
Weighted average return on net assets	11.51%	11.16%	Up by 0.35 percentage point	9.19%	7.41%	7.58%
Asset-liability ratio	49.03%	52.14%	Down by 3.11 percentage points	53.37%	54.67%	53.37%

Differences in net profit and net assets in the financial reports disclosed in accordance with the International Accounting Standards and the Chinese Accounting Standards are as follows:

	Profit attributable to owners of the Company		Equity attributable to owners of the Company	
	Year ended December 31,		As of December 31,	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
In accordance with the International Accounting Standards	11,117,216	10,170,427	99,309,488	91,993,286
In accordance with the Chinese Accounting Standards	11,117,216	10,170,427	99,309,488	91,993,286
<i>Items and amounts adjusted in accordance with the International Accounting Standards:</i>				
In accordance with the International Accounting Standards	–	–	–	–
Difference description	No difference			

Building Intelligent Supply Chains, Leading Global Expansion

In 2025, the global economic and trade environment entered a period of volatility, uncertainty, complexity, and ambiguity. Amid rising geopolitical tensions, increasing trade barriers, and complex multilateral relations, global supply chains underwent a profound restructuring. As a result, security, resilience, and efficiency became the core considerations in the reconfiguration of global industrial and supply chains.

Against this backdrop, China's economy maintained overall stability, supported by industrial upgrading, resilient exports and synergistic policy measures. The accelerated development of new quality productive forces created structural opportunities across multiple sectors and drove rising demand for specialized and intelligent logistics services. At the same time, as Chinese enterprises evolved from simply exporting products to building production capacity and supply chains overseas, integrated logistics providers with end-to-end globalized capabilities entered a historic window of opportunity.

Confronting a complex and volatile external environment and intensifying market competition, SF continuously adhered to its vision of becoming the well-respected and the world's leading digital intelligence logistics solution provider. With digital intelligence enablement, deeper supply chain integration and global expansion as key strategic priorities, the Company remained focused on its mission and continued to move forward with determination, delivering another year of record performance. In 2025, SF recorded revenue of RMB308.23 billion, representing a year-on-year increase of 8.4% and surpassing the RMB300 billion revenue milestone for the first time. Profit attributable to owners of the Company reached RMB11.12 billion, representing a year-on-year increase of 9.3%, once again demonstrating its resilience.

In 2025, SF was included in the Fortune Global 500 for the fourth consecutive year, ranking 393rd. In Brand Finance's "2025 Most Valuable Logistics Brands", SF ranked sixth globally and remained the No. 1 logistics brand in China. Its MSCI ESG rating was upgraded to AA, ranking first among the world's four largest integrated logistics service providers. These recognitions are not only milestones for the Company, but also strong affirmation of its long-term commitment to service excellence, technological innovation and sustainable development.

Advancing High-Quality Development and Focusing on Value Creation.

In 2025, SF continued to deepen the implementation of the "Stimulate Operation Vitality" mechanism, further unlocking organizational vitality and strengthening the entrepreneurial drive of its people, thereby promoting scaled business growth. Total parcel volume for 2025 exceeded 16.7 billion, representing year-on-year growth of 25.4% and outpacing the overall express delivery industry. At the same time, in the second half of 2025, the Company progressively and dynamically optimized its market strategy with a greater focus on high-value business and lean operations, shifting from scale-driven to value-driven growth and laying a stronger foundation for high-quality development. In the fourth quarter of 2025, profit attributable to owners of the Company increased by 9.3% quarter-on-quarter, outperforming the expectations the Company had previously communicated to the market in its third-quarter results announcement.

Supported by its comprehensive product matrix and consistently high service standards, the Company responded precisely to the logistics needs created by emerging industries, new consumer scenarios and evolving market trends. Through premium services, SF empowered both industrial upgrading and consumption transformation. The Company's mid- to high-end time-definite express delivery businesses achieved steady growth at a rate exceeding China's GDP growth, while the performance foundation of the Company's core business remained solid. In 2025, domestic express and logistics revenue reached RMB228.56 billion, representing a year-on-year increase of 11.1%.

Letter to Shareholders

Deepening Organizational Integration and Accelerating Supply Chain Expansion.

Since the establishment of the “accelerating industry-specific transformation” strategy, the Company has achieved rapid growth in logistics revenue across major industries and continued to increase its market share. In the fourth quarter of 2025, the Company further deepened organizational integration and formally established the supply chain BG. Focusing on seven key sectors — high technology, industrial equipment, automotive, consumer goods, retail food, retail catering and life sciences — the Company introduced a “sales-solutions-operations” triangular operating model spanning headquarters to regional teams, thereby accelerating the execution of its supply chain strategy. In 2025, integrated logistics revenue in industries such as high technology, industrial equipment, automotive and retail food each recorded growth of over 20%, outpacing growth of the total revenue in the corresponding logistics markets.

Establishing Global Logistics Corridors and Leading a New Wave of Globalized Expansion.

Although volatility in international trade and the restructuring of global supply chains have made globalization more challenging, they have also opened up rare strategic opportunities. In 2025, the Company actively captured the shift among Chinese enterprises from “product exports” to “production capacity globalization,” deepened its “the One in Asia with global reach” strategy, and accelerated investment in international end-to-end logistics infrastructure. At the same time, through full-chain technology enablement, the Company built international express and supply chain service capabilities across the Asia-Pacific region and key Europe/U.S. trade lanes benchmarked against the top three global players. While international trade volatility and the sharp decline in ocean freight rates affected revenue growth in the Company’s international freight forwarding business, the Company leveraged its global network and diversified product portfolio to seize the opportunities arising from Chinese enterprises expanding overseas. In 2025, combined revenue from SF’s (excluding KLN) international express, cross-border e-commerce logistics, overseas warehousing and international supply chain services increased by 55.4%, further strengthening SF’s second growth curve.

Digital Intelligence Empowering Supply Chains and Shaping the Future of Logistics.

As artificial intelligence continues to advance rapidly, the logistics industry is moving from localized digitalization to holistic intelligence, and technology is evolving from a digital foundation into an enterprise’s intelligent brain and innovation engine. In 2025, SF accelerated the deployment of frontier technologies such as artificial intelligence, big data, operations research and digital twins across its logistics scenarios. SF’s logistics domain-specific large model processed over 10 billion tokens per day, while the number of active internal AI agents expanded rapidly. These digital employees have been broadly deployed across forecasting, planning, marketing, fulfillment, customer service, customs clearance and data analytics. At the same time, by integrating AI enablement with end-to-end digitalization, the Company continued to provide one-stop digital and intelligent supply chain services — from top-level design to implementation — supporting digital transformation of its customers’ supply chain and becoming a close partner in strategic synergy and value co-creation. In 2025, SF Technology was named one of the Fortune China Top 50 Technology Companies, the only logistics technology company on the list.

Future Strategic Outlook

Building on the solid achievements of 2025, and capitalizing on the transformative trends in global logistics and the globalization opportunities for Chinese enterprises, SF remains anchored in its long-term vision of becoming “the well-respected and the world’s leading digital intelligence logistics solution provider.” With “the One in Asia” as its strategic core, SF aims to deepen the synergy between its products and solutions, promote the balanced development of domestic and international businesses, and establish itself as the preferred partner for corporate and individual customers in Asia, thereby achieving sustainable and healthy growth in both business scale and profitability.

Letter to Shareholders

In its standardized product services, the Company remains committed to balancing scale and profitability, advancing both small-parcel and freight operations in tandem to reinforce market leadership and achieve simultaneous improvements in quality and efficiency.

For small-parcel services, the Company will focus on maintaining healthy profit growth and sustained leadership in scale. Through continuous optimization of its standardized express product portfolio, the Company will preserve its undisputed service leadership. By deepening network stratification and resource alignment, it will enhance end-to-end cost competitiveness. At the same time, by building differentiated channel barriers across diversified scenarios, it will create synergies with its international and supply chain businesses. For freight services, the Company aims to secure absolute scale leadership while improving profitability. It will accelerate the development of high-quality, cost-effective LTL network capabilities and coordinate the development of economy dedicated route networks. These efforts will continue to reinforce resource synergies and capability spillovers to the international and supply chain businesses.

In the supply chain segment, the Company is committed to deepening penetration into priority industries, significantly increasing the contribution of supply chain solution revenue, and establishing scale leadership in key industry verticals to achieve sustainable and profitable growth.

Strategically, the Company will focus on addressing end-to-end supply chain needs of leading enterprises across industries, building specialized service capabilities spanning domestic and international markets. By establishing a lean and efficient middle-platform operating system, strengthening resource integration and service process standardization, and solidifying a scalable service foundation, the Company will enable large-scale replication. Furthermore, it will promote the deep integration of logistics services with financial and technological capabilities, forming differentiated competitive advantages and delivering higher-value integrated supply chain solutions.

In its international business, the Company targets the Asia-Pacific region with the objective of achieving scale comparable to global industry leaders while maintaining sustainable profitability, accelerating the development of comprehensive cross-border service capabilities.

The Company will continue to strengthen its international network foundation, prioritizing the deployment of key air freight routes while strategically positioning maritime, road, rail and customs clearance resources to form a comprehensive logistics capabilities network. Leveraging its resources, the Company will upgrade its service model from single-resource output to fully integrated end-to-end solutions, comprehensively addressing customers' cross-border supply chain needs. Meanwhile, it will deepen the application of digital technologies in international operations, leveraging data-driven management to enhance operational efficiency and service transparency, thereby building a smart, reliable and efficient global supply chain service system that supports high-quality, scalable growth across Asia-Pacific markets.

The Company is committed to breaking through traditional business boundaries and unlocking the strategic benefits of deep collaboration across its three major business pillars, thereby realizing the full potential of a "1+1+1 > 3" synergy effect. The standardized products, by leveraging the resource support from its small-parcel and freight resources, provide the supply chain and international businesses with highly competitive fulfillment resilience and cost advantages. The supply chain business, in turn, transforms product capabilities into digital and intelligent service capabilities, driving the business toward end-to-end, higher value-added solutions. The international business leverages the Company's mature domestic operating system to accelerate its global expansion, serving the end-to-end global supply chain needs of leading customers across multiple industries. The deep integration of these three pillars will not only strengthen economies of scale, but also build a solid competitive moat for SF in the global marketplace.

Letter to Shareholders

For thirty-three years, SF has forged ahead through wind and rain, crossing one summit after another. Every transformative leap has been born of its steadfast commitment to long-termism, its forward-looking strategic vision, and its unceasing determination to innovate and evolve. The uncertainty of our times is not only a test imposed by the era, but also a crucible in which corporate resilience is forged. Only by holding fast to what must not change can we navigate volatility with confidence, endure through cycles, and go the distance.

What remains unchanged is SF's unwavering commitment to putting customers first. We keep our customers' trust and needs at the very center of all we do, and honor every commitment through precise execution, repaying every trust placed in us with dependable action.

What remains unchanged is SF's spirit of self-renewal. We break through via iteration, grow through transformation, harness digital intelligence to achieve step-change progress, and seize the opportunities of our time through continuous innovation.

What remains unchanged is SF's conviction in its long-term strategy. We are not distracted by temporary gains or losses, nor unsettled by short-term fluctuations. With the discipline and resolve of long-termism, we continue to build the solid foundations for SF's enduring and sustainable success.

Finally, we would like to extend the Company's heartfelt thanks to every shareholder who has walked this path with us. Your trust and support have been a constant source of strength, giving us the conviction to navigate uncertainty, endure through cycles, and keep moving forward. Looking ahead, SF will remain committed to deepening its core businesses and operating with discipline and prudence. We will strive to deliver higher-quality long-term value to our shareholders through more solid progress and stronger performance. We look forward to moving ahead together with our shareholders around the world-crossing mountains and oceans, and authoring a new chapter side by side.

S.F. Holding Co., Ltd.
Board of Directors
March 30, 2026



Management Discussion and Analysis

Industry Review in 2025

Domestic Market

Industrial Manufacturing Accelerates Structural Optimization, with New Quality Productive Forces Driving High-Quality Development.

According to data released by the National Bureau of Statistics, China's GDP exceeded RMB140 trillion for the first time in 2025, representing a year-on-year increase of 5%, underscoring a stable economy with progress in both growth and quality enhancement. Industrial value-added reached RMB41.7 trillion in 2025, representing a year-on-year increase of 5.8%. Industrial production demonstrated faster growth, continued structural optimization and the strengthening of new growth drivers, with the high-end, intelligent and green transformation of the manufacturing sector becoming increasingly pronounced.

Technology-driven new quality productive forces are propelling Chinese manufacturing toward higher value-added segments of the global value chain. In 2025, value-added output of equipment manufacturing and high-tech manufacturing enterprises above the designated size increased by 9.2% and 9.4% as compared to that in 2024, respectively. Output of emerging products such as 3D printing equipment and industrial robots maintained robust growth. China's production and sales of new energy vehicles maintaining global leadership for eleven consecutive years. Output of lithium-ion power batteries grew by 41.7% year-on-year, and green products such as wind turbine generators sustained rapid expansion.

Evolution of Consumption Trends, with Service-Oriented Consumption Emerging as a New Growth Engine.

In 2025, total retail sales of consumer goods in China exceeded RMB50 trillion, representing year-on-year growth of 3.7%. Household consumption continued to shift from being primarily goods-oriented toward a balanced model combining goods and services, with service retail sales grew by 5.5% year-on-year in 2025. Across China, innovative consumption scenarios have continued to emerge in cultural, tourism, entertainment and sporting sectors, reflecting a gradual shift in consumer priorities from physical ownership toward emotional fulfillment and experiential engagement.

Meanwhile, online consumption penetration continued to deepen. Instant retail experienced explosive growth, accelerating the evolution of fulfillment systems toward an "online ordering, offline minute-level delivery" model. Supermarkets strengthened omni-channel integration and proximity-based service capabilities, collectively fostering a more diversified consumption landscape. Looking ahead, personalized consumption and "self-reward" consumption trends are expected to reinforce the momentum of consumption, becoming a key engine of future consumption growth.

China's Logistics Industry Transitions from Scale Expansion to High-Quality Development, Accelerating Intelligent and Green Upgrading.

According to the China Federation of Logistics & Purchasing, total social logistics expenditure in 2025 amounted to approximately RMB19.5 trillion, accounting for a further reduced percentage of GDP at 13.9%, marking five consecutive years of structural optimization. This trend reflects the industry's transition from scale-driven expansion toward efficiency-driven and high-quality development. In the express delivery sector, according to the State Post Bureau, total parcel volume reached 198.95 billion in 2025, representing year-on-year growth of 13.6%, while industry revenue reached RMB1.5 trillion, representing an increase of 6.5% year-on-year. In the second half of 2025, supported by an industry-wide consensus to discourage excessive competition, average revenue per parcel continued to recover. Industry competition has gradually shifted from low-price rivalry to differentiated competition centered on service quality and service value.

Management Discussion and Analysis

The logistics industry's full-chain professional shift fuels high-quality growth across all sectors. Industrial upgrading and the cultivation of new quality productive forces have imposed higher requirements on logistics standardization and coordination efficiency. Logistics services must embed deeply into the entire industrial value chain, addressing the long-standing challenges of fragmentation and inefficiencies associated with traditional point-to-point transportation. This entails building comprehensive supply chain solutions that span raw material procurement, production distribution, warehousing management, finished goods distribution and after-sales returns. Such solutions must precisely match just-in-time (JIT) production models characterized by small batches, frequent replenishment and low inventory with the demand of new sales scenarios, thereby providing robust support for high-quality industrial development.

As the consumer market enters an era of in-depth stock competition, logistics services are becoming scenario-based and experience-oriented. As incremental growth dividends in e-commerce gradually diminish, the industry is entering a phase characterized by stock optimization and value deepening. Coupled with regulatory guidance to discourage excessive competition, logistics competition is increasingly focused on service segmentation, stable transit times and lean cost management. Meanwhile, explosive growth in instant retail is driving convergence across "far-field, mid-field and near-field" fulfillment models, compelling logistics enterprises to construct elastic and intelligent multi-tier fulfillment networks capable of rapid response and scenario adaptability.

Technological progress and green transformation are driving logistics enterprises to strategically shift from corporate cost centers to value-creating partners. Next-generation technologies — including big data, the Internet of Things, artificial intelligence and blockchain — are now widely applied across all logistics operations, enabling the evolution from single-point automation to end-to-end intelligent decision-making. AI enhances demand forecasting, intelligent dispatch and holistic decision-making precision. Automated and intelligent sorting systems significantly improve efficiency and reduce labor costs. Unmanned warehouses and autonomous vehicles are progressively deployed, reducing reliance on manual labor and spatial constraints in traditional logistics scenarios. The application of these technologies effectively enhances the accuracy, efficiency and stability of logistics services. Simultaneously, green and low-carbon transformation has evolved from a corporate social responsibility initiative into a core supply chain competitiveness factor. The systematic adoption of new energy equipment, recyclable packaging and carbon footprint management is contributing to the establishment of an environmentally sustainable supply chain ecosystem.

International Market

Global Trade Advanced Amid Pressure, with Supply Chain Resilience Becoming a Strategic Priority.

In 2025, frequent trade policy shifts among major economies and rising tariff barriers introduced heightened uncertainty into global economic growth, accelerating the evolution of global supply chains toward "decentralization" and "regionalization" as a strategic response to disruption risks arising from external conflicts. Adjustments in tariff policies triggered temporary front-loading in international shipping during the first half of 2025, followed by softened demand on major routes in the second half, with container freight indices retreating from elevated levels and trending downward. Meanwhile, the cancellation of de minimis tariff exemptions for cross-border parcels is accelerating the transition of e-commerce fulfillment models from "domestic consolidation + international line-haul + last-mile delivery" toward "overseas warehousing + localized fulfillment + reverse logistics"—a strategic shift designed to ensure compliance and enhance customer experience.

Management Discussion and Analysis

Despite Global Volatility, Asia Continues to Anchor Global Economic Expansion.

The International Monetary Fund projects Asia-Pacific growth of 4.5% for 2025, contributing approximately 60% of global growth. As global supply chains pivot from “efficiency-first” to “security and resilience-first,” Asia’s manufacturing capabilities, industrial ecosystems and market scale position it as a central hub for production, processing and transshipment.

Southeast Asia, supported by manufacturing relocation, regional demand expansion and industrial integration, has maintained mid-to-high growth rates. Under the continued deepening of industrial transfer and the RCEP agreement, intra-ASEAN trade has expanded significantly, cross-border logistics efficiency has improved, and supply chain coordination has strengthened. Asia is evolving from a “global factory” toward a “diversified global manufacturing center”, with increasingly interconnected and multi-layered supply chain networks.

China’s Exports Demonstrate Resilience, Achieving Growth Amid a Complex and Challenging External Environment.

According to data from the General Administration of Customs of China, China’s exports increased by 6.1% year-on-year in 2025, with export scale remaining at a relatively high level. In terms of export markets, China maintained solid export growth to ASEAN, Latin America, and Africa, while exports to countries participating in the Belt and Road Initiative increased by 11.2%. ASEAN has remained China’s largest export market for three consecutive years. In terms of product mix, mid-to-high-end manufacturing has emerged as the core driver of China’s exports. Equipment manufacturing rose to 59.4% of total export value, while high-tech product exports increased by 13.2% year-on-year. In the green energy sector, exports of lithium batteries and wind turbines increased by 26.2% and 48.7%, respectively.

The Accelerated Globalization of Chinese Manufacturing and Brands Presents Significant International Development Opportunities for Chinese Logistics Enterprises.

In 2025, the overseas expansion of Chinese enterprises is characterized by two distinct trends: deepening production capacity relocation, and a heightened emphasis on localized operations for product exports. On one hand, moving beyond simple product exports to capacity relocation, enterprises are building factories, establishing overseas warehouses, and developing local channels in Southeast Asia and Latin America to enhance supply chain security and delivery certainty. On the other hand, shifting from trade-oriented expansion to localized branding and capital deployment, companies in sectors such as new energy vehicles, consumer electronics and photovoltaics are deeply engaging in global markets through overseas manufacturing and brand acquisitions.

As Chinese enterprises expand overseas and cross-border e-commerce continues to upgrade, demand for international logistics is driving a shift from standalone transportation toward end-to-end supply chain solutions. International air and sea freight are poised to benefit from structural growth opportunities: exports of high-value goods, coupled with intra-Asia semi-finished goods logistics driven by supply chain regionalization, will continue to drive demand for premium air and sea freight routes. Cross-border e-commerce logistics models are also evolving, with simple direct mailing inadequate to address market dynamics. Customers increasingly seek logistics providers with overseas warehouse networks capable of delivering localized operations and end-to-end compliance services. Demand for cross-border supply chain solutions is surging, as enterprises relocating production capacity urgently need logistics partners offering one-stop and visualizable solutions spanning “domestic line-haul — international shipping — overseas customs clearance — local warehousing and distribution.”

Looking ahead, Chinese logistics providers equipped with integrated “cross-border + localization” capabilities are well positioned to stand out in global markets, empowering Chinese enterprises’ overseas expansion and serving as critical connectors between global manufacturing and consumption.

Management Discussion and Analysis

Industry Position and Competitive Strengths

SF Holding is the largest integrated logistics service provider in China and Asia and the fourth largest globally. In 2025, the Company's operating revenue reached RMB308.2 billion. According to the 2025 Fortune Global 500 ranking, SF Holding ranked 393rd, marking its fourth consecutive year on the list and remaining the only Chinese non-state-owned express enterprise included.

According to Brand Finance's "World's Top 500 Most Valuable Brands 2025" and "World's Most Valuable Logistics Brands 2025" rankings, SF Holding ranked 377th and 6th, respectively, and was the No. 1 logistics brand in China. Furthermore, SF has ranked first for 16 consecutive years (2009-2024) and the first three quarters in 2025 (no ranking has been released for 2025) in public satisfaction with express delivery services published by the State Post Bureau.

The Company Continues to Lead Across Multiple Logistics Sub-segments in China and Asia

Through its "1-to-N" expansion strategy, SF Holding has evolved from a dominant domestic time-definite express operator into a globally leading integrated logistics services provider. The Company provides fast, reliable and customer-centric express services to over 800 million retail customers and delivers comprehensive B2B2C end-to-end digital supply chain solutions to over 2.35 million enterprise customers across domestic and international markets.

The Company's flagship time-definite express product has consistently ranked first in domestic market share. Driven by both organic growth and strategic acquisitions, the Company has established leadership positions in multiple sub-segments in China, including LTL freight, cold chain logistics, third-party intra-city on-demand delivery and end-to-end supply chain solutions. SF Freight has ranked first in terms of revenue from LTL transportation for six consecutive years (2020-2025) in the List of LTL Transport Enterprises in China* (中國零擔企業排行榜) issued by Wetuc Think Tank* (運聯智庫). SF Cold Chain has ranked first for six consecutive years (2019-2024) in the "China Top 100 Cold Chain Logistics List" (中國冷鏈物流百強企業榜) issued by the Cold Chain Logistics Committee of China Federation of Logistics & Purchasing (no ranking released for 2025). SF Intra-city is the largest independent third-party on-demand delivery platform in China.

According to F&S Report, the Company is the leader in Asia across express, LTL freight and third-party intra-city on-demand delivery services, and its international business volume also ranks first among Asia-based integrated logistics providers.

High-Efficiency and Reliable Logistics Infrastructure Network Rooted in Asia and Connecting the World

The Company's service network covers all cities in China and extends to 200 countries and regions worldwide.

Air Transportation: The Company operates and manages the largest dedicated cargo fleet in China and Asia, and has co-developed and now operates Asia's largest air cargo hub – the Ezhou cargo hub. This enables "overnight nationwide delivery and the third day global connectivity." Scarce dedicated freighter capacity and premium traffic rights constitute a core competitive barrier supporting high-quality and time-definite logistics services. In 2025, the Company's air cargo throughput reached nearly 2.80 million tonnes.

Ground Transportation: The Company manages a large-scale vehicle fleet and an extensive line-haul and short-haul network. It also integrates high-speed rail, international rail freight services and ocean freight routes to build a multimodal logistics system that enhances domestic and cross-border LTL, bulk cargo transportation and supply chain service capabilities. In 2025, the Company's rail freight volume exceeded 2.87 million tonnes and sea freight volume reached nearly 1.15 million TEU.

Management Discussion and Analysis

Last-Mile Network: Through self-operated, jointly constructed and cooperative models, the Company has established over 340,000 service outlets and customer touchpoints, achieving 100% coverage of cities and a township coverage rate of 99.8% in China. Leveraging its deeply penetrated last-mile network, the Company provides customers with convenient, reliable and efficient logistics services.

International Expansion: The Company expanded international routes and frequencies, with dedicated freighter routes covering 63 overseas destinations and approximately 14,000 international flights operated. Overseas self-operated customs clearance capabilities, airside facilities and warehousing resources were enhanced, with total overseas warehouse area reaching nearly 2.55 million square meters. The Company continues to develop premium cross-border supply chain corridors connecting China with Southeast Asia, Europe and America, supporting Chinese enterprises in their global expansion.

Looking ahead, the Company will continue strengthening its international supply chain network, product capabilities and solutions expertise, anchoring its strategic direction as both a “logistics infrastructure provider supporting global supply chain development” and a “technology-empowered end-to-end integrated solutions provider”. The Company is transitioning from selling standardized logistics resources to delivering industry-tailored supply chain solutions, and positioning itself as the go-to logistics partner for Chinese enterprises expanding products and production capacity overseas.

Comprehensive Logistics Solutions Empowering Industrial, Commercial and Consumer Upgrading

Leveraging a robust product matrix and end-to-end service capabilities, the Company captures evolving trends from manufacturing to commercial circulation and responds efficiently to diversified and customized customer demands.

In serving the industrial manufacturing sector, the Company empowers industrial manufacturing to enhance quality and operational efficiency, facilitates the industry’s transition toward high-end and intelligent development, and positions itself as a key logistics partner in industrial upgrading and the cultivation of new quality productive forces.

For high-end manufacturing customers across telecommunications and high-tech, industrial equipment, consumer electronics and new energy vehicles, the Company delivers tailored and highly responsive supply chain solutions. Supported by leading digital and intelligent capabilities, the Company also provides integrated solutions encompassing smart supply chain systems, intelligent industrial park operations and automated warehousing. In alignment with the accelerating wave of capacity globalization, the Company has established Asia-Pacific-centric cross-border and end-to-end logistics corridors, offering full-chain services that span domestic origin consolidation, multimodal transportation by air, sea and land, efficient customs clearance, last-mile delivery and integrated overseas warehousing and distribution. The Company delivers diversified and high-quality logistics solutions that drive coordinated efficiency across the industrial value chain and support the high-quality transformation and upgrading of advanced manufacturing.

In serving the commercial circulation sector, leveraging its independent third-party advantage, the Company has established close partnerships with a broad and diversified customer base. Amid the rapid rise of new retail formats and emerging business models, the Company responds with agility to business model evolution, accurately captures market opportunities, and supports customers in expanding multi-channel distribution networks and building a D2C (direct-to-consumer) commercial ecosystem.

Management Discussion and Analysis

As retail formats continue to evolve toward integrated O2O models, the Company provides omni-channel unified inventory solutions covering both online and offline channels across full product categories, connects inventory and sales data streams, delivers best-practice supply chain planning solutions, and empowers customers to enhance efficiency while reducing costs. Meanwhile, as the instant retail segment gains momentum, online fulfillment models are transitioning from far-field models (single warehouse serving nationwide), to mid-field models (distributed smart warehousing combined with on-demand delivery), and increasingly toward near-field models (front warehouses or retail stores supported by instant delivery). Drawing on its extensive nationwide warehousing network, integrated warehousing and distribution capabilities and a comprehensive intra-city on-demand delivery network, the Company has established a multi-tier time-definite fulfillment system, enabling customers to strengthen supply chain competitiveness in the evolving retail landscape.

In serving the retail consumer sector, as diversified demand across cultural and entertainment events, sporting events and integrated travel experiences has risen significantly, the Company has extended beyond traditional service boundaries, deeply embedding itself into core consumption scenarios to create tangible value.

In the cultural and tourism segment, the Company has built a “Seamless Travel Everywhere” service ecosystem that extends express delivery services to key touchpoints such as transportation hubs, tourist attractions and hotels. Through partnerships with theme parks and major scenic destinations, the Company enables visitors to travel with greater convenience and ease. In the sports event segment, as official logistics partner for multiple marathons, cycling races and sailing events, the Company has established a comprehensive logistics support system covering pre-event preparation, on-site operations and post-event wrap-up. In the live entertainment segment, the Company provides seamless delivery solutions for tickets, merchandise and personal belongings for attendees, while offering event organizers full-lifecycle logistics support from setup to dismantling to ensure smooth event execution. In the public services domain, the Company has expanded into university campuses, hospitals, supermarkets and other everyday settings, comprehensively supporting daily consumption and lifestyle needs, and continuously improving residents’ life quality.

Industry-Leading Agent Applications Empowering Intelligent Supply Chains

In 2025, the Company developed a comprehensive matrix of AI cognitive decision agents spanning over 30 core business scenarios including forecasting, planning, marketing and fulfillment, with over 5,000 agents in operation. Beyond these applications, AI agents have also become essential “digital employees” across marketing, operations, customer service, international customs clearance and data analytics functions, accelerating the intelligent upgrading of end-to-end operations.

At the same time, the Company’s advanced technology solutions have empowered benchmark customers across industries including consumer electronics, telecommunications technology, apparel and footwear, and retail food to build intelligent supply chain systems, enhancing efficiency and reducing costs throughout their value chains. In the 2025 “Outstanding Logistics and Supply Chain Cases” released by China Logistics & Purchasing magazine, SF Technology’s “Fengzhi Cloud Strategy” and “Fengzhi Cloud Tower” systems supporting digital supply chain upgrades in the fresh food industry (“豐智雲策”及“豐智雲塔”系統助力生鮮食品行業供應鏈數智化升級) were selected as Exemplary Digital Transformation Cases for Logistics and Supply Chain Enterprises (《物流與供應鏈企業數智化應用案例》), while its “Automated Warehousing and Processing Center Innovation Practice in Optical Eyewear Industry” (光學眼鏡行業倉儲自動化加工中心創新實踐應用案例) was recognized as a Leading Innovation Case in Logistics and Supply Chain Applications (《物流行業與供應鏈領域企業創新實踐應用案例》).

Management Discussion and Analysis

In addition, SF Technology was successfully included in Fortune's 2025 "China Tech 50" list and received more than twenty industry awards, including the Science and Technology Award granted by China Federation of Logistics & Purchasing and the Shenzhen Artificial Intelligence Award. Internationally, the SF Technology's intelligent planning and logistics decision-making platform distinguished itself among over 60 countries worldwide, earning the prestigious German Red Dot Design Award — widely regarded as the "Oscar of Design."

ESG Leadership and Green Supply Chain Empowering Low-Carbon Industrial Transformation

SF's ESG performance has received broad recognition from leading domestic and international rating agencies, with multiple authoritative ESG ratings placing the Company among the top performers in the industry. In March 2026, the Company's MSCI ESG rating was upgraded to AA, ranking first among the world's four largest integrated logistics service providers. Its Sustainalytics (Morningstar) rating has been maintained at "Low Risk" for four consecutive years (2022-2025), representing the highest rating within the global express logistics sector. Its CDP Climate Change rating has been B (Management Level) for four consecutive years (2022-2025), a leading rating in the global express logistics industry. In addition, the Company has been listed for four consecutive years (2022-2025) on the Fortune China ESG Impact List, remaining the only express logistics enterprise in China to achieve such distinction.

In response to global decarbonization initiatives, the Company formally signed and submitted its commitment to the Science Based Targets initiative (SBTi) in November 2023 and received official target validation in April 2025, committing to achieving net-zero greenhouse gas emissions across its entire value chain by 2050.

By extending green value creation across the industrial chain, the Company has built a low-carbon and high-efficiency bridge between production and consumption, enabling customers to establish greener supply chains. The Company has independently developed a digital carbon management system for supply chains, including the industry's first waybill-level carbon emission calculation model. This system enables customers to quantify, track, disclose and verify greenhouse gas emissions across multiple scenarios, including transportation, facility energy consumption, and packaging materials. As of the end of the Reporting Period, the Company had delivered customized green and low-carbon supply chain solutions to over 300 leading brand customers across multiple industries, partnering with them to accelerate decarbonization and jointly advance toward a net-zero future.

The logistics markets in China and Asia remain substantial in scale and continue to outpace global growth. The Company has established leading positions across key core logistics segments. Looking ahead, given the vast and fragmented nature of the addressable logistics market, significant opportunities remain for organic expansion.

Guided by its vision of becoming the well-respected and the world's leading digital intelligence logistics solution provider, the Company continues to respond proactively to the challenges of a volatile, uncertain, complex and ambiguous (VUCA) environment. Through ongoing internal transformation, forward-looking strategic planning, superior service quality and robust technological capabilities, the Company is deeply embedded within the value chains of diverse industries, partnering with customers to create shared value, thus positioning itself as their preferred logistics partner.

Management Discussion and Analysis

Business Development of the Company



Time-Definite Express Services

In 2025, the Company's time-definite express business achieved a revenue of RMB131.05 billion, representing a year-on-year increase of 7.2%.

In response to these evolving consumption patterns and upgraded market demands, the Company has focused on “enhancing product competitiveness” and “deepening channel penetration across diversified scenarios” as its core strategic directions. Through service enhancement, channel expansion, scenario-based solutions and hub empowerment initiatives, the Company has further consolidated its industry-leading position in time-definite services, delivering superior shipping experiences and supporting high-quality business growth.

In December 2025, the Company launched its “Peace-of-Mind Delivery • On-Time Guarantee” service, initially covering its SF speedy express products. Customers placing orders through official channels are eligible for cash or voucher compensation in the event of delays attributable to the Company. The service was initially launched in cities including Dalian, Shenzhen and Qingdao, covering hundreds of reciprocal delivery routes, and will be progressively expanded nationwide. This service commitment is underpinned by the Company's long-standing investments in infrastructure, technology, and operational management, setting a new benchmark for premium time-definite service quality.

In terms of network development, the Company continued to densify its same-day delivery network coverage, optimize same-city order cut-off times, and add over 9,000 new high-speed rail and air same-day delivery routes. It further supplemented intra-provincial and economic circle express routes, continuously expanding same-day delivery service coverage. Meanwhile, the Company increased resource allocation in third- and fourth-tier cities. Through flexible line-haul connections, same-city delivery integration, and coordinated aviation resource deployment, the Company significantly improved service timeliness in lower-tier markets, laying a solid foundation for expanding regional markets.



Management Discussion and Analysis

Guided by the philosophy of “scenario-based products and personalized services,” the Company has designed tailored solutions for different industries and scenarios, focusing on customer value and breaking traditional service boundaries.

In the cultural and tourism sector, guided by the principle of “Seamless Travel Everywhere,” the Company has extended its services across more than 300 scenic sites, 20,000 hotels, and 500 transportation hubs, and partnered with over 20 leading cultural tourism brands to expand 27 specialized service offerings. SF has evolved beyond a traditional express service provider to become an ecosystem builder and scenario solution expert, delivering integrated, intelligent, and premium services. For example, in partnership with a national winter sports operator, the Company has achieved full network coverage across ski resorts nationwide and established the industry’s first intelligent warehouse dedicated to winter sports, offering one-stop services for equipment shipping, storage, maintenance, and repair.

In CBD scenarios, the Company integrated one-stop services into commercial building ecosystems by co-establishing express service centers with property management companies. For example, within a CBD cluster in Jinan, the Company developed an integrated unmanned logistics system connecting air, ground, and building levels, anchored by a SF shared distribution center and supported by autonomous vehicles and building robots. **In campus scenarios,** the Company accelerated channel penetration by establishing over 200 new campus express service centers, delivering standardized and digitalized logistics services for universities while actively exploring industry-academia cooperation and entrepreneurship bases to deepen integration between education and industry. **In residential communities,** the Company strengthened collaboration with premium property management companies, achieving additional exclusive entry into more than 10,000 residential communities and fostering deeper community engagement in 2025 through online connections with property management platforms or offline stores.

To address the demand for highly efficient supply chains in high-end manufacturing sectors, the Company leverages its professional aviation solutions and precise and efficient transportation services to position logistics as a critical enabler of supply chain efficiency and certainty.

Through flexible deployment of dedicated freighter aircraft and commercial cargo capacity, combined with AI-driven demand forecasting and full-process visibility systems, the Company achieved optimal capacity allocation. In 2025, it expanded usage to over 4,000 passenger cargo flights, improving load factors on commercial flights. On the transit front, the Company has expanded its dedicated aviation large-parcel intelligent transit hubs to 34 locations, while direct pickup and delivery services between customer premises and airports are now available in 174 cities. These initiatives effectively reduced fulfillment costs for air large-parcel shipments. In terms of business expansion, the Company implemented a “dedicated personnel and priority routing” direct delivery model and utilized intelligent algorithms to secure optimal cargo space in advance, enabling urgent shipments to be dispatched and delivered on the same day. Leveraging its proprietary freighter fleet and intelligent scheduling systems, the Company provides customized packaging and end-to-end protection for high-end manufacturing goods, medical equipment, seasonal fresh produce, and large-scale industrial machinery.

In addition, the Ezhou cargo hub is building a globally leading integrated system combining a “hub-and-spoke air network, multimodal transport and smart logistics”, providing strong support for industrial upgrading. As of the end of 2025, the Company had cumulatively launched 59 domestic routes and 22 international routes at the Ezhou cargo hub, with international air cargo throughput increasing by 85% year-on-year.

Leveraging the Ezhou cargo hub, multiple global leading 3C brands have achieved ultra-efficient warehousing and distribution fulfillment, while premium and intelligent manufacturing enterprises have established processing, spare parts, maintenance, and return centers. Pharmaceutical e-commerce platforms have implemented dedicated pharmaceutical warehouses within the hub to enable rapid nationwide fulfillment. The Company was among the first within the customs-controlled area of the hub to obtain AEO Advanced Certification from customs authorities, significantly enhancing import and export clearance efficiency. Through seamless air-to-air transfers, efficient operation of comprehensive international cargo terminals, and the formal activation of the cross-border e-commerce comprehensive pilot zone, the Ezhou cargo hub continues to attract trade flows and industrial clusters with its outstanding logistics efficiency, serving as a vital gateway connecting global markets and generating incremental growth for the Company’s air freight business.

Management Discussion and Analysis



Economy Express Services

In 2025, the Company's economy express business achieved a revenue of RMB32.05 billion, representing a year-on-year increase of 17.6%.

In the first half of 2025, amid a moderation in overall consumption growth, competition intensified in the e-commerce express delivery market. With the implementation of industry-wide regulatory guidance on discourage excessive competition, market dynamics in the second half of the year gradually returned to rational development, with average pricing improving quarter-on-quarter and competition increasingly centered on service quality and value creation. During the Reporting Period, the Company's economy express business achieved scaled growth, with growth rates outperforming the industry average and resulting in further gains in market share.

Attributable to expanded business scale and enhanced network capacity utilization, the Company adhered to the core principle of balancing scale and profitability.

On one hand, the Company focused on key premium categories, selectively expanding business scale. Leveraging its position as an independent third-party logistics provider, it deepened collaboration with leading e-commerce platforms and proactively adapted to emerging business scenarios. Through headquarter-to-headquarter partnership models, the Company secured instant retail service scenarios from several leading e-commerce platforms, further expanding its high-quality business sources. On the other hand, the Company continued to drive operational model transformation, effectively reducing costs across various segments. It advanced the optimization of its economy express operating model through a series of initiatives – including establishing dedicated sorting outlets, and implementing tiered resource allocation – all contributing to cost optimization.

In respect of integrated warehousing and distribution services, the Company enhanced fulfillment capabilities by constructing a multi-tier warehouse network, upgrading warehouse automation, and strengthening synergies between warehousing and delivery networks. These efforts enabled the Company to provide omni-channel unified inventory solutions for customers across multiple industries.

In 2025, the Company successfully completed the deployment of fully automated benchmark warehouses for leading brands in the home appliance and beauty sectors, achieving integrated To B and To C fulfillment across all product categories and channels. This comprehensive integration significantly improved inventory efficiency and reduced operating costs for customers. The Company also pioneered the development of shared reverse logistics and refurbishment centers for multiple brands. For example, in the footwear and apparel sector, warehouse-side services were extended beyond basic quality inspection to include label verification, cleaning, and garment finishing, thereby accelerating inventory turnover for customers. In addition, the Company provided proximity-based instant fulfillment services for several supermarket platforms and leading retail chains. For a major supermarket client, the Company established a 24/7 dedicated forward warehouse model, optimizing overall fulfillment timeliness, operational efficiency, and food safety standards.

In terms of equipment investment and operational efficiency, the number of automated devices deployed in warehousing operations increased by 63% year-on-year in 2025, with nine new categories of automation equipment introduced. These enhancements covered the full spectrum of warehouse operations, including storage, picking, material handling, cleaning, and security, resulting in a 38% improvement in labor productivity. Meanwhile, the Company comprehensively deployed AI, RPA, intelligent algorithms, and foundational system platforms across the end-to-end warehousing workflow. As of 2025, more than 60 intelligent operational scenarios had been rolled out, effectively improving warehouse operation efficiency.

Management Discussion and Analysis



Freight Delivery Services

In 2025, the Company's freight delivery business achieved a revenue of RMB42.13 billion, representing a year-on-year increase of 11.9%.

SF Freight has consistently focused on enhancing product quality in response to customer needs. Leveraging strong product competitiveness, SF Freight has continued to expand its market share. In 2025, shipment volume grew by over 27% year-on-year, outperforming the industry average. SF Freight continuously refined its operations across multiple dimensions, including product upgrades, network planning and technological empowerment. These efforts strengthened service quality while helping customers optimize costs, enabling SF Freight to precisely match its diverse and multi-tiered service offerings to varied customer requirements.

Deepening Leadership in the High-Quality Freight Market to Meet Diverse Emerging Scenario Needs: The Company continued to strengthen its “fast, precise and stable” time-definite service system for large parcels, accelerating core routes deliveries. During the year, over 2,300 routes were upgraded for faster transit speed. Meanwhile, product upgrades included a multi-tier time-definite portfolio featuring “Same-Day Freight” and “Next-Morning Freight”. By clearly defining time-definite performance within specific geographic coverage, the Company increased transparency and predictability for customer perceptions.

Service stability and overall quality improved significantly, with customer complaint rates declining by more than 20%, further reinforcing the Company's industry-leading service reputation. The Company deeply cultivated 12 major industry scenarios and 53 sub-scenarios, integrating product capabilities with tailored industry solutions. For example, in emerging scenarios such as cultural tourism, creative industries, concerts, skiing events and exhibitions, the Company developed differentiated service capabilities tailored to customer requirements. In traditional segments such as home appliances and furnishings, SF strengthened its integrated services, including disassembly, inspection, installation and recycling, enhancing consumer experience while enabling merchants to improve operational efficiency.

Building a High-Performance LTL Network for Industrial Sectors: Focusing on industrial production scenarios, the Company optimized its network structure, operational models and resource allocation to establish a high-quality and cost-effective LTL network tailored to industrial needs. Through cooperation with leading PTL service providers such as Dekun, the Company streamlined routes and reduced transfer nodes, thereby enhancing transit time performance and lowering damage rates. Average daily integrated cargo volume exceeded 1,600 tonnes, with marked improvements in time-definite performance and service quality following integration.

At the same time, the Company strengthened end-to-end operational standards by upgrading vehicle types and equipment to enhance oversized cargo handling capacity in industrial zones. Through vehicle compartment modifications, investment in loss-prevention equipment and operational process adjustments, cargo damage rates were reduced by over 20%. In 2025, SF Freight's directly operated industrial large-parcel shipments (above 100 kg) increased by more than 60% year-on-year.

Management Discussion and Analysis

Strengthening the Franchise Network to Drive Steady Growth: SX Freight continued to build a high-quality franchise freight network, leveraging core network capabilities and high quality to drive scale expansion and enhance customer experience. In 2025, the total number of outlets exceeded 23,000 with 88% township coverage, solidifying its top-three market position in the franchised freight delivery market.

SX Freight focused on the e-commerce sector and industrial LTL markets by increasing network density and reducing operating costs. It continued to increase investment in core resources such as facilities, line-haul routes and automation equipment, strengthening product competitiveness. Transit time improved by 3.2 hours, and customer complaint rates declined by 36%. Through integrated route planning and external resource collaboration, SX Freight built differentiated line-haul capabilities to sustain growth.

Complemented by synergistic operations with SF Freight, SX Freight and Dekun, the Company's expanding delivery scale and rising operational efficiency continue to generate mutual value for customers, partners and the enterprise.



Cold Chain and Pharmaceutical Logistics

In 2025, the Company's cold chain and pharmaceutical logistics business achieved a revenue of RMB10.61 billion, representing a year-on-year increase of 8.1%.

Fresh and Seasonal Food Logistics Services

The Company has continued to deepen its presence in the e-commerce-driven distribution of agricultural products, serving over 5,500 fresh produce varieties nationwide. In 2025, cargo volume of specialty agricultural products exceeded 8 million tonnes, effectively supporting the transformation and upgrading of local agriculture and contributing to income growth for farmers.

Focusing on nationwide specialty production regions, the Company further advanced its differentiated “one region, one specialty” cultivation strategy. In 2025, the Company successfully incubated a range of new product categories, including fresh fruits, regional snacks, seedlings and nursery plants, and cured meat products, covering core production regions across Northwest, North, East and Southwest China. Parcel volumes for most newly developed categories increased by over 100% year-on-year, and the Company was designated as the preferred logistics service provider for local specialty agricultural products in certain categories.

Leveraging its core strengths in production-to-sales matchmaking, the Company collaborated with leading short-video platforms to launch the themed campaign “Speaking for My Hometown,” empowering niche agricultural products to enhance brand recognition and expand market reach. The Company also established an innovative influencer partnership framework, drawing on its longstanding expertise in premium agricultural logistics to precisely connect livestream hosts with agricultural suppliers. This initiative opened new sales channels for farmers while generating incremental fresh produce shipment volumes.

In cross-border fresh produce logistics, the Company pioneered an integrated model comprising “multi-origin consolidation – professional cold storage – pre-clearance customs declaration – direct air transport”, thereby establishing dedicated export corridors for live and fresh agricultural products. Through pre-clearance customs declaration review, full-process temperature control monitoring and prioritized transfer mechanisms, the Company achieved delivery timeliness of 33 hours to Singapore, and 7 hours to South Korea. Fruit survival rates and freshness compliance rates ranked among the highest in the industry, enabling domestically harvested seasonal fruits to retain “tree-fresh quality” even after traveling thousands of kilometers and successfully enter premium overseas fresh produce markets.

Management Discussion and Analysis

Food Cold Chain Logistics Services

In 2025, the Company's food cold chain logistics focused on integrated warehousing and distribution, large-item cold chain freight and cold chain store delivery, while continuously advancing scenario prioritization, strategic optimization and service capability upgrades to support steady business growth.

In the integrated warehousing and distribution segment, the Company achieved simultaneous expansion in business scale and service capabilities by enhancing warehouse service competitiveness, broadening market coverage, strengthening platform partnerships and deepening engagement with leading customers. Centered on core product categories, the Company built differentiated competitiveness through a combination of “multi-warehouse next-day delivery, high-quality fulfillment and cost reduction via reusable packaging.” The Company further deepened strategic collaboration with a major e-commerce platform, jointly hosting 23 merchant recruitment events across 18 regions to expand commercial traffic and undertake fulfillment responsibilities. Leveraging a front-warehouse short-haul fulfillment model with a next-day delivery fulfillment rate of 90%, the Company supported platforms and merchants in scaling their instant retail operations.

In the cold chain freight segment, the Company focused on online supermarket platforms and key offline retail chains, achieving meaningful breakthroughs among major food brand customers. By rolling out direct-dispatch, multi-stop delivery models in East and South China, the Company significantly enhanced regional delivery efficiency and customer coverage. Additionally, the Company implemented a combined strategy of “operating model innovation, targeted promotion and dedicated customer strategies” across 52 key specialized markets nationwide, accelerating business expansion. By establishing bi-directional scheduled trunk routes within the Pearl River Delta economic zone and deploying dedicated lanes for Yunnan flowers, fruits and vegetables as well as other specialty agricultural products, the Company delivered rapid growth in its cold chain freight business.

In cold chain store delivery, the Company leveraged its industry-leading supply chain management expertise and applied digital and technology-enabled solutions to deepen penetration across high-potential segments including tea and coffee chains, Western fast food, Chinese chain restaurants and upstream producers. The Company provided multi-scenario and end-to-end digital-intelligent supply chain services, while continuing to support customers' expansion into lower-tier markets. In niche segments such as Congee, noodles and rice-noodle Chinese chains, the Company actively explored innovative service models. By leveraging a diversified service portfolio, the Company enabled customers to integrate multi-channel systems and optimize resource allocation, thereby flexibly capturing incremental market opportunities.

To facilitate global F&B expansion, the Company has empowered leading Chinese beverage brands, supporting the successful launch and operation of hundreds of stores across markets including Singapore, Malaysia, Canada, Australia, the UK, and Germany. It provided comprehensive support to customers' domestic suppliers, including training on destination-country product labeling and customs compliance requirements to ensure regulatory adherence. In addition, the Company integrated the export demands of multiple customers to improve container load rates and shorten delivery lead times. The Company further delivered end-to-end supply chain services covering domestic first-mile collection, international trunk transportation and overseas last-mile delivery, while also providing localized warehousing and distribution services at destination markets. Cooperation between the Company and catering brands continues to deepen, with expansion into additional countries and store networks.

Management Discussion and Analysis

Pharmaceutical Logistics Services

In 2025, the Company systematically mapped 27 core logistics scenarios across the full pharmaceutical value chain, covering upstream (raw materials and manufacturing), midstream (finished products and distribution), downstream (end customers and after-sales), as well as in-hospital standardized logistics. The Company continued to deepen its presence across four key supply chain segments, namely, precision temperature-controlled logistics, ambient logistics, international logistics and hospital logistics.

In the precision temperature-controlled segment, revenue growth approached 30% in 2025. Leveraging last-mile resources within the Company's express delivery network and combining frontline courier empowerment with standardized operating procedures, the Company achieved nationwide coverage for precision temperature-controlled last-mile delivery. This enabled the Company to provide reliable 2C door-to-door precision temperature-controlled fulfillment services for leading e-commerce platforms and merchants. During peak demand periods such as the Double-11 shopping festival, daily order volumes increased by two to three times, while operational quality remained stable and customer satisfaction remained among the highest in the industry.

In the hospital logistics segment, the Company focused on Grade IIIA hospitals and pursued deep scenario-based penetration. Through on-site deployment models, the Company extended the hospital logistics service chain and established a scalable benchmark operating framework. In 2025, the Company successfully developed a hospital logistics benchmark case, collaborating with a leading hospital to implement 15 logistics service scenarios spanning the full patient journey, including admission, inter-hospital transfers, in-hospital logistics and discharge. The Company also deployed intelligent logistics equipment such as autonomous vehicles, supporting the development of smart hospitals and contributing to a new ecosystem for intelligent healthcare logistics.

Within the broader pharmaceutical supply chain services segment, overall business growth remained stable, with particularly strong performance in traditional Chinese medicine logistics. The Company's services expanded across multiple supply chain stages, including transportation, warehousing and raw material logistics, and several industry benchmark partnerships were successfully implemented. In addition, leveraging the Ezhou cargo hub, the Company established a dedicated customized ambient pharmaceutical warehouse for a leading e-commerce platform. By adopting an integrated "Upper-layer warehouse, lower-layer sorting" operating model, and combined with the hub's extensive route network, the Company enabled efficient nationwide fulfillment from a single warehouse.

In terms of international expansion, the Company achieved multiple breakthroughs in cross-border precision temperature-controlled logistics in 2025. It established air and sea transportation capabilities for pharmaceutical-grade temperature control, as well as multi-country transit solutions for magnetic, battery-powered, high-value and fragile medical devices. Customized logistics solutions were successfully implemented for projects such as active pharmaceutical ingredient exports to Southeast Asia, and medical devices and innovative drug exports to Europe and America, effectively supporting customers' international market expansion.

Management Discussion and Analysis



Intra-city On-demand Delivery

In 2025, the intra-city on-demand delivery business of the Company achieved a revenue of RMB12.72 billion, representing a year-on-year increase of 43.4%.

The expansion of the on-demand retail industry and rising market demand drove robust revenue growth in the Company's intra-city on-demand delivery business, while technology and lean management drove operational efficiency and quality improvements, resulting in the net profit of the intra-city on-demand delivery segment doubling year-on-year and reaching a record high.

Seizing opportunities in the on-demand retail industry and deepening collaboration with merchants, platforms and consumers:

In terms of the merchant cooperation, SF Intra-city leveraged its flexible and scalable nationwide capacity network to deliver high-standard service commitments to major key accounts. Market share among multiple major key accounts remained leading and continued to increase, with over 7,900 newly added cooperating stores within the year. By broadening customer acquisition channels and optimizing collaboration processes, the Company enlarged the merchant base and enriched the merchant categories for small and medium-sized merchants. Concurrently, the Company actively provided efficient and cost-effective end-to-end solutions for wider and more diversified traffic platforms, covering a variety of to-home delivery scenarios such as live-streaming e-commerce, and supermarket delivery within an hour. In 2025, the number of active merchants of SF Intra-city reached 1.12 million, representing a year-on-year increase of 72%.

In terms of individual consumer services, SF Intra-city was dedicated to providing industry-leading professional on-demand fulfillment services, reinforcing the brand image as "SF Intra-city, the first choice for urgent delivery of valuable items". By continuously expanding the scope of the "Exclusive Delivery" service, the Company provided customers with enhanced security, timeliness and personalized service experiences. During the Reporting Period, revenue from the "Exclusive Delivery" product doubled year-on-year. Building upon cultural tourism and local lifestyle scenarios, innovative local services such as Hanfu rentals, luggage delivery and laundry and shoe-cleaning were introduced. SF Intra-city continually optimized brand promotion and channel marketing strategies, achieving over 26.06 million annual active consumers in 2025.

Driving multi-scenario service upgrades in core industries, highlighting flexible capacity network efficiency:

SF Intra-city optimized products and services centered on core industries and categories, providing chain catering customers with multi-channel centralized order management and delivery services to support digital operation, and providing supermarket retail customers with customized solutions including city-wide long-distance delivery, warehouse-to-store one-hour delivery and "front-warehouse + intra-city on-demand delivery" solutions. Delivery revenue from the supermarket sector grew by over 80% year-on-year during the Reporting Period. Furthermore, SF Intra-city established an integrated supply chain solution comprising "warehousing + transport + intra-city on-demand delivery" through resource synergies with the Group's other business segments, cooperating with the Group to collectively expand customer base and enhance customer loyalty.

Management Discussion and Analysis

Intra-city service coverage was further expanded to nearly 2,400 cities and counties nationwide, including over 1,400 county-level areas, with sustained efforts to diversify products and services in lower-tier markets. Through deepening business district operation and optimizing network structure, network coverage density and quality were improved simultaneously, with the scale of profitable business districts nearly doubling year-on-year. In 2025, the Company's overall fulfilment in-time rate was approximately 95%, with an average delivery time of 22 minutes for orders within 3 kilometers. Fluctuations in the fulfilment in-time rate during holidays and adverse weather conditions were no more than 3 percentage points.

Deepening technology empowerment across the entire business chain to drive enhanced quality and efficiency in fundamentals:

SF Intra-city continued to deepen operational digitalization and AI-driven decision intelligence across the entire business chain, strengthening intelligent multi-channel order integration, dispatch capabilities and end-to-end operational assurance. Through precise timeliness prediction and dynamic resource allocation, it empowered merchants to improve digital operation efficiency. At the same time, it deeply integrated real-time traffic conditions and rider preferences into order allocation and route planning, optimizing the service experience for both riders and customers.

SF Intra-city actively promoted the multi-scenario application of artificial intelligence technology in core business scenarios, while also deepening the large-scale application of smart logistics and unmanned delivery technology across diversified commercial scenarios. The Company's unmanned vehicle operation has demonstrated successful implementation experience across diversified scenarios including last-mile delivery, food delivery and campus delivery, providing one-stop unmanned vehicle operation solutions for various customers, continuously improving the operational efficiency and service quality.



Supply Chain and International Business

In 2025, the Company's supply chain and international business achieved a revenue of RMB72.94 billion, representing a year-on-year increase of 3.5%. Due to global trade volatility and the moderated demand for freight services, ocean freight rates have declined notably compared to the same period last year, which impacted the revenue growth of the international freight forwarding business of the Company's controlling subsidiary, KLN. Nevertheless, leveraging its global network advantages and diversified product portfolio, the Company responded to market changes with agility and captured new opportunities arising from the growing overseas expansion of Chinese enterprises. Consequently, the revenue from the supply chain and international business segments of SF (excluding KLN) increased by 32.3% year-on-year.

Supply Chain Business

To accelerate the implementation of digital and intelligent supply chain strategy, in the fourth quarter of 2025, the Company conducted a comprehensive reorganization of its internal supply chain business operations and formally established a Supply Chain BG at the Group level. The BG is organized into seven industry segments, including high technology, industrial equipment, automotive, consumer goods, retail food, retail and catering and life sciences, complemented by a self-aligned organizational structure and management mechanisms, to support rapid expansion of the Group's supply chain business.

Management Discussion and Analysis



In 2025, the Company achieved multiple breakthroughs in its high-tech industry logistics business:

Consumer Electronics

Collaboration in emerging product categories delivered notable results. Leveraging its deep penetration across supply chain scenarios, the Company's annual logistics revenue from a patio robotics customer exceeded RMB10 million. Logistics revenue from a 3D printer customer increased six-fold year-on-year, with services expanded to integrated warehousing and distribution operations in South China and Mönchengladbach, Germany. In response to capacity relocation trends, the Company launched the "China-Vietnam Smart Express" cross-border solution, providing leading ODM customers with fully visualized, end-to-end China-Vietnam supply chain services. This enabled 100% visibility across cross-border processes, reduced communication costs at disruption points by 50%, and improved port congestion resolution rates to 92%. Meanwhile, the Company developed a "Vietnam-Ezhou-Europe/United States" end-to-end air freight solution for finished goods for top-tier consumer electronics brands, facilitating the export of high-end Asia-Pacific consumer electronics to Western markets.

Smart Living Appliances

The Company empowered the international operations of a leading home appliance brand, achieving comprehensive coverage across supply chain stages in Southeast Asian markets including Thailand, Indonesia and Vietnam. Services included VMI warehouse-to-factory pickup, import and export customs clearance, and cross-border land transportation in Thailand; finished-goods warehouse operation, local transportation between VMI warehouses, factories and finished-goods warehouses in Indonesia; and finished-goods warehouse operation and export customs clearance services in Vietnam. These initiatives progressively established a Southeast Asia cross-border transportation and localized warehousing and distribution network, providing robust support for overseas capacity expansion in the home appliance sector.

Telecommunications Equipment and Servers

The Company set high-end service benchmarks for the industry by focusing on core computing-power cities and delivering professional solutions including spare parts warehousing and distribution, end-to-end digital support for server room migration, as well as refined last-mile services such as server installation and removal and waste disposal. These solutions have been successfully implemented in projects for leading domestic telecommunications equipment manufacturers.

Management Discussion and Analysis

Industrial Equipment Industry

In 2025, the Company's logistics revenue from the industrial equipment sector achieved rapid growth, particularly in engineering machinery, new power equipment, MRO, embodied intelligence and industrial automation.

Benchmark Intelligent Warehouse for Industrial Equipment

The Company undertook the intelligent warehouse construction project for a Japanese pneumatic components manufacturer in China. Leveraging AI algorithms, automated equipment and digital technologies, the Company delivered advanced capabilities including intelligent sorting, high-bay storage, route optimization and real-time monitoring, enabling the digital upgrade of the customer's warehousing operations. Following implementation, storage density increased by 3.5 times, and operational accuracy reached 99%, establishing a globally replicable intelligent warehouse benchmark.

Warehousing Network Planning for New Energy Equipment

To address a clean energy technology company's unmet needs in domestic spare-parts network layout and delivery timeliness, the Company designed a "one central warehouse + 21 regional warehouses" model, covering network planning, regional warehouse management, forward warehouse operations, spare-parts transfers and nationwide distribution through a fully systematized workflow. As a result, on-time delivery rate improved from 63% to 91%, inventory holding costs declined by approximately 8%, and inventory and outbound accuracy reached 100%.

Inbound Logistics for Industrial Manufacturing

The Company optimized inbound logistics for a leading industrial automation enterprise through the successful implementation of a "Milk-Run pickup and consolidated transportation" model. Addressing issues such as high direct-shipment costs, weak delivery planning and congestion within and outside factory premises, the Company customized an integrated solution which implemented upstream Milk-Run collections and consolidated supply from 18 core suppliers through centralized distribution and full-truckload transportation. Simultaneously, a delivery appointment and visualized scheduling system was established to enable precise factory entry and direct workshop delivery. Results included optimized logistics costs and a 30% increase in unloading efficiency. This model has since been replicated across other leading customers, strengthening our deep dive into the production logistics sector and building our capability to provide consolidated, efficient and highly visible inbound logistics services.

Southeast Asia Capacity Relocation

For a raw-materials customer relocating manufacturing capacity to Cambodia, the Company delivered a one-stop solution for their large-scale equipment transport and raw material exports, as well as the global distribution of their Cambodian finished products. Domestically, the Company designed factory packing solutions for large equipment, and completed port consolidation, customs declaration and export. For cross-border execution, the Company facilitated bonded transfer through Ho Chi Minh port area in Vietnam and provided professional customs clearance and trucking services, ensuring the smooth entry of goods into Cambodia, directly supporting the successful relocation of the customer's factory. The project demonstrated the Company's prominent Southeast Asia cross-border integration and end-to-end fulfillment capabilities.

Management Discussion and Analysis

Automotive Industry

In 2025, the Company's automotive industry logistics revenue achieved rapid growth, with meaningful breakthroughs across multiple scenarios including inbound logistics, after-sales logistics, finished vehicle logistics and line-side logistics. Logistics service penetration continued to increase. At the same time, the Company successfully delivered multiple overseas benchmark projects in Southeast Asia and Oceania, laying a solid foundation for future growth.

End-to-End Collaboration and Global Deployment

The Company provides a leading domestic new energy vehicle manufacturer with full-scenario logistics services spanning pre-production, in-plant operations, after-sales support, overseas logistics and tailored logistics services. In pre-production inbound logistics, the Company established a component transportation network covering OEM plants nationwide, increasing its logistics service share from 8% to 30%. In finished vehicle logistics, the Company built regional logistics networks, supporting the customer's market expansion. In after-sales and reverse logistics, services cover multiple spare-parts warehouses nationwide. Leveraging end-to-end visibility and compliant operations, the Company shortened after-sales response times while reducing spare-parts inventory levels and logistics costs, and ensured the safe and efficient circulation of batteries from end users to recycling centers. In support of this customer's overseas expansion, the Company implemented integrated after-sales spare-parts warehousing and distribution projects in Thailand, Singapore, the Philippines, Australia and New Zealand, significantly strengthening the customer's international market competitiveness.

Serving Emerging Automotive Brands

The Company provides integrated inbound and after-sales logistics solutions to multiple emerging automotive manufacturers. For a premium new energy vehicle brand, the Company delivers inbound logistics, VMI warehousing and coordinated supplier material preparation, enhancing supply chain flexibility and production efficiency. In parallel, it offers an integrated CDC warehousing, transportation and distribution solution for after-sales logistics, covering the entire process from component suppliers to 4S dealerships. For another emerging brand, the Company provides a customized end-to-end supply chain solution. Through diversified models including cyclic pickups, remote consolidation, direct vehicle dispatch and near-site consolidation, the Company precisely aligns logistics flows with production rhythms, effectively supporting capacity release and demonstrating strong service competitiveness in the new-energy OEM segment.

End-to-End Services and Overseas Warehousing Breakthrough

The Company established a comprehensive logistics system for a leading traditional automaker, covering full domestic scenarios and localized overseas operations. Domestically, services span inbound logistics, finished vehicle logistics and after-sales logistics. Overseas, the Company successfully implemented a nationwide after-sales spare-parts warehousing and distribution project in the Philippines.

Taking into account the country's archipelagic geography, the Company designed an intelligent distribution network comprising "one central warehouse plus nine forward distribution nodes," integrating local customs clearance, intelligent warehousing and multimodal transportation resources. This enabled same-day or next-day delivery on the main islands and delivery to outer islands in as fast as three hours, improving delivery timeliness by 35% and significantly reducing customer repair waiting times, while setting a benchmark for localized overseas logistics services.

Management Discussion and Analysis

Consumer Goods Industry

In 2025, the Company's logistics revenue from consumer goods sub-segments such as pet supplies, entertainment products, and sports and outdoor goods achieved high growth. The Company has established core competitive advantages across omni-channel integration, reverse logistics, instant retail fulfillment and brand globalization, and successfully delivered multiple benchmark projects.

Omni-Channel “Integrated Packaged” Solutions

The Company secured the China-wide logistics mandate of a leading international cosmetics brand for its omni-channel “integrated packaged” solutions, providing multi-tier, omni-channel fulfillment services. Its 2B services cover more than 200 offline stores nationwide, while 2C fulfillment handles peak daily volumes exceeding 300,000 orders. Leveraging SF Technology's OTW end-to-end system, the Company enabled real-time inventory sharing, precise allocation, and centralized control across all sales channels, significantly improving inventory turnover and order fulfillment rates. The Company also successfully won multiple central distribution center (“CDC”) automation and integrated warehousing-and-distribution projects for leading domestic and international sports brands, demonstrating its full-spectrum supply chain capabilities covering direct sales, distribution networks, online and offline channels, and both forward and reverse logistics.

Reverse Logistics and Value-Added Services

In reverse logistics, the Company has built professional quality inspection and refurbishment centers supported by standardized operating procedures and service benchmarks. These centers have achieved industry-leading performance, including a 100% inspection completion rate within 48 hours and refurbishment success rates exceeding 95%. Such capabilities significantly accelerate product re-circulation and enhance inventory health for brand owners. In 2025, the Company implemented end-to-end omni-channel reverse logistics and value-added inspection services for multiple apparel and footwear brands, integrating returns processing, quality inspection and product re-circulation into a unified solution, thereby strengthening its high-end consumer goods supply chain service capabilities.

Instant Retail Fulfillment

Leveraging a four-tier warehouse network comprising base warehouses, regional warehouses, city warehouses and front-end fulfillment hubs — combined with efficient last-mile delivery capabilities — the Company has established a multi-level fulfillment system enabling rapid delivery from warehouse to store and from store to end consumers. In shopping-district store delivery scenarios, the Company introduced a high-standard last-mile delivery system, securing dozens of well-known international and domestic apparel and footwear brand customers during the year and earning strong customer recognition. In addition, supported by its extensive frontline courier workforce and same-city rider resources with deep penetration in urban commercial districts, the Company is able to rapidly fulfill online orders generated by brand-owned stores, effectively supporting customers' instant retail strategies.

Brand Globalization Services

In support of brands' overseas expansion, the Company leverages its global warehousing and distribution network and international line-haul transportation capabilities to deliver end-to-end cross-border logistics solutions. The Company provides integrated warehousing and distribution services for a leading domestic sports brand in Vietnam, Singapore and the Philippines, while also handling international sea freight from Europe and the United States to bonded warehouses in Singapore and international air freight from Vietnam to the United States. For another leading sports brand, the Company delivers China-to-Singapore overseas warehouse fulfillment services, enabling a unified online-offline integrated packaged solutions through integrated B2B/B2C warehouses. By supporting both forward and reverse logistics across multiple scenarios, the Company provides a solid logistics foundation for brands' overseas market exploration.

Management Discussion and Analysis

Retail Food Industry

In 2025, the Company's logistics revenue from the retail food industry focused on six core categories, namely alcoholic beverages, infant and dairy products, nutritional supplements, pet food and snack foods, with key application scenarios including B2B urban distribution, B2C integrated warehousing and distribution, and import and export logistics.

Nationwide Warehousing Network and Urban Delivery

To address the multi-channel and multi-scenario fulfillment needs of retail food customers, the Company established a three-tier warehouse network comprising central hubs, regional warehouses and front-end fulfillment centers. This structure shortened transportation distances, improved order conversion rates and enhanced the end-consumer shopping experience. In 2025, the Company added multiple city-level warehouses, including dedicated facilities for alcoholic beverages, pet food and bonded warehouses for imported food products. Urban delivery capacity was deployed across more than 180 cities, enabling 24-hour delivery coverage for over 90% of cities nationwide. During the year, the Company successfully secured integrated warehousing and distribution projects for a leading dairy enterprise, as well as urban distribution contracts covering 11 national warehouses for a premium liquor brand.

Multi-Temperature Supply Chain for Nutritional Products

In collaboration with a leading nutritional supplement brand, the Company developed a smart supply chain solution for high-end nutritional products. To meet the customer's requirements for multi-temperature storage and omni-channel distribution, the Company invested in dedicated multi-temperature food warehouses in Guangzhou and Taicang, supported by proprietary freshness-preservation packaging and end-to-end precision temperature control. As a result, 75% of freshly prepared stewed tonic orders achieved "same-day preparation and next-day delivery." During peak promotional periods, order volumes surged by eight to ten times while fulfillment remained stable, with parcel integrity reaching 99.96% and inventory waste reduced by 30%. In addition, the Company supported the customer's expansion into Southeast Asia through cross-border direct mail services and overseas warehousing in Vietnam, enabling efficient raw material customs clearance and end-market fulfillment.

Snack Food Warehouse Network Optimization

The Company played a key role in the warehouse network planning of a leading value-oriented snack food retailer. Using the "Fengzhi Cloud Strategy" system, the Company integrated store location data with inbound and outbound logistics flows to redesign warehouse site selection. The optimized solution reduced distribution costs by 5% and improved delivery timeliness by 10%, creating a replicable benchmark for warehouse network optimization across the sector.

Food Import and Export Services

The Company provides one-stop import and export logistics services for a globally recognized snack food brand, handling over 80% of its supply chain logistics requirements. Supported by the Asia-Pacific distribution hub, the Company established an end-to-end logistics network spanning multiple countries and regions, delivering integrated services across warehousing, transportation and secondary packaging with high efficiency.

Management Discussion and Analysis

International Business

In 2025, the Company proactively captured opportunities arising from the restructuring of global supply chains and the accelerating globalization of Chinese enterprises. In response to the evolution from “product exports” to “capacity globalization,” the Company systematically advanced its international business strategy. It continued to deepen its strategic positioning as “the One in Asia with global reach,” strengthening resource deployment and network expansion across Asia, consolidating its service advantages while progressively building a supply chain service system radiating globally.

Establishing an Integrated Intercontinental Backbone Network Across Air, Sea and Ground. In 2025, the Company launched new international cargo routes, including Ezhou-Oslo, East Midlands, Miami and Hanoi, bringing the total number of operated cargo routes to 69. International flights reached approximately 14,000 sorties, representing a year-on-year increase of 53%. The Company continued to increase flight frequencies to key regions such as India, Japan and Southeast Asia, with peak weekly round-trip all-cargo flights reaching 280. Weekly round-trip routes to India reached up to 60 flights, Japan up to 54 flights, and Singapore, Thailand, South Korea, and other destinations reached 18-20 flights. Asia-Pacific regional network density ranked among the industry’s highest. In parallel, the Company established new strategic intercontinental routes to core cities in Europe and America, further strengthening connectivity between Asia and key markets in Europe and America, effectively supporting peak cross-border fulfillment and time-definite service commitments.

For land transportation, the Company established a leading fleet network across the Indo-China Peninsula using the China-Vietnam corridor as the benchmark. Pilot cross-border rail services between China and Laos, and China and Thailand, were launched to strengthen ASEAN core corridors and enhance regional transport stability and cost efficiency. Meanwhile, the Company initiated trial operations of near-sea shipping routes between China and Southeast Asia, introducing time-definite ocean freight products to increase flexibility and service options in cross-border logistics.

Upgrading Customs Clearance Capabilities with Enhanced Efficiency and Compliance. The Company continued to upgrade its global customs clearance capabilities. In 2025, it expanded self-operated customs clearance services at two additional ports in the United Kingdom and Belgium. Dedicated bonded warehouses were deployed in Japan, South Korea and Malaysia to ensure secure storage, efficient circulation and compliant operations. In China, the Ezhou cargo hub successfully obtained its first AEO certification, enabling diversified transit and transshipment models and expanding capabilities across general cargo, express, and e-commerce shipments. As of the end of 2025, the Company provided customs clearance services at 94 ports worldwide through self-operated or agency cooperation models. It held 12 domestic AEO Advanced Certification licenses and operated self-managed customs clearance capabilities at 13 core overseas ports, significantly enhancing clearance efficiency and compliance standards.

Expanding Overseas Warehousing Resources and Enhancing Cross-Border Fulfillment Capabilities. The Company continued to expand and upgrade its global warehouse network. As of the end of 2025, total overseas warehousing area of the Company reached approximately 2.55 million square meters, covering key markets across Asia-Pacific, Europe and America. The Company promoted the transformation of warehouses from traditional storage facilities into integrated service platforms. In Vietnam and Malaysia, it piloted “production-sales integration warehouses,” integrating raw material preparation and finished goods dispatch. In Germany and the United Kingdom, dual-function warehouses for “e-commerce fulfillment + returns processing” were established to enhance e-commerce order fulfillment efficiency and overseas end-customer experience. By strengthening supply chain warehousing and distribution networks in Asia and expanding high-standard overseas e-commerce warehouses in Europe and America, the Company further enhanced its multi-scenario fulfillment capabilities across cross-border e-commerce, regional distribution and flexible supply chains.

Management Discussion and Analysis

Enhancing End-to-End Global Operations. In China, the Company established 15 dedicated international service outlets in cross-border e-commerce clusters such as Yiwu and Shenzhen. New international small-parcel operating centers were built in Ezhou and Xiamen to form efficient cargo consolidation and rapid customs clearance channels for outbound shipments. Globally, the Company expanded its self-operated network, strengthened local team building and deepened strategic partnerships to enhance last-mile service capabilities. In Asia-Pacific, it increased outlet density and commenced self-operated warehouse operations in core markets. In Europe and America, it launched or expanded self-operated operational stations, established proprietary trucking fleets and strengthened collaboration with premium local service providers, to enhance the stability of terminal delivery.

Leveraging its resource advantages and diversified product portfolio, the Company effectively coordinated complex cross-border logistics chains to meet customers' high-quality requirements. In 2025, approximately 65% companies from the Fortune China 500 utilized the Company's international services.



International Express and Cross-Border E-Commerce Logistics

The Company continued to strengthen its service competitiveness across core Asia-Pacific, European and American corridors, with continued improvements in fulfillment timeliness and reliability. On certain key routes, next-day delivery fulfillment rates improved by more than 10 percentage points year-on-year. Enhanced service quality and customer stickiness contributed to international express and cross-border e-commerce logistics revenue growth of over 27.8% in 2025.

Product Excellence and Differentiated Global Offerings. The Company further deepened its presence in core Asian markets. New all-cargo flight routes between Shenzhen and Penang and between Shanghai and Kuala Lumpur were launched, enabling two-day delivery across core China-Malaysia, China-Thailand and China-Vietnam corridors. In the Americas, leveraging Ezhou as a strategic hub, the Company launched new routes to Miami and increased flight frequencies to both the U.S. West and East Coasts to five weekly flights. The innovative "China-U.S.-Mexico Air + Truck Multimodal" solution was introduced to provide efficient cross-border solutions for Chinese manufacturers establishing North American supply chains. In Europe, a multi-port coordinated network was established, with products such as the "China-Central Asia-Europe" air-to-air multimodal solution and express lines covering core economic circles in the U.K., France and Germany. International large-parcel logistics solutions also achieved key breakthroughs, effectively supporting new energy and high-end manufacturing enterprises expanding overseas. The China-U.K. dedicated line, supported by direct flights, achieved 16-hour line-haul transit and 4-day end-to-end delivery, ranking among industry leaders in scale.

Market Penetration and Ecosystem Expansion, Empowering the Globalization of Chinese Brands. The Company deepened its industry cluster strategy by establishing specialized services in 15 core manufacturing clusters, including Shenzhen, Hangzhou and Yiwu, serving enterprises' global expansion. Beyond logistics solutions, the Company supported merchants through resource integration and operational assistance. In the Suzhou wedding apparel cluster, business volume grew by more than 200%. Strategic collaboration with leading global and domestic e-commerce platforms was further strengthened, providing compliant, stable and high-quality routes with customized high time-definite end-to-end solutions. While maintaining stability in U.S.-bound routes, the Company actively supported e-commerce platforms, independent sellers and manufacturing enterprises to expand into Europe and emerging markets. In 2025, revenue from Europe and Japan dedicated lines increased significantly, becoming an important growth driver.

Management Discussion and Analysis

International Supply Chain Business

The Company captured opportunities arising from Chinese enterprises' product and capacity globalization, and delivered end-to-end international supply chain solutions across multiple industries in 2025. It successfully launched specialized products such as China-Vietnam Smart Express, China-India Air Express, YiChain Connect, the Asia supply chain warehouse network and overseas large-parcel delivery services, achieving breakthrough business growth.

Establishing an Asia-Centric End-to-End Supply Chain System. In 2025, along the China-Vietnam and China-India industrial relocation corridors, standardized full-truckload and LTL products under “**China-Vietnam Smart Express**” and air express solutions under “**China-India Air Express**” were launched. The “**YiChain Connect**” service extended upstream into raw material and component procurement, enabling integrated supply chain coordination from sourcing to production. The Company continued to build **warehouse and distribution networks across Asia-Pacific**, deploying hub warehouses, bonded warehouses, e-commerce warehouses and production warehouses to support overseas localization and regional distribution. To address last-mile bottlenecks in the home appliance and home furnishing sectors, it initiated **overseas freight** network development and integrated “delivery + installation” services, enhancing overseas consumer experiences. Through resource integration and product innovation, the Company achieved a value upgrade from basic logistics to integrated supply chain services.

Deepening Industry Collaboration and Empowering Global Smart Supply Chains. The Company is committed to transitioning from traditional transportation services to deep supply chain collaboration, focusing on key industries and delivering customized supply chain solutions tailored to customers' scenario-based needs. In 2025, cross-border supply chain projects were successfully implemented across consumer electronics, smart home appliances, new energy, industrial manufacturing, automotive, coffee and tea beverages, and apparel sectors. services covered the entire chain from domestic consolidation of raw materials and components, export customs declaration, multimodal transportation, import clearance, to overseas local distribution. At the same time, the Company, through technology empowerment, established a cross-border end-to-end visibility platform, deployed unified global warehouse management systems and upgraded automated warehousing facilities, delivering efficient, responsive and intelligent supply chain solutions to customers.

International Cargo and Freight Forwarding Business

In 2025, due to complex and changing international relations, geopolitical tensions, and volatile tariff policies, international freight markets continued to face uncertainties. Rapid shifts in trade policies led to a surge in demand and accelerated shipments ahead of tariff deadline restrictions in the first half of 2025, followed by more cautious demand trends in the third quarter with overall weak growth and persistent ocean freight rate fluctuations and volatility.

Against this challenging environment, the Company, leveraging its diversified business portfolio and solid customer base together with strong regional network coverage in Southeast Asia, flexibly responded to market changes, providing customers with stable capacity and priority services. Simultaneously, capturing global supply chain restructuring and Chinese enterprise overseas expansion opportunities, and benefiting from the growth in demand for Asia-Europe and intra-Asia routes, the Company maintained a stable development trend in international freight forwarding business.

Management Discussion and Analysis



Operational Optimization

In 2025, the Company achieved meaningful reductions in operating costs per parcel and enhanced product competitiveness through network model transformation, resource structure optimization, operational innovation and lean management initiatives.

Model Optimization

The Company advanced network stratification to establish differentiated operating networks tailored to the distinct characteristics of small-parcel and large-parcel businesses, thereby achieving both specialization and cost optimization. Guided by the principle of lightweight operations for small parcels and professionalized handling for large parcels, the Company continued to migrate higher-weight delivery into the freight network. This approach expanded freight network volume while releasing capacity at small-parcel facilities to safeguard service quality. With growing large-parcel volume, the Company implemented network model optimization to reduce transit nodes and straighten routes. By the end of 2025, the new model achieved average daily direct-shipment volume exceeding 5,000 tonnes. Meanwhile, the Company strengthened its heavy LTL capabilities, with over 4,500 direct trunk routes in operation.

Technological Innovation

The Company successfully established the first automated cage transfer center in China with daily processing capacity exceeding one million parcels – the Nanchang Road Transportation Cage Transfer Center – validating the feasibility of scalable containerized consolidation and transshipment across long-haul backbone networks. As of December 2025, the Nanchang automated cage transfer center handled over 1.3 million parcels per day on average, achieving daily productivity exceeding 4,700 parcels per person. Following commissioning, the facility significantly improved delivery timeliness, reduced loss rates and customer complaints, and effectively released transit capacity at South China and East China hubs.

Transit Efficiency Enhancement

The Company continued to secure large-scale facilities in core cities and consolidated multiple sites within single cities to streamline backbone network nodes and reduce costs. In 2025, facility resources were consolidated and optimized across 9 cities. Additionally, the Company implemented flexible suspension mechanisms during off-peak periods, including weekends and holidays, significantly reducing personnel, route, utilities and other variable operating costs.

For automation deployment, approximately 580 additional automated sorting systems were installed in 2025, substantially improving capacity and efficiency. Newly introduced ultra-high-speed sorters achieved hourly throughput exceeding 7,200 parcels, 30% higher than traditional equipment. In addition, AI automation solutions were successfully validated in processes previously reliant on manual labor, such as parcel induction and bag consolidation. The Company also explored co-creation of embodied intelligent equipment with leading manufacturers to advance automation in vehicle loading and unloading.

To enhance operational safety and service quality, AI-based mis-sorting detection systems were deployed across more than 20 core sorting centers nationwide, achieving a mis-sort recovery accuracy exceeding 95%, significantly improving sorting precision and delivery reliability. The Company also piloted flexible sorting models in seasonal agricultural regions. Mobile sorting vehicles were deployed in seafood and fruit-producing areas to enable “pickup-and-sort” direct dispatch, improving transit timeliness by half a day and ensuring high-efficiency delivery of fresh produce.

Management Discussion and Analysis

Road Transportation Cost Optimization

The Company transitioned its annual line-haul transportation capacity procurement strategy from a “bidding-first” approach to a “mutual benefit and co-development” model, fostering win-win partnerships with suppliers. Procurement activities were systematized and made transparent, enhancing supplier participation. Through diversified empowerment initiatives, the Company supported suppliers in continuously improving service quality. Intelligent pricing mechanisms were introduced for short-haul routes, covering 194 cities, supported by dynamic pricing algorithms. Collectively, these initiatives effectively controlled procurement costs and achieved significant cost optimization.

The Company optimized its ground transportation network to maximize delivery consolidation and route straightening. As of the end of the Reporting Period, direct delivery line-haul routes between cities exceeded 6,000. Integration with franchise freight networks and heavy LTL partners increased line-haul capacity and vehicle loading rates. In 2025, the Company deployed an intelligent land transportation network planning system, establishing a full-cycle “pre-event, in-event, post-event” resource control model. Intelligent decision-making solutions achieved adoption rates exceeding 80%, significantly reducing transportation costs. The Company utilized intelligent decision-making to form more bilateral routes, and relied on intelligent algorithms to align vehicle operations with driver shifts under a “driver rotation without vehicle downtime” model, with trunk and branch vehicle utilization improving by 8% year-on-year in 2025.

The Company deployed approximately 600 intelligent-driving trucks across long-haul trunk routes in 2025. Integrated lane departure warnings, forward collision alerts and driver status monitoring enhanced safety while reducing driver workload, improving both labor and vehicle efficiency. Nearly 3,000 autonomous delivery vehicles were deployed across industrial park shuttle services, agricultural product pickups and pharmaceutical distribution. Annual parcel volume transported by unmanned vehicles exceeded 80 million, significantly strengthening last-mile capacity and overall logistics service capabilities.

Last-Mile Capabilities Enhancement

The Company advanced its “dense, small, lightweight” outlet strategy to shorten service distance and enhance customer interface capabilities. In 2025, 6,700 new directly operated and agency service outlets were added. As touchpoints became more distributed, primary outlets were streamlined, forming a network with diversified touchpoints supported by efficient main outlets.

To further enhance network coverage and address consumption demand in lower-tier markets, the Company implemented a series of key initiatives across channel expansion, operating model optimization and corporate social responsibility, achieving a comprehensive upgrade of its coverage footprint. As of the end of 2025, coverage at the county and township levels had reached 99.8%, with further densification at the township level to be pursued going forward, progressively completing an integrated three-tier network spanning counties, townships and villages.

In addition, the Company advanced refined operational management for last-mile, delivering tangible cost-efficiency improvements. Through lean process management at service outlets, increased deployment of intelligent sorting equipment and AI-enabled operational support, outlet productivity was enhanced. By establishing intelligent site optimization models and implementing measures such as outlet consolidation and location adjustments, the Company optimized rental and occupancy costs. It also continued to refine outlet and locker delivery channels, increasing the proportion of consolidated deliveries and further reducing last-mile delivery costs.

Management Discussion and Analysis

Courier Empowerment

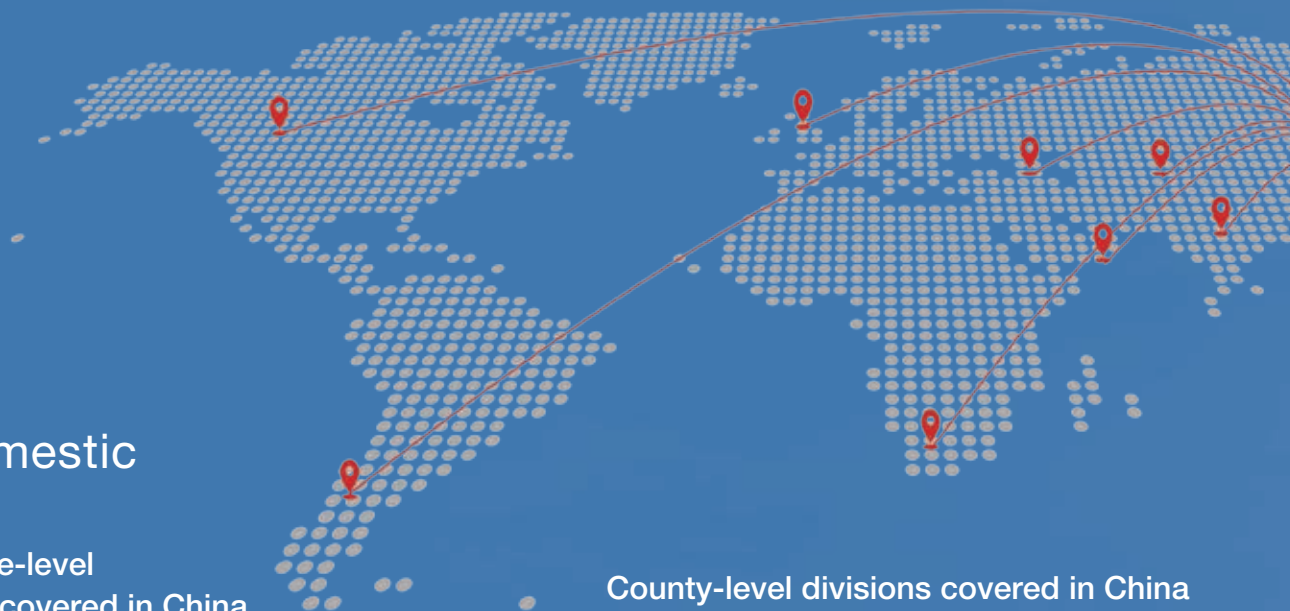
In advancing its “Activating Operation Vitality” initiative, the Company has introduced diversified incentive mechanisms for couriers, shifting from a traditional control-oriented management approach to an empowerment-driven operating philosophy. Through the implementation of a credit-based authorization framework, couriers are granted differentiated commercial flexibilities – such as marketing discounts and customer engagement privileges – based on their credit ratings, thereby enhancing their ability to develop and retain customers. The Company has also pioneered an industry-first team-based collaboration model for couriers, under which team leaders are entrusted with substantial operational autonomy, fostering collective accountability and professional pride, driving simultaneous growth in business development and courier income. In addition, the Company has restructured its courier recognition system by launching a comprehensive dual-incentive framework encompassing both financial rewards and non-monetary recognition, meeting diverse intrinsic motivations and further strengthening engagement, organizational belonging and satisfaction.

On the digital and tool empowerment front, the Company integrated pickup and delivery services into WeCom, establishing a new model for direct interaction between couriers and customers. To date, WeCom accounts have connected with over 76 million users, saving approximately 270 million phone calls for couriers and significantly reducing customer complaint rates. The Company has institutionalized a “service triangle” model connecting customers, couriers and dedicated customer service representatives, achieving 100% grid-based dedicated handling for customers and one-to-one binding between couriers and customer service representatives. This zero-transfer, accountability-based mechanism has enhanced both customer and courier satisfaction. In parallel, the Company has developed a Courier AI Service Center powered by advanced industry models, vertical knowledge graphs and multimodal interaction technologies. Covering all core operational scenarios, the system delivers peak daily real-time responses exceeding 50,000, significantly enhancing courier productivity.

In terms of talent development and career pathways, the Company placed strong emphasis on professional growth and holistic support for couriers, fostering development across multiple dimensions. By optimizing onboarding training processes and methodologies, customer complaint rates attributable to new hires were reduced significantly year-on-year in 2025. Ongoing training programs were tailored to address couriers’ practical challenges, combining scenario-based courses, modular learning content and expert online consultations to deliver continuous empowerment. The Company has also established a comprehensive online development platform for couriers, through which nearly 10,000 couriers in 2025 embarked on diversified career pathways. Among them, 1,674 transitioned into professional technical roles, approximately 1,700 advanced into operational or managerial tracks.

Global Service Network Coverage

Note: The data below are all as of December 31, 2025.



Domestic

Prefecture-level divisions covered in China

339

Prefecture-level divisions coverage

100%

County-level divisions covered in China


2,842

County-level divisions coverage

99.8%





 Overseas

International express
delivery, freight forwarding
and supply chain business

95

countries and regions
covered

International small
parcels business

200

countries and
regions covered



Ground Transport

Total volume

>16.7 billion

Vehicles under operation

>230,000



Railway Transport

Total volume of rail shipments

>2,870,000 tons

Lines of railway trains

1,436



Sea Freight

Sea freight shipments

~1,150,000 TEU

Maritime routes

>18,000



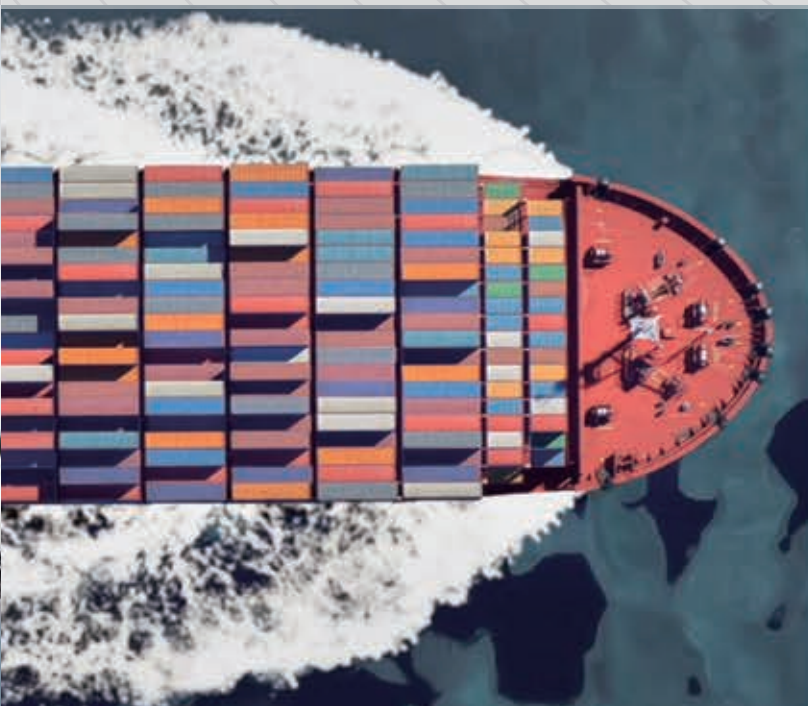
Air Cargo

Global air cargo volume

~2,800,000 tons

All-cargo aircraft in operation

111



Service Outlets

Domestic self-operated & agency & cooperative service outlets

>340,000

Overseas self-operated & agency & cooperative service outlets

>90,000



Sorting Hubs

Domestic sorting hubs of express and freight business

340

Overseas sorting hubs & facilities

44



Warehouses

Global warehouse resources

>14 million sqm

Number of warehouses

>1,500



Property Assets

Total land area

12.70 million sqm

Total building area

11.57 million sqm



Management Discussion and Analysis

Core competitiveness

Efficient and Reliable Global Logistics Infrastructure Network Deeply Rooted in Asia and Connecting the World

As of the end of the Reporting Period, the Company's service network covered all cities across China, while its international express, freight and supply chain businesses expanded to 95 countries and regions worldwide. Its international small-parcel services reached 200 countries and regions globally.

China's Largest and Globally Leading Cargo Airline and the Largest Air Cargo Operator in China

A comprehensive and industry-leading aviation network forms the cornerstone of the Company's premium time-definite services. In 2025, the Company's total air cargo volume approximately 2.8 million tonnes, representing a year-on-year increase of 15%. Domestic air cargo volume surpassed 1.9 million tonnes, accounting for 33.1% of China's total air cargo volume and consistently ranking first nationwide. International air cargo volume reached approximately 890 thousand tonnes, representing a year-on-year increase of 18%.

As of the end of the Reporting Period, the Company operated 111 all-cargo aircraft globally, of which 90 are self-operated aircraft of SF Airlines. Since its establishment in 2009, SF Airlines has become the largest cargo airline in China and one of the world's leading cargo carriers. It employs 852 pilots and holds 357 pairs of scarce flight slot resources. In 2025, the Company's all-cargo fleet covered 228 global routes with over 60,000 flights, reaching 74 domestic destinations and 63 international and regional destinations. Total all-cargo air freight volume exceeded 1.42 million tonnes. Among these, international routes totaled 69, operating over 14 thousand flights and carrying more than 420 thousand tonnes of cargo.

In addition, the Company maintains deep cooperation with multiple domestic and international passenger airlines to utilize belly capacity, forming a complementary airlift network with broader coverage, greater scheduling flexibility and optimized cost efficiency. In 2025, the Company transported more than 1.37 million tonnes of cargo through over 2.06 million passenger flights globally, including more than 460,000 tonnes of international shipments.

The Ezhou cargo hub is the first dedicated air cargo hub in Asia, and fourth in the world, possessing significant strategic scarcity value. The Company commenced operation of its logistics complex in the Ezhou cargo hub in September 2023. As of the end of the Reporting Period, 59 domestic cargo routes and 22 international cargo routes have been launched. In 2025, the Company recorded over 30,000 flight take-offs and landings at the hub, representing a year-on-year increase of 11%. The hub's logistics complex is equipped with 52 kilometers of intelligent sorting lines, capable of processing up to 280,000 parcels per hour at peak capacity. Fourteen smart customs inspection lines operate in coordination with fully automated sorting systems to enable efficient customs clearance and dispatch of international shipments. In 2025, international cargo throughput at the Ezhou cargo hub increased by over 85% compared with that in 2024.

Comprehensive Multimodal Transportation Capabilities Addressing Domestic and Cross-Border Needs

The Company commands extensive road, rail, and maritime transportation resources that operate in synergies with its aviation network, enabling the provision of tailored, cost-effective and time-efficient multimodal transportation solutions.

As of the end of the Reporting Period, the Company operated over 120,000 line-haul and short-haul trucks globally, as well as more than 110,000 vehicles dedicated to last-mile pickup and delivery.

The Company also utilizes diverse railway transportation resources to meet varying product fulfillment requirements. As of the end of the Reporting Period, the Company utilized 964 high-speed railway lines domestically to support time-sensitive products and 210 conventional railway lines to transport economy products and heavy cargo. Internationally, it operated 262 international rail freight routes reaching 45 countries and regions. Total rail cargo volume in 2025 exceeded 2.87 million tonnes.

Management Discussion and Analysis

Furthermore, through extensive cooperation with shipping lines, the Company has become a leading non-vessel operating common carrier (NVOCC) across core trade lanes, including Asia-Pacific to the Americas. As of the end of the Reporting Period, the Company operated over 18,000 maritime routes. In 2025, total maritime cargo volume approached nearly 1.15 million TEUs. Its expansive maritime network enables the Company to provide global customers with stable, reliable and cost-efficient international freight solutions.

Global Network of Service Outlets, Sorting Centers and Warehouses Supporting Globalization and Localization

As of the end of the Reporting Period, the Company had established more than 42,000 self-operated and agency service outlets and customer-facing touchpoints in China, along with over 300,000 external last-mile partnership service outlets such as urban parcel stations and rural co-distribution stores, providing customers with convenient, reliable and efficient logistics services. Globally, the Company operated more than 90,000 pickup and delivery outlets – established through both self-operated initiatives and partnerships with local service providers overseas – effectively supporting cross-border end-to-end and localized delivery. The Company's network includes approximately 420,000 couriers, delivering responsive, reliable and customer-centric services that enhance the overall service experience.

The Company has established a highly efficient and intelligent integrated sorting and transit network capable of flexibly accommodating parcels of varying weights and dimensions. As of the end of the Reporting Period, it operated 196 small-parcel and 144 large-parcel domestic sorting centers, fully equipped with advanced automated sorting systems. Overseas, the Company operates 44 sorting and consolidation facilities, strengthening its competitiveness in cross-border and overseas local markets.

The Company has established a comprehensive and diversified global warehousing network, delivering specialized warehousing solutions tailored to the unique needs of industries. As of the end of the Reporting Period, total global warehouse area exceeded 14 million square meters, including over 9.9 million square meters of self-operated domestic warehouses and over 1.67 million square meters of franchised partner warehouses. Internationally, overseas warehouses have been established in 37 countries and regions, totaling nearly 2.55 million square meters, efficiently supporting cross-border e-commerce and international supply chain operations. In addition to ambient storage, the Company operates high-standard multi-temperature food cold storage facilities exceeding 1.01 million square meters and pharmaceutical cold storage facilities exceeding 0.17 million square meters, providing high-quality, compliant cold chain services.

In addition, the Company owns and, through REIT structures, holds significant logistics parks and logistics center assets across China and Southeast Asia. As of the end of the Reporting Period, such properties encompassed a total land area of 12.70 million square meters and 11.57 million square meters of gross floor area. Among these, completed and operational projects accounted for 10.55 million square meters of land area and 9.97 million square meters of gross floor area, while projects currently under construction accounted for 2.15 million square meters of land area and 1.59 million square meters of gross floor area.

Pioneering Logistics Technology Driving the Evolution of Smart Supply Chains

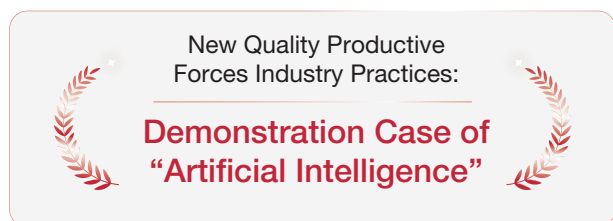
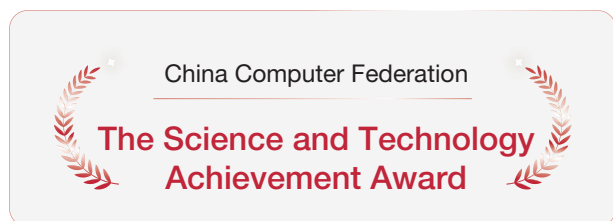
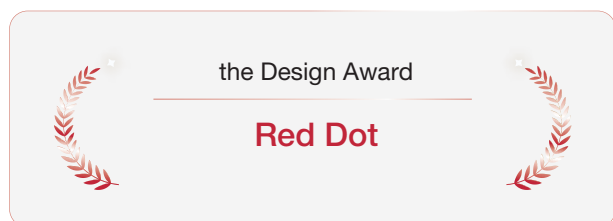
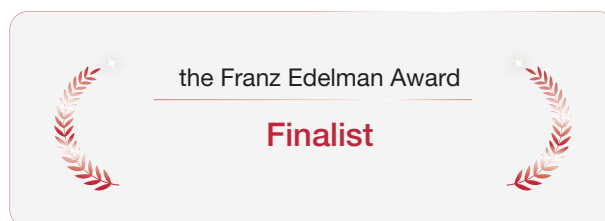
Digital and intelligent logistics solutions constitute a core pillar of the Company's vision, representing both a key strategic direction and the fundamental embodiment of its core competitive edge. Leveraging its directly-operated model, which generates extensive, multi-scenario, end-to-end data across diverse industries spanning both production and consumer sectors, together with industry-leading logistics technology applications, the Company has established a solid foundation for its transition from "digitalization" to "digital intelligence," thereby building a distinctive first-mover advantage.

Management Discussion and Analysis

In 2025, the Company achieved significant breakthroughs in technological innovation and received recognition from various global and domestic authorities. Its smart logistics network planning and operations projects, centered on AI and operations research technologies, were awarded the Franz Edelman Award (Finalist), the China Computer Federation (CCF) Science and Technology Achievement Award, and the Red Dot Design Award, among other prestigious honors. SF Technology was also named to the Fortune China Top 50 Technology Companies (2025) list and received more than twenty awards, including the Science and Technology Award from the China Federation of Logistics and Purchasing and the Shenzhen Artificial Intelligence Award.

As of the end of the Reporting Period, the Company held 4,315 patents and patent applications, and 2,551 software copyrights, with invention patents accounting for 66.1% of the total patent portfolio. The Company continues to advance industry-academia-research collaboration and has established ongoing partnerships with leading universities such as Shanghai Jiao Tong University, Peking University and the University of Cambridge in frontier areas including artificial intelligence and operations optimization, thereby promoting technological advancement and innovative applications across the logistics industry.

By integrating artificial intelligence, big data, operations research and digital twin technologies, the Company has established the digital and intelligent infrastructure and central intelligence platform for the entire SF Group globally, positioning itself as the go-to partner for customers' digital supply chain transformation.



Management Discussion and Analysis

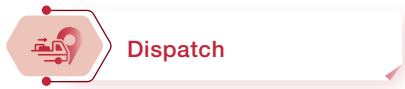
Deep Integration of Intelligent Technologies: AI Empowering End-to-End Internal Operations

The SF Logistics domain-specific large-model system integrates three core elements — big data, algorithms and computing power — into a cohesive framework tailored to SF's operational scenarios, enabling cross-business collaboration and a closed-loop “perception-decision-execution-optimization” mechanism. Supported by advanced computing architecture and general-purpose foundation models, the Company has developed multi-agent clusters serving the logistics domain, possessing superior understanding of logistics and supply chain operations. These agents have been deployed in over 30 internal business scenarios, continuously driving intelligent upgrades.

As of the end of 2025, the SF large-model platform processes over 10 billion tokens daily, with more than 5,000 intelligent agents. The scale and depth of large-model R&D applications continue to grow rapidly.



Through AI-powered cognitive decision agents, the Company has established a “super brain” for holistic logistics network coordination, optimizing both timeliness and costs. In the preparation phase, predictive agents diagnose peak volume fluctuations and issue early warnings, enabling rational resource planning, while planning agents compute large-scale routing and vehicle allocation schemes, generating over 2,000 route simulations within minutes based on the principles of balancing cost and timeliness optimization. This enables precise capacity matching and transportation cost reduction.



Fulfillment agents dynamically forecast parcel arrival times and proactively address risks such as traffic congestion or flight delays. In cases of flight disruption, the system generates alternative solutions such as air-to-air or land-to-air transfers, within seconds, evaluating timeliness, cost and weather risk, alleviating manual coordination complexity and ensuring service reliability.

Management Discussion and Analysis

Transit

Through image, video and operational data analysis, the system automatically identifies anomalies and optimization opportunities. AI detects packaging and label issues, replacing manual inspection processes and improving abnormal parcel handling efficiency. The system intelligently inspects the arrival and departure status of vehicles at the site, analyzes key data of abnormal situations and provides optimization suggestions, replacing manual data analysis, and realizing digital and intelligent management and control of transit. These technologies have been deployed across more than 200 sorting centers nationwide.

Pickup and Delivery

The Company has developed an “AI Digital Companion” tailored for frontline couriers, comprehensively enhancing service quality and operational efficiency at the last-mile stage. Prior to employees’ on-boarding, AI-powered scenario-based simulations are used to strengthen couriers’ practical competence in pickup and delivery procedures, customer services and business development. During daily operations, the AI Courier Service Center provides real-time responses to business inquiries and waybill tracking requests, supporting voice interaction and recording tens of thousands of daily invocations on average. In addition, by leveraging an AI-driven proactive outbound calling mechanism to automatically issue service reminders, the system significantly reduces the workload of service outlets managers in monitoring shipment timeliness. This mechanism effectively mitigates the risk of delayed deliveries and safeguards precise time-definite service commitments.

Customer Services

The Company has upgraded customer interaction experience leveraging AI technology. Customers can quickly take orders with just one vocal sentence or one image. The Company also deploys AI-powered customer service robots for both online and hotline channels, achieving an intent recognition accuracy and appropriate response rate of over 90%. Meanwhile, AI assistant were used to aid human customer service staff throughout the entire process, by automatically generating conversation summaries and filling records, which reduces post-call processing time by 20%. The systematic implementation of these AI applications has significantly improved the work efficiency of customer service staff and achieved effective cost reduction.

Management Discussion and Analysis



Marketing

The Company has developed intelligent marketing agents to achieve end-to-end digitalization and intelligence across the entire marketing value chain, spanning market analysis, solution generation and post-campaign performance review. These agents intelligently monitor market dynamics, accurately identify market opportunities, and recommend targeted marketing strategies. By establishing a closed-loop system covering opportunity identification, strategic deployment and value realization, the Company effectively supports revenue growth at the frontline. In parallel, large-scale models have been deeply embedded into the full sales lifecycle, providing comprehensive support across key stages including opportunity discovery, bidding and pricing, contract execution and fulfillment assurance. This integration has materially enhanced sales conversion efficiency and strengthened the Company's market expansion capabilities.



Supply Chain

Leveraging its proprietary logistics decision-making model, the Company delivers optimized outcomes with lower computational resource consumption, faster processing speed, and enhanced solution quality, effectively addressing core supply chain decision-making requirements such as route planning and packaging optimization. The model also provides precise and professional intelligent analytics to support supply chain operations management. In addition, through its AI-powered intelligent wave planning technology, the Company integrates multidimensional data – including order structure, resource availability and warehousing distribution — to automatically optimize wave management rules. Even at a scale of millions of orders, the system is able to complete operations through only a limited number of consolidated picking waves, significantly reducing fragmented order handling and materially enhancing overall warehouse picking efficiency.



International Business

AI technologies are driving the intelligent upgrade of the Company's international order placement and customs clearance processes. At the order placement stage, AI-enabled systems automatically assess whether declared items comply with applicable customs requirements and provide end-to-end guided prompts to customers throughout the submission process, thereby supporting incremental revenue growth. At the customs declaration stage, the Company has addressed longstanding industry pain points — including limited multilingual support, lagging rule adaptation, the complexity and high error rate associated with HS code classification, prolonged customs inspection cycles and low manual review efficiency — by launching a suite of intelligent solutions, including “Smart Commodity Classification Filing,” “AI High-Resolution Inspection,” and “AI-Assisted Document Review.” These capabilities enable the precise identification of potential risks in customs declarations. Leveraging large foundation models, the system also standardizes and streamlines product descriptions into concise and compliant declaration names. In the global cross-border HS classification process, the Company utilizes its proprietary customs classification and declaration element recognition models to support intelligent product categorization across 31 countries, achieving a high accuracy rate of 93%.

Management Discussion and Analysis

Accelerating Unmanned Technology Deployment to Reduce Logistics Costs while Optimizing Efficiency

Transit

In 2025, the Company further strengthened its transit capabilities by deploying approximately 580 additional sets of automated sorting equipment, significantly enhancing automation levels across both small-parcel and bulky-item facilities. At the same time, the Company independently developed and introduced multiple categories of unmanned equipment to improve handling and sorting efficiency within sorting centers.

Flat-Item Sorting Machine

By integrating computer vision with intelligent induction and distribution technologies, this equipment enables high-speed, automated identification of flat envelopes and small parcels, facilitating efficient three-dimensional sorting. Each unit currently achieves an operating efficiency of over 4,000 pieces per hour, with a mis-sorting rate of less than 0.01%, delivering both speed and accuracy at scale.



AGV Robots



The Company has extensively deployed AGVs in transshipment operations employing high-precision SLAM navigation technology. These AGVs operate autonomously without manual intervention, completing parcel handling and loading/unloading tasks automatically. Leveraging multi-robot collaborative scheduling algorithms and dispatch mechanisms, the system enables intelligent coordination among multiple AGVs, while dynamic warehouse zoning management allows flexible response to peak demand periods and ensures high site utilization. End-to-end route tracing technology generates digital footprints for each task, enhancing operational transparency and management visibility. Currently, the Company has deployed over 1,000 AGVs, with daily handling capacity reaching nearly ten million shipments.

Management Discussion and Analysis

Warehousing

Leveraging its proprietary Baichuan Digital Supply Chain Platform, the Company has developed a flexible, intelligent and data-driven automated warehousing solution. The system features configurable rule engines and process architectures, supports integration with mainstream automation equipment, and enables end-to-end automation management across operational nodes. Through a modular workflow engine and intelligent task orchestration, the platform ensures stable, high-efficiency warehouse operations at scale. In addition, the Company has standardized its single-warehouse automation implementation experience into a replicable model, enabling the “one standard, multi-warehouse deployment” approach to accelerate network-wide rollout.

Currently, the Company has successfully developed multiple large-scale automated high-bay warehouses and process-automation facilities across various industries, delivering digitalized, integrated and automated warehousing solutions for industrial customers.

Bin-Type Automated Storage and Retrieval System (AS/RS)



Utilizing standardized totes as storage units, the bin-type AS/RS enables high-density storage and fully automated retrieval operations. The system can be integrated with tote-handling robots, shuttle carriers and high-speed climbing robots to support flexible and efficient material movement. This solution has been widely adopted by customers in sectors such as consumer goods and apparel and footwear, delivering scalable automation and enhanced operational precision.

Rack-Based Automated Storage System



Comprising ultra-high-density racking structures integrated with latent-type AGVs, this solution achieves exceptional space utilization and is particularly suited for small-sized item storage. In collaboration with a leading international optical eyewear manufacturer, the Company established a strategic demonstration facility featuring multi-tiered refined inventory management, container-level tracking and full-chain traceability capabilities. The system enables real-time inventory visibility and granular management, supports automated piece-level picking of ultra-small components such as lenses, and facilitates precision processing and assembly. As a result, the facility is capable of dispatching tens of thousands of lenses per day with an accuracy rate exceeding 99%.

“Lightning Sort” Intelligent Put-Wall System



As a three-dimensional intelligent put-wall sorting solution, the system combines automatic barcode scanning and intelligent task dispatch to enable rapid and precise sorting of multiple orders. It supports flexible configuration across eight inbound and outbound scenarios, accommodating diverse frontline operational requirements. Compared with purely manual put-wall operations, sorting efficiency is improved by 50% to 300%, significantly enhancing throughput capacity.

Autonomous Mobile Robots (AMR):



The Company has deployed AMR robots across multi-zone picking environments, equipped with autonomous path-planning capabilities that enable flexible material handling and intelligent flow management in dynamic and complex settings. Through intelligent task decomposition and route optimization algorithms, the system minimizes congestion at picking points and enhances overall efficiency. Compared with manual picking operations, AMR-assisted picking efficiency is improved by 30%.

Management Discussion and Analysis

Transportation

The Company has achieved large-scale, multi-scenario deployment of autonomous delivery vehicles, with applications spanning feeder line transportation, short-distance shuttling, intra-site transfers, campus and commercial district distribution, as well as customized customer solutions. As of December 2025, the Company had deployed nearly 3,000 autonomous vehicles across more than 130 cities nationwide. Leveraging a unified autonomous vehicle service and monitoring platform, the Company has established centralized dispatching and intelligent management capabilities covering multiple vendors and vehicle models, continuously improving the operation quality and efficiency of unmanned vehicles.

Technologically Empowering External Customers — Delivering Industry-Leading Digital and Intelligent Supply Chain Solutions



Supply Chain Consulting and Planning

The Company has comprehensively innovated its supply chain consulting and planning service model, establishing an integrated “Consultative Diagnostics + AI Empowerment + End-to-End Digitalization” solution framework. By combining its deep-rooted logistics and supply chain expertise with the “Fengzhi” large language model and the “Fengzhi Cloud” system product suite, the Company delivers closed-loop, end-to-end services ranging from top-level design to on-the-ground implementation. This approach enables enterprise-wide supply chain planning coordination and integrated fulfillment digitalization capabilities.

The Company’s consulting and digital enablement solutions have been successfully deployed across multiple sectors, including consumer goods, chain retail, high-end components, and telecommunications and digital products. These solutions cover core scenarios such as intelligent logistics network planning, logistics planning collaboration, dynamic optimization of warehousing and distribution networks, and integrated execution of logistics and supply chain operations. The services further extend to broader strategic requirements, including industrial chain collaboration, overseas expansion and localization strategies for multinational enterprises operating in China. Through this comprehensive framework, the Company provides actionable advisory and implementation services that drive digital transformation, operational efficiency optimization and supply chain resilience enhancement.

For example, a leading global consumer electronics ODM enterprise faced the challenge of managing a highly complex supply chain network comprising dozens of production bases worldwide and thousands of suppliers. The client’s material flows were intricate, and demand forecasting posed significant difficulty. Although the client had implemented information systems across various business scenarios, pronounced data silos, fragmented process connectivity, and delayed decision-making hindered operational efficiency, extended delivery cycles, and elevated costs. In response, the Company designed a tailored consulting and system optimization solution, focusing on the full supply chain lifecycle across the client’s China-Vietnam network, encompassing planning, procurement, logistics, production, delivery and settlement. By iteratively upgrading digital systems such as WMS, TMS, BMS and SRM, the Company constructed a logistics management framework optimized for maximum efficiency and cost effectiveness. This holistic transformation significantly improved inventory health, strengthened operational coordination, and enhanced end-customer satisfaction.



Management Discussion and Analysis



Intelligent Supply Chain Decision-Making

The Company has established a deep strategic partnership with a leading international retail food brand, extending its service scope upstream into the client's manufacturing operations by optimizing factory production scheduling through intelligent planning solutions. Operating in a high-turnover market environment, the client confronted three primary challenges: short product shelf life constraints, complex processing requirements, and frequent fluctuations in end-market demand. The client's traditional production scheduling model — largely dependent on manual experience and rule-based logic — was no longer capable of responding swiftly to dynamic changes. This resulted in elevated production line operating costs, underutilized short-cycle capacity, and misalignment between material supply and manufacturing demand.

To address these challenges, the Company leveraged its proprietary supply chain optimization algorithms to develop an integrated production planning and optimization platform covering procurement, manufacturing, logistics, sales, and after-sales service. The platform enables optimized resource allocation across production and procurement functions, while supporting intelligent workforce scheduling at the operational level.

As a result, the solution significantly improved order fulfillment rates, reduced production line changeover time, lowered manufacturing costs, and enhanced the velocity of material turnover. Through this end-to-end intelligent optimization framework, the Company enabled the client to achieve leaner operations and more agile, demand-driven production management.



End-to-End Cross-Border Supply Chain Visibility

Taking as an example the expansion of 3C manufacturing capacity into Vietnam, leading enterprises within the value chain often face a highly complex supply chain landscape characterized by a large number of component suppliers, extensive SKU portfolios, and inconsistent product coding and specification standards. During cross-border circulation, upstream raw material suppliers typically arrange transportation and warehousing independently across China and Vietnam, resulting in fragmented resource allocation, elevated coordination costs, reduced supply chain flexibility, and increased management and monitoring complexity.

Following integration with the Company's proprietary Baichuan Digitalized Supply Chain Platform, the client is only required to consolidate components at the Company's designated consolidation warehouse in China. Thereafter, the entire process — including domestic transportation, customs declaration and clearance, cross-border transportation, in-country distribution in Vietnam, and inbound handling at overseas warehouses — is seamlessly managed under the Company's integrated end-to-end service framework. Throughout this process, the Company provides comprehensive logistics visibility and real-time order routing traceability. Leveraging its digitalized systems, the Company further enables flexible cross-border land transportation scheduling and standardized warehouse operations, materially enhancing supply chain agility and process stability.

This model substantially reduces the management burden associated with multi-country coordination for lead enterprises, enabling transparent, end-to-end international supply chain control and efficient execution. As a result, overall supply chain quality and responsiveness are systematically improved, strengthening the client's global operational resilience.

Management Discussion and Analysis



Efficient Localized Overseas Operations

When expanding into overseas markets, a well-known designer toy brand sought to replicate its domestic warehousing and supply chain management model abroad, with a view to minimizing the learning curve and adaptation costs for its overseas teams while retaining the flexibility to respond to order volume spikes at controllable cost.

In response, the Company's Baichuan Digitalized Supply Chain Platform was deployed overseas in a manner fully compliant with local laws, regulatory requirements, and cultural considerations, while preserving, to the greatest extent possible, the client's established domestic fulfillment standards and operating practices. This approach enabled the rapid localization and seamless implementation of the client's overseas operations. Given the brand's distinctive "flash sale" characteristics, under which order volumes may surge dramatically within short periods, the Company designed and implemented a highly automated intelligent warehouse solution. The facility integrates multi-level bin robots, flexible workstations, and electronic label sorting walls. The core picking zone requires only four personnel to operate, while supporting peak outbound volumes of nearly 10,000 orders per day, thereby ensuring efficient, scalable, and cost-effective fulfillment under high-demand scenarios.

Premium Service Establishing an Unparalleled Brand Value

The Company has consistently adhered to a customer-centric philosophy, striving to deliver service offerings that are not only of compelling value but also exceed expectations. From express delivery products to comprehensive logistics services and be-spoke industry-specific supply chain solutions, the Company remains deeply committed to honoring the trust placed in SF by every customer, providing services that are both reliable and value-enhancing. As of the end of the Reporting Period, the Company served more than 2.35 million customers with active credit accounts and over 800 million retail customers.

In China, SF has become the household name and synonym for high-timeliness express delivery service. "Let me SF this to you" has been equivalent with "express delivery to you". The Company has built a strong brand reputation centered around "fast", "reliable" and "premium service" in customers' mindset, setting the industry benchmark for superior customer experiences. As a result, many corporate customers and e-commerce platforms actively advertise their use of SF as a symbol of premium service and brand trustworthiness. By associating their products with SF's premium services, corporate customers and e-commerce platforms are able to enhance consumer perception of their product quality, foster greater trust and improve sales performance.

Management Discussion and Analysis

SF's commitment to excellence has led to unparalleled brand value. Leveraging on its peer-leading service quality and reputation, the Company has built a loyal and highly engaged customer base across various industries, becoming the go-to logistics partner for many top-tier customers. This dedication to premium service has earned SF wide recognition from customers, industry peers and the public alike.

In the ranking released by the State Post Bureau, SF has been ranked first in public satisfaction with express delivery services for 16 consecutive years (2009-2024) and the first three quarters in 2025 (no ranking released for 2025). The Company ranked 393rd in the Fortune Global 500 list for 2025 released by Fortune magazine. It has been on this list for four consecutive years, and it is also the first and only Chinese private express delivery enterprise among the Fortune Global 500. Additionally, according to Brand Finance's 2025 Global Logistics Brand Value Ranking, the Company ranked 6th globally and 1st among Chinese logistics brands.

State Post Bureau

No.1

in Overall Public Satisfaction
in the first three quarters of 2025*

*As of the disclosure date of the annual report, the data of express satisfaction survey for 2025 has not been released

No.1

for 16 consecutive years

in Overall Public Satisfaction in 2024

Fortune

393rd

among "2025 Global 500 Companies"

selected for 4 consecutive years

2nd

among "China's Most Admired
Companies" in 2025

selected for 9 consecutive years

selected for 4 consecutive years

**China ESG
Impact List**

Brand Finance

377th

among "World's Top 500 Most Valuable Brands"
in 2025

selected for 6 consecutive years

6th

among "World's Most Valuable Logistics
Brands" in 2025

selected for 7 consecutive years

Management Discussion and Analysis

Financial Review

Revenue

In 2025, the total revenue of the Group reached RMB308.23 billion, representing an increase of 8.37% as compared to the same period in 2024. The breakdown of the revenue categorized by industry, by operating segment and by geographical region is set out below. For details of the development of each major business, please refer to “Business Development of the Company” in this section.

	Year ended December 31,				
	2025		2024		Year-on-year amount change
	Amount RMB'000	Percentage of revenue	Amount RMB'000	Percentage of revenue	
Total revenue	308,226,647	100.00%	284,420,059	100.00%	
<i>Categorized by industry:</i>					
Logistics and freight forwarding	301,499,641	97.82%	276,275,771	97.14%	9.13%
Other non-logistics business ⁽¹⁾	6,727,006	2.18%	8,144,288	2.86%	-17.40%
<i>Categorized by operating segment:</i>					
Express and freight delivery segment	217,553,282	70.58%	200,162,392	70.38%	8.69%
Time-definite express	131,048,153	42.52%	122,205,976	42.97%	7.24%
Economy express	32,052,891	10.40%	27,251,227	9.58%	17.62%
Freight	42,134,091	13.67%	37,641,125	13.23%	11.94%
Cold chain and pharmaceutical logistics	10,605,560	3.44%	9,812,161	3.45%	8.09%
Others ⁽²⁾	1,712,587	0.56%	3,251,903	1.14%	-47.34%
Intra-city on-demand delivery segment	12,869,890	4.18%	9,010,521	3.17%	42.83%
Intra-city on-demand delivery	12,719,470	4.13%	8,872,800	3.12%	43.35%
Others ⁽²⁾	150,420	0.05%	137,721	0.05%	9.22%
Supply chain and international segment	76,345,732	24.77%	74,000,342	26.02%	3.17%
Supply chain and international business	72,939,476	23.66%	70,492,482	24.78%	3.47%
Others ⁽²⁾	3,406,256	1.11%	3,507,860	1.23%	-2.90%
Unallocated units⁽³⁾	1,457,743	0.47%	1,246,804	0.44%	16.92%
<i>Categorized by region:</i>					
Chinese Mainland	266,818,257	86.57%	242,796,156	85.37%	9.89%
Hong Kong, Macao, and Taiwan, China	9,862,009	3.20%	9,467,291	3.33%	4.17%
Other international	31,546,381	10.23%	32,156,612	11.31%	-1.90%

Management Discussion and Analysis

Notes:

- (1) "Other non-logistics business" categorized by industry mainly represents the ancillary non-logistics services provided by the Company, including the purchase and sales of goods involved in the process of providing end-to-end supply chain services for customers, leasing services and provision of technical services.
- (2) "Others" categorized by operating segment mainly comprise the purchase and sales of goods involved in the process of providing end-to-end supply chain services for customers.
- (3) "Unallocated units" mainly comprise leasing services and provision of technical services.
- (4) Any discrepancies between totals and sums of the numbers are due to rounding.

Cost of Revenue

The cost of revenue of the Group in 2025 amounted to RMB267.94 billion, representing an increase of 9.13% as compared to the same period in 2024, which was in line with the growth trend of revenue during the Reporting Period. The breakdown of the cost categorized by industry is set out below:

	Year ended December 31,				
	2025		2024		Year-on-year amount change
	Amount RMB'000	Percentage of cost of revenue	Amount RMB'000	Percentage of cost of revenue	
Total cost of revenue	267,943,053	100.00%	245,524,112	100.00%	9.13%
<i>Categorized by industry:</i>					
Logistics and freight forwarding	262,681,769	98.04%	238,694,175	97.22%	10.05%
Labor cost ⁽¹⁾	129,779,584	48.44%	112,117,267	45.66%	15.75%
Transportation cost ⁽¹⁾	98,899,597	36.91%	93,294,058	38.00%	6.01%
Other operating costs	34,002,588	12.69%	33,282,850	13.56%	2.16%
Other non-logistics business	5,261,284	2.00%	6,829,937	2.78%	-22.97%

Note:

- (1) The Company calculated the costs and expenses accurately according to the nature of resources in accordance with relevant provisions of the accounting standards. For details, please refer to note 8 to the consolidated financial statements. As outsourced resources were used in some parts of the logistics network operation of the Company, in order to effectively analyze the composition of the operating costs, the Company mainly divided its outsourcing costs into labor outsourcing cost and transportation outsourcing cost, which were aggregated with the employee benefit expenses and transportation expenses as labor cost and transportation cost, respectively.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

The overall gross profit of the Group in 2025 amounted RMB40.28 billion, representing an increase of 3.57% as compared to the same period in 2024. The breakdown of the gross profit categorized by industry is set out below:

	Year ended December 31,				Year-on-year change	
	2025		2024		Change in amount	Change in gross profit margin
	Amount RMB'000	Gross profit margin	Amount RMB'000	Gross profit margin		
Total gross profit	40,283,594	13.07%	38,895,947	13.68%	3.57%	Down by 0.61 percentage point
<i>Categorized by industry:</i>						
Logistics and freight forwarding	38,817,872	12.87%	37,581,596	13.60%	3.29%	Down by 0.73 percentage point
Other non-logistics business	1,465,722	21.79%	1,314,351	16.14%	11.52%	Up by 5.65 percentage points

The gross profit margin of the Group in 2025 margin was 13.07%, representing a decrease of 0.61 percentage point as compared to the same period in 2024. This was mainly due to the Company's proactive market expansion strategy and necessary long-term strategic investment: (1) In 2025, the Company deeply advanced the implementation of the "Stimulate Operation Vitality" mechanism, granting sufficient operational autonomy and incentives to frontline business teams. This approach has effectively stimulated the organization's drive for market expansion. At the same time, the Company reinvested the benefits from cost reduction into front-end business development, enhancing the market competitiveness of its products and services; (2) The Company continued to strengthen its investment in operational assurance for premium, time-definite services, thereby consolidating its competitive advantages in standardized products; and (3) It increased investment in strategic resources, enhanced its supply chain solutions, and strengthened the development of international network capabilities, to actively expand the supply chain and international markets.

Active market strategies effectively promoted business scale growth, enabling the Company to fully leverage economies of scale within its logistics network, deepen innovations in operational models, and advance a flatter and more differentiated network structure, thereby building a long-term structural mechanism for enhanced efficiency and cost reduction. Meanwhile, through the upgrades of the operational network and the enhancement of supply chain and international strategic capabilities, the Company is able to consolidate its strategic leadership position, swiftly capture emerging opportunities in both domestic and international markets, unlock its second growth curve, and build an integrated logistics ecosystem with strategic depth and a moat, safeguarding sustainable mid- to long-term performance growth.

While maintaining its long-term strategic direction, the Company has continued to fine-tune its market strategies dynamically since the second half of the year in response to evolving market conditions and operational rhythms. It advances mechanisms to stimulate operational vitality progressions, shifting its incentive framework from scale-driven growth to value-driven development, thereby ensuring the sustained growth of high-value businesses. In addition, the Company deepened operational model innovation and advanced network and resource stratification adapted to diversified logistics business development, with the results of structural efficiency improvement and cost reduction gradually emerging. The gross profit in the fourth quarter of 2025 increased by 10.57% year-on-year, and the gross profit margin rebounded to 14.01%, the highest level for any quarter of the year.

Management Discussion and Analysis

In terms of cost items, the change in gross profit margin of the Company's principal business of logistics and freight forwarding was mainly affected by changes in the percentage of the following three major cost items to revenue:

	Year ended December 31,		Year-on-year change
	2025	2024	
Percentage of labor cost to revenue	43.04%	40.58%	Up by 2.46 percentage points
Percentage of transportation cost to revenue	32.80%	33.77%	Down by 0.97 percentage point
Percentage of other operating costs to revenue	11.28%	12.05%	Down by 0.77 percentage point

Labor cost-to-revenue ratio increased by 2.46 percentage points as compared to the same period in 2024. The increase primarily reflected the Company's continued efforts to enhance the competitiveness of compensation mechanism for couriers and increase sales incentives to promote business development, alongside higher remuneration driven by business growth. These impacts were partially offset by efficiency gains from the application of intelligent and unmanned technologies, which helped moderate labor cost increase.

Transportation cost-to-revenue ratio decreased by 0.97 percentage point as compared to the same period in 2024. This performance was primarily driven by the Company's reinforcement of critical domestic air resources, increased investment in direct ground line-haul routes and route acceleration, and the expansion of bulky-cargo and LTL network coverage, thereby enhancing product competitiveness and sector-specific service capability. In parallel, the Company launched additional international all-cargo routes, increased flight frequencies, and developed premium cross-border road routes to strengthen its international network. At the same time, through continuous optimization of its operating model, promoting delivery consolidation to reduce transit, and by recalibrating capacity sourcing and procurement strategies, the Company effectively contained transportation costs.

Other operating costs-to-revenue ratio decreased by 0.77 percentage point as compared to the same period in 2024. While advancing strategic investments in core facility establishment, densifying last-mile touchpoints, and strengthening overseas delivery and warehousing capacity, the Company exercised disciplined capital allocation to contain the pace of capital expenditure growth and maintain a healthy capex-to-revenue ratio. As parcel volumes increased, these initiatives translated into enhanced operating leverage and economies of scale.

Selling and Marketing Expenses

The selling and marketing expenses of the Group in 2025 amounted to RMB3.91 billion, representing a year-on-year increase of 26.30% compared with RMB3.10 billion in 2024, and the selling and marketing expenses ratio was 1.27% in 2025, representing a year-on-year increase of 0.18 percentage point compared with 1.09% in 2024. This was mainly because the Company's continued investment in expanding its sales force to enhance market development capabilities for end-to-end industry supply chain and international businesses.

General and Administrative Expenses

The general and administrative expenses of the Group in 2025 amounted to RMB19.69 billion, representing a year-on-year increase of 5.14% compared with RMB18.73 billion in 2024, and the general and administrative expenses ratio was 6.39% in 2025, representing a year-on-year decrease of 0.20 percentage point compared with 6.59% in 2024. This was mainly due to the Company's adherence to lean operations, technology empowerment to digitalized and intelligent management, streamlined organizational structure and improved management efficiency.

Management Discussion and Analysis

Research and Development Expenses

The research and development expenses of the Group in 2025 amounted to RMB2.17 billion, representing a year-on-year decrease of 14.36% compared with RMB2.53 billion in 2024, and the research and development expenses ratio was 0.70% in 2025, representing a year-on-year decrease of 0.19 percentage point compared with 0.89% in 2024. This was primarily attributable to (1) the enhancement of the Company's technological and intelligent capabilities, which improved R&D efficiency; and (2) an increase in research projects eligible for capitalization during the year. For details of the total investment in research and development of the Company, please refer to the section "Investment in research and development" under "Investments".

Other Gains, Net

Other gains, net of the Group in 2025 amounted to RMB1.05 billion, representing a year-on-year increase of RMB0.68 billion compared with RMB0.37 billion in 2024, which was mainly attributable to the gain on disposal arising from the transfer of three wholly-owned property-holding subsidiaries to Southern SF Logistics REIT during the Reporting Period.

Finance Costs, Net

The finance costs, net of the Group in 2025 amounted to RMB1.49 billion, representing a year-on-year decrease of 15.16% compared with RMB1.76 billion in 2024, mainly attributable to the decrease in interest expenses resulting from the decrease in average balances of borrowings.

Income Tax Expense

The income tax expense of the Group in 2025 amounted to RMB3.23 billion, representing a decrease of 4.58% as compared with the corresponding period in 2024. The effective tax rate decreased slightly while the Company's overall profit increased.

Profit

The Group achieved profit of RMB11.68 billion in 2025, representing an increase of 14.35% as compared to the same period in 2024. Of which, profit attributable to owners of the Company amounted to RMB11.12 billion, representing an increase of 9.31% as compared to the same period in 2024. The net profit and change over the previous year for each of the Company's operating segments are set forth below:

	Year ended December 31,		Year-on-year change
	2025 RMB'000	2024 RMB'000	
Express and freight delivery segment	10,600,973	10,981,266	-3.46%
Intra-city on-demand delivery segment	277,718	132,460	109.66%
Supply chain and international segment	187,640	-761,699	124.63%
Unallocated units	647,285	-166,794	488.07%

Note: To better reflect the profit results of each operating segment, the Group reallocated the interest expense on financing related to the M&A of KLN of RMB560 million to unallocated units in 2025, and restated the data for the comparative period by reallocating the interest expense on financing related to the M&A of KLN of RMB560 million to unallocated units in 2024.

Management Discussion and Analysis

Net profit for express and freight delivery segment in 2025 was approximately RMB10.60 billion, representing a decrease of 3.46% as compared to the same period in 2024. This was mainly due to the Company's proactive market expansion strategy and necessary long-term strategic investment: (1) The Company deeply advanced the "Stimulate Operation Vitality" mechanism, granting sufficient operational autonomy and incentives to frontline business teams, while reinvesting the benefits from cost reduction into front-end business development to enhance the market competitiveness of its products and services; and (2) it strengthened its investment in operational assurance for premium, time-definite services, consolidating its competitive advantages in standardized products. Meanwhile, aligning with market dynamics and operational pace, the Company gradually and dynamically optimized its market strategies to pursue high-quality business growth, achieving a quarter-on-quarter recovery in profitability in the fourth quarter as compared to the third quarter.

Net profit for the intra-city on-demand delivery segment in 2025 was approximately RMB0.28 billion, representing an increase of 109.66% as compared to the same period in 2024. The doubling of net profit was primarily driven by rising market demand and a healthier business mix, while lean management and technology-empowered operational improvements expanded network economies of scale and supported sustained profitability enhancement.

Net profit for the supply chain and international segment was approximately RMB0.19 billion in 2025, turning a loss into a profit, representing an increase of RMB 0.95 billion as compared to the same period in 2024. This was mainly due to: (1) the overseas subsidiary KEX reduced its loss significantly year-on-year by optimizing its business structure and reducing costs through lean operations; and (2) if KEX was not taken into account, its net profit increased 53.50% year-on-year in 2025. The Company actively invested strategic resources to strengthen its supply chain and international service capabilities. Externally, it captured opportunities arising from global supply chain reshaping and the overseas expansion of Chinese enterprises; internally, it improved efficiency through lean operations, driving a year-on-year improvement in the profitability of the supply chain and international business segments.

Net profit for unallocated units in 2025 was approximately RMB0.65 billion, mainly included the gain (after-tax amounted to RMB590 million) on disposal arising from the transfer of three wholly-owned property-holding subsidiaries to Southern SF Logistics REIT during the Reporting Period.

Non-IFRS Measures

To supplement the consolidated financial statements which are presented by the Company in accordance with IFRS, the Company also uses certain additional non-IFRS measures, namely, EBITDA and EBITDA margin, as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS.

The Company believes that these non-IFRS measures facilitate evaluation of its operating performance by eliminating potential impacts of certain items listed below. The Company also believes that such non-IFRS measures present useful information to investors in understanding and evaluating its consolidated results of operations in the same manner as they presented to its management. However, its presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it on an isolated basis, or as substitute for analysis of, the results of operations or financial condition of the Company as reported under IFRS.

Management Discussion and Analysis

The following table reconciles profit for the year of the Company, calculated and presented in accordance with IFRS, to EBITDA (non-IFRS measure) for the years indicated:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit for the year	11,684,811	10,218,845
<i>Add:</i>		
Depreciation and amortization	16,372,515	17,332,257
— Depreciation of right-of-use assets	6,734,189	6,798,783
— Depreciation and amortization (excluding right-of-use assets)	9,638,326	10,533,474
Finance costs, net	1,489,513	1,755,606
Income tax expense	3,233,066	3,388,416
EBITDA	32,779,905	32,695,124
EBITDA margin	10.64%	11.50%

Cash Flow

	Year ended December 31,		Year-on-year change
	2025 RMB'000	2024 RMB'000	
Net cash generated from operating activities	27,555,275	32,186,373	-14.39%
Net cash used in investing activities	-17,327,253	-12,054,744	-43.74%
Net cash used in financing activities	-22,935,460	-27,979,113	18.03%
Decrease in cash and cash equivalents	-12,707,438	-7,847,484	-61.93%
Exchange gains on cash and cash equivalents	21,014	45,231	-53.54%
Cash and cash equivalents at the beginning of the year	32,646,055	40,448,308	-19.29%
Cash and cash equivalents at the end of the year	19,959,631	32,646,055	-38.86%

Net cash generated from operating activities: In 2025, net cash generated from operating activities of the Group was RMB27.56 billion, representing a decrease of 14.39% as compared to the same period in 2024, mainly attributable to the combined effects of the payments of taxes and levies, and the changes on the payment schedule of operating transactions resulting from changes on the business structure. Please refer to note 34(a) to the consolidated financial statements for a detailed explanation of the difference between the Group's net cash generated from operating activities and net profit in 2025.

Net cash used in investing activities: In 2025, net cash used in investing activities of the Group was RMB17.33 billion, representing an increase in the cash outflow of 43.74% as compared to the same period in 2024, mainly attributable to the increase in net cash outflow from purchasing structured deposits and fixed income certificates by the Company.

Net cash used in financing activities: In 2025, net cash used in financing activities of the Group was RMB22.94 billion, representing a decrease in the cash outflow of 18.03% as compared to the same period in 2024, mainly attributable to the combined effect of the decrease in net cash outflow from dividend distribution of the Group, the decrease in net cash outflow from purchasing equity of non-controlling shareholders, the decrease in net cash inflow from capital injection, and the increase in net repayment of borrowings.

Management Discussion and Analysis

Assets and Liabilities

Changes in Major Items of Assets and Liabilities

	As of December 31,				Year-on-year amount change	Year-on-year change in the percentage of total assets
	2025		2024			
	Amount RMB'000	Percentage of total assets	Amount RMB'000	Percentage of total assets		
Non-current assets						
Property, plant and equipment	57,047,334	26.35%	59,174,305	27.67%	-3.59%	-1.32%
Right-of-use assets	21,977,705	10.15%	19,625,629	9.18%	11.98%	0.97%
Investment properties	7,355,231	3.40%	7,241,199	3.39%	1.57%	0.01%
Investments in associates and joint ventures	7,033,620	3.25%	6,203,642	2.90%	13.38%	0.35%
Current assets						
Inventories	3,039,030	1.40%	2,432,383	1.14%	24.94%	0.26%
Contract assets	3,049,117	1.41%	2,740,820	1.28%	11.25%	0.13%
Trade and note receivables	31,055,349	14.35%	27,981,633	13.09%	10.98%	1.26%
Financial assets at fair value through profit or loss	16,198,976	7.48%	11,246,156	5.26%	44.04%	2.22%
Cash and cash equivalents	19,959,631	9.22%	32,646,055	15.27%	-38.86%	-6.05%
Non-current liabilities						
Borrowings	17,720,711	8.19%	26,319,260	12.31%	-32.67%	-4.12%
Lease liabilities	9,588,355	4.43%	7,094,483	3.32%	35.15%	1.11%
Current liabilities						
Trade and note payables	30,281,225	13.99%	27,395,524	12.81%	10.53%	1.18%
Contract liabilities	1,987,018	0.92%	2,039,198	0.95%	-2.56%	-0.03%
Borrowings	16,087,687	7.43%	18,365,122	8.59%	-12.40%	-1.16%
Lease liabilities	5,828,895	2.69%	5,501,314	2.57%	5.95%	0.12%
Equity						
Retained earnings	45,765,849	21.14%	39,140,246	18.30%	16.93%	2.84%

Financial assets at fair value through profit or loss: As of December 31, 2025, the Group's financial assets at fair value through profit or loss amounted to RMB16.20 billion, representing an increase of 44.04% as compared with the end of 2024, mainly due to the increase in structured deposits.

Borrowings: As of December 31, 2025, the Group's borrowings under non-current liabilities amounted to RMB17.72 billion, representing a decrease of 32.67% as compared with the end of 2024; the borrowings under current liabilities amounted to RMB16.09 billion, representing a decrease of 12.40% as compared with the end of 2024, mainly due to the repayment of borrowings.

Lease liabilities: As of December 31, 2025, the Group's lease liabilities under non-current liabilities and current liabilities amounted to RMB15.42 billion, representing an increase of 22.40% from the end of 2024, primarily due to an increase in leases.

Management Discussion and Analysis

Liquidity and Capital Structure

Sources and Uses of Funds

In 2025, the Group primarily raised funds required for its development through cash generated from operating activities, issuance of shares and bonds, proceeds from external debts and other financing activities. The Group's cash requirements are mainly used for daily operations, capital expenditures, repayment of maturing liabilities, payment of interest and dividends, and other unexpected cash needs. The Group has always adopted a prudent financial management policy, maintaining sufficient and appropriate funds to meet the repayment of matured debts, capital expenditures and normal operations.

As of December 31, 2025, the total amount of cash and cash equivalents, fixed income certificate in other current assets and structured deposits in financial assets held for trading of the Group was RMB41.66 billion. For details of the Group's cash flow data during the Reporting Period, please refer to "Cash Flow" in "Financial Review" in this section and note 34 to the consolidated financial statements in the Report.

	As of December 31,	
	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	19,959,631	32,646,055
Other current assets – fixed income certificate	5,618,400	–
Financial assets at fair value through profit or loss		
– Structured deposits	16,080,264	11,015,904
Total	41,658,295	43,661,959

The free cash inflow of the Group in 2025 was RMB17.93 billion, which was derived from net cash generated from operating activities of RMB27.56 billion less capital expenditures (excluding equity investments) of RMB9.62 billion. The Group has maintained abundant free cash flow. Looking forward, the Group believes that it will be able to meet the liquidity requirements of the Company by using the existing cash and cash equivalents, cash generated from operating activities and financing activities.

As of December 31, 2025, the Group's debt to asset ratio was 49.03%, representing a decrease of 3.11 percentage points from 52.14% as of December 31, 2024, and the overall capital structure remained stable. (Note: Debt to asset ratio is calculated by total liabilities dividing total assets on the corresponding date)

Management Discussion and Analysis

Borrowings

As of December 31, 2025, the Group's short-term borrowings, long-term borrowings, corporate bonds, short-term bonds and loans from non-controlling interests and other parties amounted to RMB33.81 billion in aggregate, which were mainly denominated in RMB, HKD and USD with no significant seasonal demand. Among which, the aggregate amount of non-current corporate bonds with fixed interest rates amounted to approximately RMB12.36 billion, and the rest were carried at floating interest rates. Most of the bank borrowings are unsecured, and the assets involved in some of the secured borrowings are set out in "Limitation of asset rights" under "Assets and Liabilities" in "Financial Review" in this section. The Group did not have any borrowings that were past due during the Reporting Period. Please refer to note 26 to the consolidated financial statements in the Report for details of the bank borrowings and other borrowings of the Group. The details are as follows:

	As of December 31,	
	2025 RMB'000	2024 RMB'000
Non-current:	17,720,711	26,319,260
Long-term bank borrowings	5,183,331	6,186,386
Corporate bonds	12,358,825	19,941,935
Loans from non-controlling interests	178,555	190,939
Current:	16,087,687	18,365,122
Current portion of long-term bank borrowings	215,879	1,677,715
Short-term bank borrowings	7,197,332	15,118,534
Short-term debentures	–	807,787
Convertible bonds	2,620,001	–
Corporate bonds	5,693,782	627,779
Loans from non-controlling interests	360,693	133,307
Total	33,808,398	44,684,382

Limitation of Asset Rights

As of December 31, 2025, the Group's assets subject to restricted rights are mainly statutory reserve placed at the Central Bank and the bank borrowing mortgage, as set out below:

	Closing book value RMB'000	Reasons for limitation
Restricted cash	1,105,601	Mainly statutory reserves in the Central Bank
Property, plant and equipment	485,937	Bank borrowing mortgage
Right-of-use assets	95,927	Bank borrowing mortgage
Investment properties	112,094	Bank borrowing mortgage
Total	1,799,559	

Management Discussion and Analysis

External Guarantees

As of December 31, 2025, the Group provided guarantees of RMB968 million to investee companies (such amount was RMB951 million as of December 31, 2024).

Contingent Liabilities

As of December 31, 2025, the Group did not have any material contingent liabilities.

Investments

Capital Expenditures

	Year ended December 31,		Year-on-year change
	2025 RMB'000	2024 RMB'000	
Total investment amount	11,280,794	10,714,792	5.28%

The amounts of the Group's capital expenditure items during the Reporting Period are set out below:

	Year ended December 31, 2025 RMB'000
Office and buildings	356,729
Land	428,331
Warehouse	806,348
Sorting center	3,457,767
Aircraft	1,837,547
Vehicle	1,377,094
Information technology equipment	700,579
Equity investments	1,658,867
Others	657,532
Total	11,280,794

The Company adhered to lean resource planning and better control over its investment efficiency. In 2025, investments in fixed assets (i.e. investments other than equity investments) amounted to RMB9.62 billion in aggregate, representing a decrease of 2.69% compared to the same period in 2024, and accounted for 3.12% of the revenue, representing a decrease of 0.35 percentage point compared to the same period in 2024.

Management Discussion and Analysis

Capital Commitments

The Group's capital commitments represent capital commitments contracted but not yet provided for that arise from established contractual relationships, the amounts of which are set out below:

	As of December 31,	
	2025 RMB'000	2024 RMB'000
Contracted, but not provided for purchases of property, plant and equipment	3,556,117	1,515,674
Investment to be paid	39,723	121,043
Total	3,595,840	1,636,717

Investments in Financial Assets

Assets and liabilities measured at fair value

Item	Opening balance RMB'000	Gains and losses from changes in fair value in the Reporting Period RMB'000	Accumulated fair value changes included in equity RMB'000	Amount of purchase in the Reporting Period RMB'000	Decreased amount in the Reporting Period RMB'000	Other changes ⁽²⁾ RMB'000	Closing balance RMB'000
Financial assets	19,955,566	31,977	495,882	4,841,553	286,874	92,428	25,130,532
Current financial assets at fair value through profit or loss (excluding derivative financial assets) ⁽¹⁾	11,246,156	-6,501	34,196	4,633,504	126,158	417,779	16,198,976
Other non-current financial assets at fair value through profit or loss	477,416	38,478	-	194,841	102,932	26,710	634,513
Investments in other equity instruments	8,231,994	-	461,686	13,208	57,784	-352,061	8,297,043
Financial liabilities	105,464	9,087	-3,078	-	-	-4,205	107,268

Notes:

- (1) This item includes structured deposits that do not meet the principal-plus-interest contractual cash flow characteristics. These structured deposits, characterized by short maturities and high liquidity, are presented on a net basis for the current period's purchase and sale amounts. Except for structured deposits, all other items are presented separately with their respective purchase and sale amounts for the current period.
- (2) Other changes in current financial assets at fair value through profit or loss are mainly income realized from matured structured deposits, and other changes in investments in other equity instruments are mainly due to exchange differences on translation of foreign currency financial statements.

Management Discussion and Analysis

Investments in Securities

Security type	Stock code	Abbreviation of security	Initial investment cost RMB'000	Book value at the beginning of the Reporting Period RMB'000	Gains and losses from changes in fair value during the Reporting Period RMB'000	Accumulated fair value changes included in equity RMB'000	Increased amount during the Reporting Period RMB'000	Decreased amount during the Reporting Period RMB'000	Other changes RMB'000	Book value at the end of the Reporting Period RMB'000
Stocks	1519.HK	J&T Express	1,811,264	939,131	-	645,237	-	-	-52,482	1,531,886
Stocks	300771.SZ	Zhilai Sci And Tech	-	44,803	-	11,777	-	-56,580	-	-
Stocks	GB00BLH1QT30	Samarkand	-	753	-	-613	-	-	-140	-
Funds	180302.SZ	China AMC-Shenzhen International REIT	48,546	48,531	-	8,192	-	-1,204	-	55,519
Total			1,859,810	1,033,218	-	664,593	-	-57,784	-52,622	1,587,405

Investments in Derivatives

The amounts of the Group's derivatives investments for hedging purpose during the Reporting Period are set out below:

Type of derivatives investment	Initial investment amount RMB'000	Amount at the beginning of the Reporting Period RMB'000	Gains and losses from changes in fair value during the Reporting Period RMB'000	Accumulated fair value changes included in equity RMB'000	Amount of purchase during the Reporting Period RMB'000	Amount of sales during the Reporting Period RMB'000	Amount at the end of the Reporting Period RMB'000	Percentage of investment amount at the end of the period to net assets of the Company at the end of the Reporting Period
Forward foreign exchange	7,714,851	5,839,480	43,624	-6,722	N/A	N/A	7,714,851	7.77%
Total	7,714,851	5,839,480	43,624	-6,722	N/A	N/A	7,714,851	7.77%

During the Reporting Period, there were no significant changes in the accounting policies and accounting principles of hedging of the Company compared with the previous reporting period.

Actual gains/losses during the Reporting Period: The actual gains/losses of derivatives investments refers to the change in fair value of derivative financial instruments, and the actual gains for the Reporting Period amounted to approximately RMB37,790 thousand.

Management Discussion and Analysis

Hedging effects: The Company's derivative investment business mainly consists of hedging contracts to reduce the risks caused by fluctuations in exchange rates and interest rates. The main hedging operations for the Company's US dollar bonds and floating rate loans: (1) exchange losses on the US dollar bonds and gains on changes in the fair value of the forward exchange contracts are generated simultaneously when the USD strengthens against the HKD; and (2) the interest rates are changed to fixed through interest rate contracts when the rise of market floating interest rates resulting in the increase of the loan interests, thus reducing the interest expenses. By utilizing the derivative transactions to lock in costs, the impact of significant exchange rate and interest rate fluctuations on the Company's profit was effectively reduced.

Investment in Research and Development

The Group's total research and development investment (including research and development expenses and development expenditures) in 2025 amounted to RMB2.96 billion, representing a decrease of 4.33% as compared with the corresponding period in 2024, and its proportion to revenue was 0.96%, representing a decrease of 0.13 percentage point as compared with that of the corresponding period in 2024. The Company's research and development investment mainly focused on digitalized and intelligent upgrading of logistic networks internally and promoting the implementation of intelligent supply chain technology externally, empowering the digitalized and intelligent improvement in customers' supply chains through technology, and ultimately achieving lowering costs, generating revenue, and enhancing operating profits for the Company. For details, please refer to "Pioneering Logistics Technology Driving the Evolution of Smart Supply Chains" of "Core Competitiveness" of this section.

	Year ended December 31,		Year-on-year change
	2025	2024	
Research and development investment amount (RMB'000)	2,959,755	3,093,713	-4.33%
Research and development investment as a percentage of revenue	0.96%	1.09%	Down by 0.13 percentage point
Amount of capitalized research and development investment (RMB'000)	789,849	560,106	41.02%
Capitalized research and development investment as a percentage of research and development investment	26.69%	18.10%	Up by 8.59 percentage points

Use of Proceeds

Issuance of H Shares by the Company on the Hong Kong Stock Exchange

The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on November 27, 2024. A total of 170,000,000 ordinary Shares with a par value of RMB1 per Share were successfully placed and issued at a price of HKD34.3 per share in the global offering, with an aggregate par value of RMB170,000,000. After deducting the underwriting commissions and other estimated expenses related to the global offering, the net proceeds from the share issuance in the global offering for the Company were approximately HKD5,662 million, equivalent to approximately RMB5,299 million at the exchange rate of HKD1.00 to RMB0.9358. The net price per H Share was approximately HKD33.31.

Management Discussion and Analysis

As of December 31, 2025, the proceeds from the global offering were utilized in accordance with the planned uses and proportions as stated in the prospectus. The details are as follows:

	Planned use of proceeds		As of December 31, 2025		Expected timeline for the utilization of the unutilized amount
	Percentage	Amount RMB'000	Utilized amount RMB'000	Unutilized amount RMB'000	
Strengthening international and cross-border logistics capabilities	45%	2,384,395	945,860	1,438,535	Before the end of 2026
Strengthening and optimizing logistics network and service offerings in China	35%	1,854,529	1,854,529	–	–
Research and development of advanced technologies and digital solutions to upgrade supply chain and logistics services and implement ESG-related initiatives	10%	529,866	529,866	–	–
Working capital and general corporate purposes	10%	529,866	529,866	–	–
Total	100%	5,298,656	3,860,121	1,438,535	

Placing of New H Shares under General Mandate

On July 4, 2025, the Company completed the allotment and issuance of a total of 70,000,000 H Shares with a par value of RMB1 each pursuant to the general mandate (the “Placing of H Shares”), with an aggregate par value of RMB70,000,000. For details, please refer to the announcements of the Company dated June 26, 2025 and July 4, 2025.

The net proceeds from the placing were approximately HKD2,934 million, equivalent to approximately RMB2,681 million based on the exchange rate of HKD1.00 to RMB0.9139, after deducting the underwriting commissions and other estimated expenses related to the placing. The net price per H Share was approximately HKD41.91.

As of December 31, 2025, the proceeds from the placing have been utilized according to the planned uses and proportions set out in the placing announcement. The details are as follows:

	Planned use of proceeds		As of December 31, 2025		Expected timeline for the utilization of the unutilized amount
	Percentage	Amount RMB'000	Utilized amount RMB'000	Unutilized amount RMB'000	
Strengthening international and cross-border logistics capabilities	30%	804,317	11,613	792,704	On or before the end of 2027
Research and development of advanced technologies and digital solutions	30%	804,317	228,943	575,374	On or before the end of 2027
Optimizing the capital structure of the Company	30%	804,317	804,317	–	–
General corporate purposes	10%	268,106	268,106	–	–
Total	100%	2,681,057	1,312,979	1,368,078	

Management Discussion and Analysis

Issuance of Convertible Bonds under General Mandate

On July 10, 2025, the Company issued the bonds that may be converted into H Shares of the Company in an aggregate principal amount of HKD2,950.0 million due 2026 through SF Holding Investment 2023 Limited, a wholly-owned subsidiary of the Company, pursuant to the general mandate (the “Convertible Bonds”), which has been unconditionally and irrevocably guaranteed by the Company. The Convertible Bonds have an initial conversion price of HKD48.47 per Share and, assuming full conversion at the initial conversion price, may be converted into a maximum of 60,859,250 ordinary Shares with a par value of RMB1.00 each, representing an aggregate par value of RMB60,859,250. For details, please refer to the announcements of the Company dated June 26, 2025 and July 10, 2025.

The net proceeds from the issuance of Convertible Bonds were approximately HKD2,909 million, equivalent to approximately RMB2,666 million based on the exchange rate of HKD1.00 to RMB0.9165, after deducting the underwriting commissions and other estimated expenses related to the Issuance of Convertible Bonds.

As of December 31, 2025, the proceeds from the issuance of Convertible Bonds have been utilized according to the planned uses set out in the issuance announcement. The Company has utilized an aggregate of RMB2,532 million for the enhancement of the Group’s international and cross-border logistics capabilities, research and development of advanced technologies and digital solutions, optimizing the capital structure of the Company and general corporate purposes. The utilized amount accounted for approximately 95% of net proceeds.

Significant Investments, Acquisitions and Disposals

The Group did not make any significant investments, acquisitions and disposals of equity interests in subsidiaries or investee companies, or any significant investments and disposals of non-equity assets for the year ended December 31, 2025.

Future Plans for Significant Investments and Capital Assets

As of December 31, 2025, the Group did not have any significant investment and capital asset plans.

Management Discussion and Analysis

ESG

SF is committed to integrating corporate value with social value, ensuring a balance between business growth and social responsibility. As a company with a strong sense of social responsibilities, SF adheres to a sustainable and healthy development strategy, continuously advancing smart, efficient, and eco-friendly supply chain system to enhance the efficiency and cost-effectiveness of logistics operation. At the same time, the Company focuses on key areas including customer empowerment, environmental protection, employee well-being, and philanthropic initiatives, integrating social responsibility into daily operation and management to demonstrate corporate responsibility with practical actions.

In response to sudden social and natural disasters such as the Tai Po fire in Hong Kong, the floods in Yuzhong County, Gansu Province, and the heavy rains in many places across China in 2025, SF quickly activated its emergency response mechanism, urgently allocated transportation resources, opened up transportation channels to the disaster areas as soon as possible, efficiently completed the distribution of multiple batches of emergency supplies by relying on disaster preparedness warehouses, and actively donated materials and funds to support post-disaster reconstruction, providing strong support for emergency rescue and post-disaster recovery in the affected areas with its professional capabilities and efficient response.

For environment protection, the Company incorporated climate change responses into its business management practices. The Company achieved low-carbon management covering the entire logistics chain through measures including the promotion of low-carbon transportation, construction of green industrial parks, development of sustainable packaging, and application of green technologies. As of the end of the Reporting Period, the Company has utilized over 48,000 new energy vehicles for transportation, covering 307 cities; completed construction of roof photovoltaic power stations in 26 industrial parks, with an annual renewable energy generation exceeding 100,000 MWh; reduced the use of raw paper by approximately 46 thousand tons and plastic by approximately 35 thousand tons through the implementation of green and minimum packaging; and innovatively developed recyclable packaging containers to provide customer with recyclable packaging solutions, and deployed total of 20.55 million recyclable packaging containers with an aggregate reuse exceeding 1.6 billion times and reducing the greenhouse gas emissions exceeding 520 thousand tons in 2025.

SF also continues to refine carbon data standardization and precision management. The Company has independently developed the Fenghe Sustainability Platform, an end-to-end logistics carbon footprint management system, which has obtained ISO 14083 global logistics carbon accounting standard certification and Global Logistics Emissions Council (GLEC) Framework 3.0 standard certification. As the first digital carbon management platform in the industry to achieve shipment-level carbon footprint tracking, the system enables precise calculation of greenhouse gas emissions and reductions across the entire logistics process – including collection, transfer, transportation, and delivery. This transparency in data not only helps clients reduce compliance costs and climate risks but also significantly enhances green, low-carbon supply chain operations. As of the end of the Reporting Period, over 300 globally renowned clients have utilized the Fenghe Sustainability Platform for carbon emission monitoring.

The Company's ESG practices achieved constant recognition by the industry. The Company's MSCI ESG rating was upgraded to AA in March 2026, ranking first among the world's four largest integrated logistics service providers; its Sustainalytics (Morningstar) rating has been maintained at "Low Risk" for four consecutive years (2022-2025), representing the highest rating within the global express logistics sector; its CDP Climate Change rating has been B (Management Level) for four consecutive years (2022-2025), a leading rating in the global express logistics industry. The Company has been listed for four consecutive years (2022-2025) on the Fortune China ESG Impact List, remaining the only express logistics enterprise in China to achieve such distinction.

Looking ahead, the Company will continuously adhere to long-termism as well as the sustainable and healthy development, contribute to the establishment of a green and low-carbon supply chain ecosystem, improve employee benefits and care, fulfil its social responsibilities, and is committed to becoming the benchmark enterprise that consistently generates outstanding social value and delivers enduring impulses for the sustainable development around the world.

For details of the environmental, social and corporate governance content, please refer to the 2025 SF Holding Sustainability Report published by the Company on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on March 30, 2026.

Management Discussion and Analysis

Outlook for the Company's Future Development

Strategic Direction

Building on the solid achievements of 2025, and capitalizing on the transformative trends in global logistics and the globalization opportunities for Chinese enterprises, SF remains anchored in its long-term vision of becoming “the well-respected and the world’s leading digital intelligence logistics solution provider.” With “the One in Asia” as its strategic core, SF aims to deepen the synergy between its products and solutions, promote the balanced development of domestic and international businesses, and establish itself as the preferred partner for corporate and individual customers in Asia, thereby achieving sustainable and healthy growth in both business scale and profitability.

In its standardized product services, the Company remains committed to balancing scale and profitability, advancing both small-parcel and heavy-cargo operations in tandem to reinforce market leadership and achieve simultaneous improvements in quality and efficiency.

For small-parcel services, the Company will focus on maintaining healthy profit growth and sustained leadership in scale. Through continuous optimization of its standardized express product portfolio, the Company will preserve its service leadership. By deepening network stratification and resource alignment, it will enhance end-to-end cost competitiveness. At the same time, by building differentiated channel barriers across diversified scenarios, it will create synergies with its international and supply chain businesses. For heavy-cargo services, the Company aims to secure scale leadership while improving profitability. It will accelerate the development of high-quality, cost-effective LTL network capabilities and coordinate the development of economy dedicated route networks. These efforts will continue to reinforce resource synergies and capability spillovers to the international and supply chain businesses.

In the supply chain segment, the Company is committed to deepening penetration into priority industries, increasing the contribution of supply chain solution revenue, and establishing scale leadership in key industry verticals to achieve sustainable and profitable growth.

Strategically, the Company will focus on addressing end-to-end supply chain needs of leading enterprises across industries, building specialized service capabilities spanning domestic and international markets. By establishing a lean and efficient middle-platform operating system, strengthening resource integration and service process standardization, and solidifying a scalable service foundation, the Company will enable large-scale replication. Furthermore, it will promote the deep integration of logistics services with financial and technological capabilities, forming differentiated competitive advantages and delivering higher-value integrated supply chain solutions.

In its international business, the Company targets the Asia-Pacific region with the objective of achieving scale comparable to global industry leaders while maintaining sustainable profitability, accelerating the development of comprehensive cross-border service capabilities.

The Company will continue to strengthen its international network foundation, prioritizing the deployment of key air freight routes while strategically positioning maritime, road, rail and customs clearance resources to form a comprehensive logistics capabilities network. Leveraging its resources, the Company will upgrade its service model from single-resource output to fully integrated end-to-end solutions, comprehensively addressing customers’ cross-border supply chain needs. Meanwhile, it will deepen the application of digital technologies in international operations, leveraging data-driven management to enhance operational efficiency and service transparency, thereby building a smart, reliable and efficient global supply chain service system that supports high-quality, scalable growth across Asia-Pacific markets.

Management Discussion and Analysis

The Company is committed to breaking through traditional business boundaries and unlocking the strategic benefits of deep collaboration across its three major business pillars, thereby realizing the full potential of a “1+1+1 > 3” synergy effect. The standardized products, by leveraging the resource support from its small-parcel and freight resources, provide the supply chain and international businesses with highly competitive fulfillment resilience and cost advantages. The supply chain business, in turn, transforms product capabilities into digital and intelligent service capabilities, driving the business toward end-to-end, higher value-added solutions. The international business leverages the Company’s mature domestic operating system to accelerate its global expansion, serving the end-to-end global supply chain needs of leading customers across multiple industries. The deep integration of these three pillars will not only strengthen economies of scale, but also build a solid competitive moat for SF in the global marketplace.

2026 Business Plan

Standardized Product Business Strategies

Time-Definite Express Services: The Company will closely follow emerging consumption trends, focusing on high-growth scenarios such as cultural tourism consumption, emotional consumption, and instant retail. By precisely identifying key entry points within these ecosystem scenarios, it will launch scenario-based solutions, driving business growth through innovative products and services. Through the development of online touchpoint networks to integrate digital traffic generation with offline service delivery, and by deepening presence in scenic areas, campuses, CBDs, residential communities and townships, the Company will build competitive barriers in core scenarios.

In the high-end segment, the Company will continue enhancing value-added services, elevating service standards to deliver superior experiences and reinforcing its “commit-and-compensate” service guarantee to strengthen brand perception among high-value customers. In the mid-end segment, the Company will advance refined operations and resource allocation, leveraging customer segmentation and profiling to provide differentiated, solution-based services. By extending from standardized products to scenario-driven solutions, it will enhance customer stickiness and expand business scale.

Economy Express Services: The Company will deepen end-to-end service integration across the B2C e-commerce value chain, empowering platforms, merchants and consumers to achieve win-win outcomes. It will strengthen full-chain empowerment for branded customers, extending from fulfillment delivery for B2C to upstream warehousing and value-added services, and downstream installation and reverse logistics, thereby deepening the chain, covering all scenarios and increasing service value and premium capture.

In terms of cost management, by deepening network layering in sorting and last-mile operations, advancing refined management and optimizing end-to-end models, the Company will steadily increase per-parcel revenue while effectively reducing unit costs, comprehensively enhancing profitability and operational efficiency of Economy Express Services.

Freight Delivery Services: The Company will actively expand market presence to increase cargo volume while improving profitability through refined management. In terms of market expansion, the Company continues to improve its customer engagement framework and strengthens frontline capabilities through customer segmentation. Distinct engagement strategies are deployed for key accounts, small and medium-sized enterprises, and ad hoc delivery customers, leveraging dedicated account teams, professional sales forces, and last-mile couriers to ensure comprehensive coverage. Particular emphasis has been placed on expanding sales teams within industrial parks to enhance lead conversion and deepen penetration in manufacturing clusters. With respect to route operations, the Company continues to reinforce the competitiveness of its core routes. Through coordinated utilization of internal and external resources, it advances network model optimization and direct routing initiatives, reduces transit nodes, and rapidly enhances the overall competitiveness of its LTL network.

Management Discussion and Analysis

In addition, the Company will formulate differentiated expansion strategies, strengthening scenario-based solution capabilities and achieving breakthroughs and development in specialized segments. It will also continue upgrading heavy-cargo services for supply chain and international segments, investing in specialized equipment, upskilling personnel, building a robust 3PL supplier ecosystem, and enhancing fulfillment capabilities for supply chain and international customers.

Intra-city On-demand Delivery Services: SF Intra-city will remain steadfast in its commitment to achieving “high-quality and healthy growth” and adhering to its positioning as an independent third-party on-demand delivery platform. Embracing market opportunities such as the diversification of traffic channels, increasing brand chain penetration, continued deepening penetration of food delivery and on-demand retail and accelerated intra-city logistics, SF Intra-city will capitalize on industry expansion to deepen the service capabilities across multi-scenario, full-category, multi-time, multi-distance and multi-channel. SF Intra-city will serve diverse clients, including merchants, traffic platforms and individual consumers, with high-quality, efficient and stable fulfillment.

In addition, SF Intra-city will maintain ongoing investment in rider ecosystem development while actively advancing AI applications and deepening unmanned delivery technologies. Through lean operation and technology as key drivers, SF Intra-city will improve service quality and drive quality and efficiency enhancement. We will remain focused on our core value contribution in the industry and urban operations, thereby better fulfilling our mission of “bringing enjoyable lifestyle to your fingertips”.

Supply Chain Business Strategy

High-Tech Industry

By addressing critical supply chain stages spanning procurement, manufacturing, sales and after-sales services — from precision component manufacturing to global expansion of brands — the Company is dedicated to becoming the leading global provider of integrated, end-to-end high-tech supply chain services and comprehensive logistics solutions covering the entire industrial value chain.

Industrial Equipment Sector

By deeply embedding itself into industry value chains and building ecosystem platforms, the Company aims to enable and lead sector development. Through a strategic path of “professional capability building – scaled replication – ecosystem leadership,” the Company seeks to establish core industrial supply chain capabilities distinct from traditional logistics in the medium to long term, transforming from a “logistics service provider” into a “supply chain partner” — and is committed to becoming the most trusted and valuable intelligent supply chain partner for customers in the global industrial equipment industry.

Automotive Industry

For production, the Company will deepen engagement with leading customers while increasing penetration among mid-tier OEMs’ 3PL outsourcing needs, embedding tailored logistics solutions into production processes through senior-level customer engagement and precise solution design to achieve full-scenario collaboration. For aftermarket, the Company will promote multi-tier warehousing and flexible fulfillment models, strengthening same-city distribution, multi-level warehousing fulfillment, and system integration capabilities. For overseas expansion, the Company will focus on cross-border supply of KD parts and localized operations for component manufacturers, while building overseas warehousing and last-mile distribution networks to support customers’ global manufacturing and market expansion strategies.

Management Discussion and Analysis

Consumer Goods Industry

The Company will focus on leading customers and deepen strategic partnerships, leveraging benchmark cases and scalable models to accelerate high-quality customer acquisition and market share expansion; prioritize high-growth sub-sectors, including sports and outdoor goods and personal care and cosmetics, to build structural advantages and strengthen market leadership; upgrade service capabilities by accelerating the development of an integrated “centralized warehousing + shared transportation + shared distribution” model; establish high-standard last-mile fulfillment in core scenarios such as shopping-district store delivery and omni-channel fulfillment; and proactively deploy proximity-based supply chain networks to enhance responsiveness and elevate customer experience.

Retail Food Industry

The Company will continue to focus on leading customers to develop benchmark projects, using customized solutions to validate service models and operating standards, thereby consolidating its service capabilities in the retail food sector and driving quality and efficiency upgrades across the industry. For mid-tier customers, the Company plans to roll out highly adaptable standardized products to rapidly penetrate B2C warehousing and distribution and B2B urban delivery scenarios, enabling scalable growth through replication. By combining standardized fulfillment with rapid response capabilities, the Company aims to enhance service experience and customer stickiness, while actively expanding into high-potential segments such as O2O retail and international import and export. These initiatives will strengthen scenario-based fulfillment capabilities and build long-term growth momentum.

Retail and Catering Industry

The integrated warehousing and distribution segment will prioritize high-barrier, high-growth categories with healthy margins, driving both revenue growth and structural optimization. The freight cold chain business will continue to deepen penetration across supermarket platforms, retail stores and professional markets, targeting rapid growth through model replication, network expansion and the rollout of seasonal specialty fresh produce projects. Store delivery services will provide catering customers with customized supply chain solutions, while strengthening service capabilities through resource integration.

Life Sciences Industry

The life sciences sector will adopt a dual-engine strategy combining a domestic digitalized compliance framework with international standards leadership, with the aim of building a specialized capabilities hierarchy and a comprehensive competitive moat within the pharmaceutical logistics domain. By leveraging a modularized, end-to-end supply chain architecture, the Company will provide cost-effective, end-to-end logistics solutions, accelerating the transition from single-product express services to fully integrated supply chain service offerings. At the same time, the Company will focus on developing differentiated, non-standardized capabilities within niche segments, creating replicable supply chain solutions. Through deep engagement with benchmark customers, the Company will continue to accumulate core capabilities, ultimately strengthening industry barriers and accelerating scalable growth.

Management Discussion and Analysis

International Business Strategy

The Company will, building on maintaining the steady development of its international express and cross-border e-commerce logistics businesses, place strategic emphasis on accelerating the growth of its international supply chain business. It will continue to strengthen its Asia-centric service capabilities, supporting Chinese enterprises in their transition from “production capacity going global” to “supply chain globalization”. Through targeted strategic resource investments, the Company aims to build a differentiated competitive edge and drive the transformation of its international business from a “logistics service provider” to a “global supply chain solutions partner,” thereby enhancing its competitiveness and industry influence within the global logistics landscape.

Anchoring itself to the core corridors of global industrial relocation and trade restructuring, the Company is committed to establishing efficient and resilient logistics channels that serve as critical infrastructure for supply chain reconfiguration. On the one hand, it will capitalize on the opportunities arising from the overseas expansion of advanced productive capacity, focusing on key industries such as high technology, industrial equipment, automotive, and consumer goods. By pursuing targeted breakthroughs with leading enterprises within these value chains, and leveraging a comprehensive product matrix and digitalized solutions, the Company will help customers improve the efficiency of their global footprint and reduce operating costs, while benefiting from the spillover effects of their ecosystems to drive scaled growth in its supply chain business. On the other hand, structured around its integrated supply chain solution matrix, the Company will focus on cross-border air, sea and land transportation, overseas warehousing and localized distribution, as well as supply chain finance and technology-enabled services. By building a unified, clearly defined, and comprehensive supply chain product system, the Company will lay a solid foundation for the standardized implementation and scalable expansion of its cross-border logistics operations.

Network Establishment Strategy

Aligned with its strategic focus on enhancing core competitiveness and improving operating efficiency, the Company centers its efforts on two foundational pillars: network stratification and resource ecosystem optimization, and end-to-end digital and intelligent operations, with a view to elevating overall operational capabilities and service competitiveness.

Network Stratification and Resource Ecosystem Optimization: The Company remains committed to a differentiated network architecture for small-parcel and large-parcel businesses. Through continued upgrades to the large-parcel network, it aims to strengthen service quality and time-definite competitiveness, effectively advancing the integration of express-like efficiency and service standards into its large-parcel products. In parallel, the Company adheres to the principle of service segmentation within its small-parcel portfolio, separating premium time-definite services from economy products. It has therefore established a network model and supporting resource ecosystem specifically tailored to economy products, thereby continuously optimizing cost efficiency while safeguarding service standards. Furthermore, by collaborating with external partners to build an integrated resource ecosystem, the Company enhances the precision of resource-to-product matching and reinforces the flexibility and resilience of its operational foundation.

End-to-End Digital and Intelligent Operations: The Company continues to advance its information infrastructure, breaking down operational data silos across different functions and improving end-to-end visibility throughout the logistics value chain. By deepening digital applications and addressing operational pain points through targeted technological solutions, the Company seeks to achieve localized operational optimization while systematically enhancing efficiency and service quality across each functional node. At a higher level of digital maturity, the Company is driving intelligent transformation through the deployment of planning intelligence agents and fulfillment intelligence agents. This enables the transition from localized optimization toward global optimization in operational decision-making. Through dynamic balancing of delivery speed, cost control and service quality across the network, the Company is building a smart, efficient and multi-tier fulfillment logistics network capable of sustaining long-term competitive advantage.

Directors and Senior Management

Executive Directors

Mr. Wang Wei

Mr. Wang Wei, aged 55, is the founder, de facto controller of the Company, and was appointed as chairman of the board, executive Director, general manager and chief executive officer of the Company. Mr. Wang was the chairman of the board of directors and the non-executive director of SF REIT Asset Management Limited (the manager of SF REIT (2191.HK)) from February 2021 to August 2023. Mr. Wang has also been the chairman of the board of directors and a non-executive director of KLN (0636.HK) since October 2021.

Mr. Ho Chit

Mr. Ho Chit, aged 51, graduated from the University of Hong Kong and Tsinghua University. He is a certified public accountant of Hong Kong and an American certified public accountant, with extensive experience in financial management, corporate finance, auditing and business management. Mr. Ho was a senior manager in the auditing and advisory division of Arthur Andersen and PricewaterhouseCoopers from 1997 to 2005, the senior financial director of Sohu.com Limited (SOHU.US) from 2005 to 2008, the chief financial officer of Changyou.com Limited from 2009 to 2014, the chief executive officer of Fox Financial Technology Group Limited from 2014 to 2021, and has served as a director of Fox Financial Technology Group Limited since 2014. He has been a deputy general manager and the head of finance of the Company since September 2021. Mr. Ho was appointed as a Director of the Company in November 2021 and was re-designated as an executive Director in August 2023. Mr. Ho served as a non-executive director of KLN (0636.HK) from October 2021 to August 2024, and as an executive director and chief strategy officer since September 2024. Mr. Ho has been a non-executive director and the chairman of the board of directors of SF REIT Asset Management Limited (the manager of SF REIT (2191.HK)) respectively since April 2022 and August 2023.

Mr. Xu Bensong

Mr. Xu Bensong, aged 40, obtained a master's degree in Business Administration from Sichuan University and an executive master of Business Administration (EMBA) degree from Peking University. Mr. Xu joined the Group in 2007 and successively held various positions, including the operation manager of Yunnan district, senior operation manager of Sichuan district, general manager of Chongqing district, general manager of Beijing district, head of sales center of the Group, assistant chief operating officer of the Group and chief marketing officer of the Group. Mr. Xu has served as a vice president of SF Airlines Company Limited* (順豐航空有限公司) since July 2025, and as an executive Director of the Company since October 2024.

Directors and Senior Management

Independent Non-Executive Directors

Mr. Chan Charles Sheung Wai

Mr. Chan Charles Sheung Wai, aged 72, graduated from the University of Manitoba, Canada. Mr. Chan is a member of both the Chartered Professional Accountants of Canada and the Hong Kong Institute of Certified Public Accountants. Mr. Chan has various experience in auditing, finance and risk management. He was an audit partner of Chinese Mainland & Hong Kong office of Arthur Andersen, a managing partner of audit department of Chinese Mainland & Hong Kong office of PricewaterhouseCoopers, and a senior managing director of Protiviti (a risk management and consulting firm). Mr. Chan was also a member of the Listing Committee of the Hong Kong Stock Exchange and a member of the Election Committee for the first Legislative Council of Hong Kong. He was an independent non-executive director of CITIC SEC (600030.SH, 6030.HK) and Bio-heart (2185.HK). Mr. Chan is currently serving as an independent non-executive director of Maoyan Entertainment (1896.HK), Hansoh PHARMA (3692.HK), and Sun Art Retail (6808.HK). Mr. Chan was appointed as an independent non-executive Director in December 2022.

Mr. Lee Carmelo Ka Sze

Mr. Lee Carmelo Ka Sze, aged 65, obtained a bachelor's degree in Laws from the University of Hong Kong. Mr. Lee is qualified as a solicitor in Hong Kong, England and Wales, Singapore and the Australian Capital Territory. Mr. Lee has rich legal experience, and has been a partner and senior partner of Woo Kwan Lee & Lo since 1989, and its Managing Partner since 2022. Mr. Lee is also a member of the Campaign Committee of the Community Chest of Hong Kong and the co-chairman of the Community Chest Corporate Challenge Half Marathon Organising Committee. Mr. Lee had been a committee member of HKSAR InnoHK Steering Committee of the Innovation and Technology Commission of Hong Kong, the chairman of the Appeal Tribunal Panel (Buildings), one of the members of chairmen pool of the Listing Review Committee and the chairman of the Listing Committee of the Hong Kong Stock Exchange, and an independent non-executive director of KWG Group (1813.HK). Mr. Lee is currently serving as an independent non-executive director of China Mobile (600941.SH, 0941.HK) and a non-executive director of Safety Godown (0237.HK) and Playmates (0635.HK). Mr. Lee has served as an independent non-executive Director of the Company since December 2022.

Dr. Ding Yi

Dr. Ding Yi, aged 61, Ph.D. in Economics of Renmin University of China and Senior Economist, has extensive experience in financial management, and served as a lecturer at the School of Finance of Renmin University of China, the deputy general manager of the investment management department of PICC Group (601319.SH, 1339.HK), a director and the assistant general manager of PICC Asset Management Company Limited* (中國人保資產管理有限公司), the general manager and chairwoman of Huaneng Capital Services Corporation Ltd. (華能資本服務有限公司), the chairwoman of Invesco Great Wall Fund Management Company Limited* (景順長城基金管理有限公司). Dr. Ding has been a director of Tongwei Co., Ltd. (通威股份有限公司) (600438.SH) and independent director of Hua Xia Bank Co., Limited* (華夏銀行股份有限公司) (600015.SH) and Huatai Asset Management Company Limited* (華泰資產管理有限公司). Dr. Ding has served as an independent non-executive Director of the Company since December 2022.

Senior Management

Mr. Wang Wei is the chairman of the Board, our executive Director and general manager. For details of the biography of Mr. Wang Wei, please refer to the section headed "Executive Directors".

Mr. Ho Chit is our executive Director, deputy general manager and head of finance. For details of the biography of Mr. Ho Chit, please refer to the section headed "Executive Directors".

Directors and Senior Management

Mr. Huang Sihai

Mr. Huang Sihai, aged 43, successively held various positions at Deppon Logistics Co., Ltd. from 2004 to 2015, including regional manager, regional general manager, business division president and vice president of the company. He served as the executive president of Shanghai Yimidida Supply Chain Management Co., Ltd.* (上海壹米滴答供應鏈管理有限公司) from 2015 to 2017. He joined the Group as the head of the express business division in 2017. He served as the general manager of Shenzhen S.F. Freight Corporation* (深圳順豐快運股份有限公司) from 2020 to 2023, and he has been the chairman of Shenzhen S.F. Freight Corporation since 2024. He served as the chairman of Guangdong Shunxin Express Co., Ltd.* (廣東順心快運有限公司) from 2019 to 2025. He served as the assistant chief operating officer of the Company from 2022 to 2024, and has been the chief operating officer of the Company since 2024. He has also been the vice chairman of CR-SF International Express Co., Ltd. and a director of SF Foundation since 2024. He has served as the deputy general manager of the Company since December 2025.

Mr. Geng Yankun

Mr. Geng Yankun, aged 40, graduated from Harbin Institute of Technology and Peking University with a master's degree in Engineering. After graduating in 2009, he joined Baidu, and was successively responsible for the technical R&D and management of Baidu Wiki, Baidu Knows, Baidu Travel and Baidu LBS, etc. He was the chief technology officer of Beijing Xiaodu Information and Technology Co., Ltd.* (北京小度信息科技有限公司) from 2015 to 2017. He joined the Group in 2017, and currently serves as the chairman and chief executive officer of SF Technology Co., Ltd. and Beijing S.F. Intra-city Technology Co., Ltd., the non-executive director of SF Intra-city (9699.HK), and the chief marketing officer and chief technology officer of the Group. He has served as the deputy general manager of the Company since December 2022.

Mr. Li Sheng

Mr. Li Sheng, aged 59, obtained his bachelor of laws from Sichuan Normal University. He served as a senior regional manager from 1998 to 2005 at Wal-Mart China. He joined the Group in 2005 and successively held various positions, including general manager of Hubei region, general manager of Sichuan region, vice president of the Group, president of Central China operation and president of West China operation, and is currently the president and an executive director of SF Airlines Company Limited. Mr. Li has been a director of the SF Foundation since October 2016 and an assistant chief executive officer of the Company since May 2024. He has been a deputy general manager of the Company since December 2016.

Mr. Sun Haijin

Mr. Sun Haijin, aged 46, obtained a college degree in administrative management from Nanchang University. He joined the Group in April 2006 and has successively held various positions, including human resources director, regional general manager, product head, and head of intra-city business division. He has served as the chief executive officer and executive director of SF Intra-city (9699.HK) since June 2019 and December 2019 respectively, and has been the chairman of SF Intra-city (9699.HK) since November 2023. He has served as the deputy general manager of the Company since December 2025.

Ms. Gan Ling

Ms. Gan Ling, aged 51, obtained a master's degree in Business Administration from The University of Texas at Austin in the United States of America and an executive master of Business Administration (EMBA) degree from PBCSF Tsinghua University. She has extensive experience in equity investment, public listing and corporate finance. Ms. Gan was an analyst at Coatue Management, LLC, one of the Tiger cub funds in New York, from 2006 to 2010, the deputy general manager of Maoye International (0848.HK) from 2010 to 2015. She has been a member of the Appeal Review Committee of the Shenzhen Stock Exchange since 2017. She joined the Group in 2015, and serves as a deputy general manager and the secretary of the board of directors of the Company since 2016, a joint company secretary of the Company since October 2024, and a non-executive director of SF REIT Asset Management Limited (the manager of SF REIT (2191.HK)) since 2022.

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report contained in the Company's annual report for the year ended December 31, 2025.

Corporate Governance Practices

The Board recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to formulating and implementing corporate governance practices appropriate to the Company's needs. The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices.

During the year ended December 31, 2025, the Company has complied with all applicable principles of good corporate governance and code provisions of the CG Code, save and except in respect of code provision C.2.1 of Part 2 of the CG Code, which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Chairman and General Manager

Mr. Wang Wei is the chairman of the Board and the general manager (same nature as chief executive) of the Company. Since Mr. Wang has been operating and managing the main operating subsidiary of the Company since incorporation of the Group, the Board is of the view that it is in the best interest of the Group to have Mr. Wang taking up both roles for effective management and business development of the Group and Mr. Wang will provide a strong and consistent leadership to the Group. This arrangement ensures a more effective and efficient overall strategic planning of the Group as this structure enables the Company to make and implement decisions promptly and effectively. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board including three independent non-executive Directors. Therefore, the Board considers that the balance of power and authority of the present arrangement will not be impaired because such arrangement would not result in excessive concentration of power in one individual which could adversely affect the interest of minority Shareholders.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code. Key corporate governance principles and practices of the Company are summarized below.

Responsibilities, Accountabilities and Contributions of the Board

The Board established the Company's purpose, values and strategy, and ensures they are consistent with the Company's culture. The Board is responsible for performing corporate governance duties, including formulating and reviewing corporate governance policies and practices, reviewing and monitoring the training and continuous professional development of directors and senior management, reviewing the Company's policies and practices for compliance with legal and regulatory requirements, formulating, reviewing and monitoring the implementation of code of conduct and compliance manual applicable to employees and directors, and monitoring the Company's compliance with the CG Code and reviewing the Corporate Governance Report.

The Board places a strong emphasis on corporate governance and compliance as integral components of the Company's corporate values and culture. The Board is committed to maintaining integrity, transparency, and accountability in the Group's daily business operation and governance. By fostering a culture of ethical conduct and regulatory adherence, the Company ensures that its business practices not only meet but exceed industry standards, thereby reinforcing the trust and confidence of its stakeholders.

Direction and control of Company business are vested in the Board. The Board establishes policies, strategies and plans for the development of the Company's business, and provides leadership in the creation of value for Shareholders. All Directors have carried out their duties in good faith, have been in compliance with applicable laws and regulations, have taken decisions objectively and have acted in the interests of the Company and its shareholders at all times. The Directors shall disclose to the Company details of other offices held by them.

Corporate Governance Report

The Board takes responsibility for all major matters of the Company, including approval and monitoring of all policy matters, overall strategies, material transactions, appointment of general manager, board secretary and other senior management members and other significant financial and operational matters.

The day-to-day management, administration and operation of the Company are led by the Board and senior management of the Company. The Board has delegated a schedule of responsibilities to the management for implementing Board decisions and directing and coordinating the daily operation and management of the Company. The Board reviews the delegated functions and work tasks regularly. The management has to obtain Board approval prior to entering into any significant transactions.

If a Director, general manager or other senior management member has a potential material conflict of interest in a matter to be considered by the Board (other than their appointments), the nature and extent of such conflict shall be reported to the Board as soon as possible. Where a director is required to abstain from voting, a Board meeting can be held with the attendance of more than half of the non-related Directors. A resolution must be passed by a majority of the non-related Directors. If less than three non-related Directors attend the meeting, the proposal cannot be voted on and must be submitted to the shareholders' meeting for consideration.

The Company has arranged appropriate insurance coverage on Directors' liabilities in respect of any legal actions taken against Directors arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Board Composition

According to the Articles of Association, the seventh session of the Board of Directors of the Company consists of six Directors, including three non-independent Directors (including one employee representative Director) and three independent Directors.

As of the date of this Report, the composition of the Board of Directors of the Company is as follows:

Executive Directors	Mr. Wang Wei (<i>chairman</i>) Mr. Ho Chit Mr. Xu Bensong
Independent Non-executive Directors	Mr. Chan Charles Sheung Wai Mr. Lee Carmelo Ka Sze Dr. Ding Yi

To the best knowledge of the Company, there is no other financial, business, family or other material/relevant relationship among the members of the Board.

During the year ended December 31, 2025, the Board at all times met the requirement of the Listing Rules of SEHK of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The composition of the Board reflects the necessary balance of skills and experience appropriate for the business requirement and objectives of the Group and for the exercise of independent judgement.

The Company has received a written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules of SEHK and the Regulations on Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) for A share listed companies. To the best of the Company's knowledge, the Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules of SEHK.

Corporate Governance Report

The Company has feasible and effective mechanisms to ensure independent views and input are available to the Board. All Directors have timely access to all relevant information as well as the advice and services of the joint company secretaries and senior management of the Company, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Any Director may seek independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board. During the year ended December 31, 2025, the Board has reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

The Company also recognizes and embraces the benefits of having a diverse Board to enhance its performance and has adopted a Policy of Director Nomination and Board Diversity aiming to set out the approach to nominate directors and achieve diversity on the Board. All Board members shall be appointed on the basis of merit, and the benefits of diversity (including gender diversity) of the Board shall be fully taken into account in the consideration of candidates on appropriate terms. In designing the Board's composition, board diversity has been considered from a number of measurable objectives, including but not limited to a balance of skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender.

The Policy of Director Nomination and Board Diversity sets out the factors in evaluating, selecting and recommending to the Board one or more candidates for appointment or re-election as a director, including but not limited to: (a) diversity of views, including but not limited to gender, age, cultural and educational background, professional experience, skills, regional and industry experience, ethnicity, knowledge and years of service; (b) qualifications, including achievements and experience in the relevant industries in which the Company's business is carried out and other professional qualifications; (c) commitment to the responsibilities of the Board in terms of available time investment; (d) reputation for integrity; (e) the contribution that the candidate can bring to the Board; and (f) one or more plans for the orderly implementation of Board succession. In addition, the Board and the Nomination Committee will assess and recommend one or more candidates for the post of independent non-executive director of the Company having due regard to a number of factors, including but not limited to the independence and appointment requirements of independent non-executive directors under the regulatory rules of the place where the Company's shares are listed.

Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to the Directors in advance. For regular Board meeting and other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest development and financial position of the Company and to enable them to make decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management normally will attend regular Board meetings and where necessary, other Board and committee meetings, to advise on business development, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The secretary of the Company is responsible for taking and keeping minutes of all Board meetings and committee meetings. Minutes of Board meetings and committee meetings record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed.

Corporate Governance Report

Board Meetings and General Meetings

During the year of 2025, the Company scheduled and held 9 Board meetings and 3 general meetings. The attendance of individual Directors at the Board meetings and general meetings is set out below:

Members of the Board	Board Meetings	Annual General Meeting	2025 First Extraordinary General Meeting	2025 Second Extraordinary General Meeting
<i>Executive Directors</i>				
Mr. Wang Wei	9/9	1/1	1/1	1/1
Mr. Ho Chit	9/9	1/1	1/1	1/1
Mr. Xu Bensong	9/9	1/1	1/1	1/1
Ms. Wang Xin ⁽¹⁾	8/8	1/1	1/1	1/1
<i>Independent Non-executive Directors</i>				
Mr. Chan Charles Sheung Wai	9/9	1/1	1/1	1/1
Mr. Lee Carmelo Ka Sze	9/9	1/1	1/1	1/1
Dr. Ding Yi	9/9	1/1	1/1	1/1

Note:

(1) As the term of the sixth session of the Board expired on December 30, 2025, Ms. Wang Xin ceased to be a director of the Company.

During the year ended December 31, 2025, the Board has met regularly and scheduled four regular meetings in accordance with the CG Code, either in person or through electronic means of communication, and the Board committees have met in accordance with the CG Code and their respective terms of reference.

Apart from regular Board meetings, the Chairman has also held one meeting with the independent non-executive Directors without the presence of other Directors during the year ended December 31, 2025.

Board Committees

The Board has established five Board committees in accordance with the relevant laws and regulations, the Articles of Association, and the code of corporate governance practices under the Listing Rules of SEHK, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Risk Management Committee and the Strategy Committee. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The Board committees have sufficient resources to perform their necessary duties. All Board committees must report their decisions or recommendations to the Board. The terms of reference for Board committees are published on the websites of the Hong Kong Stock Exchange and the Company and are available for shareholders to review.

Audit Committee

As at the date of the Report, the Audit Committee of the Company consists of three independent non-executive Directors, namely, Mr. Chan Charles Sheung Wai, Mr. Lee Carmelo Ka Sze and Dr. Ding Yi. Mr. Chan Charles Sheung Wai serves as the chairman of the committee and has the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules of SEHK. The primary duties of the Audit Committee of the Company include (but are not limited to):

1. supervising the annual audit work, making judgment on the authenticity, accuracy and completeness of the information in the audited financial reports before submitting to the Board for review;

Corporate Governance Report

2. providing recommendations on engaging or changing external auditors, and supervising the performance of external auditors;
3. supervising and evaluating the internal audit work;
4. reviewing the financial reports of the Company and expressing opinions thereon;
5. supervising and evaluating the Company's financial reporting system and internal control system;
6. supervising and coordinating the communication between the management, internal auditors and external auditors;
7. exercising the functions and powers of the Board of Supervisors as stipulated under the PRC Company Law; and
8. handling other matters required by laws, rules and regulations of the jurisdictions where the Shares are listed, the Articles of Association, or as authorized by the Board.

The Audit committee held 8 meetings during the year ended December 31, 2025, reviewed and approved, among others, financial report and summary of audit work for the year of 2024, financial report and internal control report for the first quarter of 2025, interim financial report and review report for the year of 2025, financial report and internal control report for the third quarter of 2025, appointment of audit firm for the year of 2025, audit work plan for the year of 2025, and relevant work for foreign exchange hedging transactions. The attendance of its members is set out as follows:

Members of the Audit Committee	Number of Committee Meetings Attended	Attendance Rate
Mr. Chan Charles Sheung Wai	8/8	100%
Dr. Ding Yi	8/8	100%
Mr. Lee Carmelo Ka Sze	8/8	100%

Remuneration and Appraisal Committee

As at the date of the Report, the Remuneration and Appraisal Committee of the Company consists of three independent non-executive Directors, namely Dr. Ding Yi, Mr. Chan Charles Sheung Wai and Mr. Lee Carmelo Ka Sze. Dr. Ding Yi serves as the chairlady of the committee. The primary duties of the Remuneration and Appraisal Committee of the Company include (but not limited to):

1. formulating and reviewing, and making recommendations to the Board on the remuneration structure and policies for Directors and senior management;
2. recommending to the Board the remuneration packages of Directors and senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the CG Code is adopted);
3. reviewing and making recommendations on the assessment and remuneration for senior management, and evaluating performance of senior management;
4. managing the stock incentive plan of the Company, including reviewing the granting conditions, exercise conditions under the plan and other matters required by the rules; and
5. handling other matters required by laws, rules and regulations of the jurisdictions where the Shares are listed, the Articles of Association, or as authorized by the Board.

Corporate Governance Report

The Remuneration and Appraisal Committee held 6 meetings during the year ended December 31, 2025, reviewed and approved, among others, remuneration and performance of executive Directors and senior management for the year of 2024, annual remuneration plan for the year of 2025, cancellation of options, adjustment of exercise price and fulfillment of exercise conditions under the 2022 Stock Option Incentive Plan, “Grow Together” Employee Shareholding Scheme and its management measures, and remuneration plan for Directors of the seventh session of the Board. The attendance of its members is set out as follows:

Members of the Remuneration and Appraisal Committee	Number of Committee Meetings Attended	Attendance Rate
Dr. Ding Yi	6/6	100%
Mr. Chan Charles Sheung Wai	6/6	100%
Mr. Lee Carmelo Ka Sze	6/6	100%

Nomination Committee

As at the date of the Report, the Nomination Committee of the Company consists of three Directors, including two independent non-executive Directors, namely Mr. Lee Carmelo Ka Sze and Dr. Ding Yi, and one executive Director, namely Mr. Wang Wei. Mr. Lee Carmelo Ka Sze serves as the chairman of the committee. The primary duties of the Nomination Committee of the Company include (but not limited to):

1. formulating the criteria (including skill, expertise, diversity policy and experience) and procedures for the selection of Directors (excluding employee representative Directors, the same below) and senior management members, reviewing the structure, size and composition of the Board at least once annually, assisting the Board of Directors in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company’s strategy;
2. making recommendations to the Board on the nomination, appointment and removal of candidates for Directors and senior management members;
3. preliminarily examining the eligibility of candidates for Directors and senior management members;
4. assessing the independence of the independent non-executive Directors when appointing them and reviewing their independence periodically;
5. supporting the Board to regularly evaluate its performance; and
6. handling other matters required by laws, rules and regulations of the jurisdictions where our Shares are listed, the Articles of Association, or as authorized by the Board.

The Nomination Committee held 3 meetings during the year ended December 31, 2025, reviewed and approved, among others, annual review of the independence of independent non-executive Directors, annual review of the structure, number and composition of the Board, and the election of non-independent Directors and independent Directors of the seventh session of the Board. The attendance of its members is set out as follows:

Members of the Nomination Committee	Number of Committee Meetings Attended	Attendance Rate
Mr. Lee Carmelo Ka Sze	3/3	100%
Dr. Ding Yi	3/3	100%
Mr. Wang Wei	3/3	100%

Corporate Governance Report

Strategy Committee

As at the date of the Report, the Strategy Committee of the Company consists of three Directors, including two independent non-executive Directors, namely, Mr. Chan Charles Sheung Wai and Dr. Ding Yi, and one executive Director, namely Mr. Wang Wei. Mr. Chan Charles Sheung Wai serves as the chairman of the committee. The primary duties of the Strategy Committee of the Company include (but not limited to):

1. reviewing the overall development strategy plan of the Company, including our ESG development strategy, and advising the Board accordingly;
2. evaluating the overall development of each business unit of the Company and making recommendations to the Board regarding any adjustments;
3. reviewing the Company's business investment and financing plans, and making recommendations to the Board; and
4. handling other matters required by laws, rules and regulations of the jurisdictions where the Shares are listed, the Articles of Association, or as authorized by the Board.

The Strategy Committee held one meeting during the year of 2025, reviewed and approved, among others, the Company's strategic objectives and strategic initiatives for 2025, sustainability report and final financial report for the year of 2024 and financial budget report for the year of 2025. The attendance of its members is set out as follows:

Members of the Strategy Committee	Number of Committee Meeting Attended	Attendance Rate
Mr. Chan Charles Sheung Wai	1/1	100%
Dr. Ding Yi	1/1	100%
Mr. Wang Wei	1/1	100%

Risk Management Committee

As at the date of the Report, the Risk Management Committee of the Company consists of three Directors, including one executive Director, namely Mr. Ho Chit, and two independent non-executive Directors, namely, Mr. Chan Charles Sheung Wai and Mr. Lee Carmelo Ka Sze. Mr. Ho Chit serves as the chairman of the committee. The primary duties of the Risk Management Committee of the Company include (but not limited to):

1. providing guidance to the Company's overall risk management and providing support for the Board to perform risk management functions;
2. evaluating the improvement and effectiveness of the risk management system and issuing opinions; and
3. handling other matters required by laws, rules and regulations of the jurisdictions where the Shares are listed, the Articles of Association or as authorized by the Board.

The Risk Management Committee held one meeting during the year ended December 31, 2025, reviewed and approved the risk management work summary for year of 2024 and risk management work plan for the year of 2025. The attendance of its members is set out as follows:

Members of the Risk Management Committee	Number of Committee Meeting Attended	Attendance Rate
Mr. Ho Chit	1/1	100%
Mr. Chan Charles Sheung Wai	1/1	100%
Mr. Lee Carmelo Ka Sze	1/1	100%

Corporate Governance Report

Appointment and Re-Election of Directors

Each of the executive Directors has entered into a service contract with the Company for a term starting from the date of the Company's 2025 second extraordinary general meeting, when he/she has been appointed, and ending when a new session of the Board of Directors is elected by the Shareholders' general meeting of the Company or an executive Director ceases to be qualified as an executive Director of the Company, whichever is earlier, unless otherwise provided by law. Each term of office shall not exceed 3 years. The Company has also issued a letter of appointment to each of the independent non-executive Directors for a term starting from the date of the 2025 second extraordinary general meeting of the Company, when he/she has been appointed, and ending when a new session of the Board of Directors is elected by the Shareholders' general meeting of the Company or an independent non-executive Director ceases to be qualified as an independent non-executive Director of the Company, whichever is earlier, unless otherwise provided by law. Each term of office shall not exceed 3 years. Under the Articles of Association, non-employee representative Directors (including non-executive Directors) shall be elected or replaced by the Shareholders' general meeting, while the election and replacement of the employee representative Directors shall be decided by the employee representative meeting, the general meeting of employees or other democratic decision-making methods. The term of office of a Director shall not exceed 3 years. Upon expiry of the term of office, he/she may be re-elected and re-appointed in accordance with the provisions of the securities regulatory rules of the place where the Company's Shares are listed. A Director shall continue to perform his duties in accordance with the laws, administrative regulations and Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Board Diversity Policy

To enhance effectiveness of the Board and maintain high standard of corporate governance, the Company has adopted the Board diversity policy, which sets out the objective and approach to achieve and maintain the diversity of the Board. Pursuant to the Board diversity policy, the Company seeks to achieve Board diversity by taking into consideration of various factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience, and length of service. The implementation of the policy is monitored by the Nomination Committee. The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time and at least on an annual basis to ensure their appropriateness in determining the optimum composition of the Board.

As at December 31, 2025, the Board has a balanced mix of experiences and industry background. The Directors have a diverse educational background including economics, law, accounting, business administration and management, as well as different industry backgrounds and professional qualifications. The Company has three independent non-executive Directors with different industry backgrounds, representing half of the members of the Board. Furthermore, the Board has one female Director, and has a wide age range comprising members from their 40s to 70s. The Company assessed its business model and the backgrounds and abilities of the Directors and concluded that the composition of the Board satisfies the Board diversity policy. The Company is committed to maintaining gender diversity on the Board and at the working level, including senior management. In particular, the Company will strive to maintain that the Board and senior management have at least one member who is not of the same gender as the other members. As at December 31, 2025, the Board has one female Director out of six Directors, representing 16.7% of the Board; and one out of five of the senior management of the Group (other than Directors) is female, representing 20% of the senior management.

During the year ended December 31, 2025, the Board has reviewed the Policy of Director Nomination and Board Diversity and considered that the implementation of the policy was effective.

Training and Continuing Professional Development of Directors

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Continuing briefings and professional development trainings for the Directors are arranged whenever necessary. In addition, reading materials relating to the Company's business or Directors' duties and responsibilities, updates on applicable laws, corporate governance, regulations applicable to the Group are provided to the Directors from time to time for their studying and reference. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Corporate Governance Report

During the year ended December 31, 2025, details of the training attended by each of the Directors are as follows:

Directors	Topics					Total hours
	Duties of the Board and Directors	Listing Rules of SEHK and Hong Kong laws and regulations	Corporate governance and ESG	Risk management and internal controls	Industry and business update	
Wang Wei	✓	✓	✓	✓	✓	21.00
Ho Chit	✓	✓	✓	✓	✓	23.50
Xu Bensong	✓	✓	✓	✓	✓	18.00
Chan Charles Sheung Wai	✓	✓	✓	✓	✓	50.00
Lee Carmelo Ka Sze	✓	✓	✓	✓	✓	56.25
Ding Yi	✓	✓	✓	✓	✓	100.00
Wang Xin ⁽¹⁾	✓	✓	✓	✓	✓	18.00

Notes:

- (1) As the term of the sixth session of the Board expired on December 30, 2025, Ms. Wang Xin ceased to be a director of the Company.
- (2) All Directors participated in the training by attending external seminars and reading materials.
- (3) The training attended by each Director includes sessions provided by internal and external organizations, as well as self-study.

Model Code for Securities Transactions

The Company has adopted the Model Code regarding Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the provisions of the Model Code during the year ended December 31, 2025.

The Company has also established written guidelines for securities transactions by employees who are likely to be in possession of inside information of the Company on terms no less exacting than the Model Code. No incident of non-compliance of the written guidelines by the employees has been noted by the Company.

In case the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

Remuneration Policy for Directors and Senior Management

With a view to further improving the remuneration management system for the Directors and senior management, establishing an incentive and restraint mechanism compatible with modern enterprise system which helps match responsibilities with rights, and fully incentivizing the Directors and senior management, the Company has formulated the Management System of Remuneration of Directors and Senior Management upon approval by the general meeting.

According to the Management System of Remuneration of Directors and Senior Management, the Company pays allowances to independent non-executive directors each year. The amount of the allowances is determined at the Company's general meeting. The allowances for independent non-executive directors are issued from the following month after their appointment resolutions are passed at the Shareholders' general meeting. Except for the independent non-executive Directors, no separate director allowances shall be issued to other Directors by the Company. Non-independent Directors who hold positions in the Company other than as Directors shall receive remuneration according to the remuneration and appraisal management measures corresponding to their specific positions and roles in the Company. The Company may also adopt medium-to-long-term incentive measures such as stock options, restricted shares and employee stock ownership plans for relevant Directors based on their specific roles.

Corporate Governance Report

The Company's senior management shall be subject to an annual salary system, and their remuneration structure shall consist of three parts: basic remuneration, annual performance-based remuneration, and mid-to-long-term incentives. The Remuneration and Appraisal Committee of the Board formulates and reviews the appraisal method and remuneration plan for the senior management, and submits appraisal results to the Board of Directors for approval, and appraises the performance and behavior of the senior management. The remuneration for the Company's senior management shall be paid in accordance with the Company's payroll system. A certain proportion of the performance-based remuneration for the Company's senior management shall be paid following the disclosure of the annual report and the completion of the performance appraisal, which shall be conducted based on audited financial data.

During their term of office, if violations of laws and regulations and other circumstances that cause significant losses to the Company occur to a director or senior management member, the Company shall not pay or shall claw back the annual performance-based remuneration or allowances, details of which are set out in the Management Measures of Remuneration of Directors and Management.

During the year ended December 31, 2025, details of the pre-tax remuneration (excluding equity-based remuneration) received by the Directors and senior management of the Company are as follows:

Name	Title	Wages and bonus etc. RMB'000	Director's allowances RMB'000	Pension plan contributions RMB'000	Other benefits RMB'000	Total ⁽¹⁾ RMB'000
Mr. Wang Wei	Executive Director, CEO	1,824	-	56	55	1,935
Mr. Ho Chit ⁽²⁾	Executive Director, deputy general manager, CFO	5,276	-	53	112	5,441
Mr. Xu Bensong	Executive Director	2,580	-	61	147	2,788
Mr. Chan Charles Sheung Wai	Independent non-executive Director	-	680	-	-	680
Mr. Lee Carmelo Ka Sze	Independent non-executive Director	-	680	-	-	680
Dr. Ding Yi	Independent non-executive Director	-	680	-	-	680
Mr. Huang Sihai ⁽³⁾	Deputy general manager	-	-	-	-	-
Mr. Geng Yankun	Deputy general manager	3,022	-	53	119	3,193
Mr. Li Sheng	Deputy general manager	4,746	-	56	120	4,922
Mr. Sun Haijin ⁽³⁾	Deputy general manager	-	-	-	-	-
Ms. Gan Ling	Deputy general manager, secretary of the Board and joint company secretary	2,411	-	56	96	2,563
Ms. Wang Xin ⁽⁴⁾	Executive Director	3,042	-	53	112	3,206
Mr. Zhou Haiqiang ⁽⁵⁾	Deputy general manager	3,388	-	71	144	3,603
Total		26,288	2,040	459	904	29,691

Notes:

- (1) The emoluments set out in the above table are all pre-tax emoluments earned during their tenure of office as Directors and/or senior management of the Company.
- (2) Mr. Ho Chit serves as the Executive Director and Chief Strategy Officer of KLN (0636.HK). The table above does not include his salary and benefit, etc., received from KLN during the year 2025, amounting to approximately RMB4.821 million in total.
- (3) Mr. Huang Sihai and Mr. Sun Haijin have served as deputy general managers of the Company respectively since December 30, 2025.
- (4) Ms. Wang Xin ceased to serve as a director of the Company on December 30, 2025 due to the expiry of her term of office. Ms. Wang Xin ceased to serve as the Chairperson of the KEX Board of Directors on November 28, 2025. The table above does not include her director's fee received from KEX during her tenure, amounting to approximately RMB0.347 million.
- (5) Mr. Zhou Haiqiang ceased to serve as a deputy general manager of the Company on December 30, 2025 due to expiry of his term of office.
- (6) The above discrepancy between the sum of the sub-items and the total figure is due to rounding.

For further details of the remuneration received by the Directors, please refer to note 9(b) to the consolidated financial statements contained in the Report.

Corporate Governance Report

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities for the Company's financial statements for the year ended December 31, 2025 is set out in the section headed "Independent Auditor's Report" in the Report.

During the year ended December 31, 2025, the remuneration paid/payable to the Group's external auditors, PricewaterhouseCoopers⁽¹⁾, is set out below:

Nature of Services	Remuneration RMB'000
Audit services	43,062
Non-audit services ⁽²⁾	14,818
Total	57,880

Notes:

(1) Including any entity that is under common control, ownership or management with PricewaterhouseCoopers.

(2) The non-audit services mainly included taxation services and other services.

Joint Company Secretaries

The Company has appointed Ms. Gan Ling, the deputy general manager and secretary of the Board, and Ms. So Ka Man, a director of the company secretarial division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services, as the Company's joint company secretaries. Ms. Gan is Ms. So's primary contact person at the Company.

Ms. Gan Ling and Ms. So Ka Man have taken not less than 15 hours of relevant professional training and comply with the requirement under Rule 3.29 of the Listing Rules of SEHK for the year ended December 31, 2025.

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and fully recognizes the value and importance of sufficient risk management and internal control systems. The Company has established the risk management system and internal control system, which are designed to manage rather than eliminate the risk of failure to achieve the Company's strategic objectives, and can only provide reasonable instead of absolute assurance against material misstatement or loss.

The Risk Management Committee of the Board is responsible for the overall management and control of risks at the group level, and reviews the risk management system of the Group at least once every year. Its main responsibilities include deliberation and decision-making of risk management system and policies, preventing major risks and responding to major crises. In 2025, the Company completed the ISO37301 compliance management system certification. The following measures were adopted and implemented by the Company in 2025 in response to relevant risks identified:

- in response to market risks resulting from the slow growth of macro economy and the increased market competition, the Company has been closely monitoring the macro economy and has been adjusting its business strategy in a timely manner, continuing to diversify its business and to increase its service quality with new technology;
- in response to policy risks resulting from new regulatory requirements for the logistics industry, especially higher requirements for improving the welfare of couriers, customer experience, and ESG, the Company has established policy research teams for all business units to closely monitor policy updates and to continuously improve its business operation;

Corporate Governance Report

3. in response to operational risks resulting from higher cost in labour, infrastructure facilities, and transportation, and uncertainties in international logistics market, the Company has been improving its operation assurance capabilities with new technology and reducing its reliance on fuel by promoting the use of new energy vehicles. At the same time, the Company has been closely monitoring international trade market and expanding its international logistics resources to ensure steady and sufficient international services;
4. in response to foreign exchange risks resulting from the Company's expansion of overseas business, the Company has established the Foreign Exchange Risk Management Regulation; and
5. in response to data and information risks, the Company has established sufficient measures for potential information system risks, including continuously implementing and optimizing its current ISO27001 information security management system and ISO27701 private information management system, enhancing relevant training for employees, carrying out information system security ranking assessment, GDPR compliance assessment and mobile-app-collected information compliance assessment.

The Audit Committee of the Board is responsible for supervising and evaluating the Company's financial reporting system and internal control system, and regularly reviewing the Company's financial reports and external reports issued by the auditors to ensure the effectiveness and adequacy of the internal control system. The Company has established an internal control system, including capital management, investment and financing management, human resources management, information system management, information disclosure, related party transactions, budget management, contract management, asset management, procurement management, sales management, cost and expense management, and financial management, to standardize the Company's daily operation and management and realize the Company's internal control objectives. In terms of the implementation and supervision of the internal control management system, the Company sets up independent supervisory departments for internal audit and risk compliance, which are responsible for inspecting and evaluating the integrity, reasonableness, and implementation effectiveness of the internal control systems of the Company's internal institutions, holding subsidiaries, and joint-stock companies that have significant impacts on the Company, evaluating the legality, compliance, authenticity, and completeness of accounting information and other core business process information, as well as financial income and expenditure activities and other relevant economic activities. The internal audit and risk compliance departments report quarterly to the Audit Committee on the findings of internal control and internal audit, promoting timely optimization and improvement of internal management issues.

The Board, as supported by the Risk Management Committee and the Audit Committee, considered that the risk management and internal control systems of the Company for the year ended December 31, 2025 were effective and adequate.

Anti-Corruption Policy and Whistleblowing Mechanism

The Company has implemented comprehensive policies and mechanisms to uphold integrity and ethical standards, ensuring a transparent and secure working environment.

Anti-corruption Policies: the Company integrates anti-corruption management into its daily operations through anti-corruption risk assessments, audits, and educational initiatives. These efforts continuously strengthen the Company's capacity to control business ethics related to anti-corruption and anti-bribery. To prevent and combat corruption, safeguard the legal interests of our Group, employees, clients, and partners, and promote sustainable and healthy corporate development, the Company actively encourages all employees to sign the Anti-corruption Undertaking.

Whistleblowing Mechanisms: the Company provides several 24/7 reporting channels for both internal and external stakeholders, including email, hotline, and the company website, encouraging employees and suppliers to report any misconduct. Upon receiving a report, a response will be provided to the whistleblower within one business day, and a decision to whether to initiate an investigation is made within one week. If an investigation is warranted, it shall be completed along with a response to the findings within one month. Following the verification of any misconduct, we impose penalties based on the severity of the infraction, and in cases suspected of violating the law, we hand over them to legal authorities.

Corporate Governance Report

Communications with Shareholders and Investors

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

The Company has designated the secretary to the Board as the person in charge of investor relations management to organize and implement the daily management of investor relations. During the year ended December 31, 2025, the Company actively performed its information disclosure obligation, strengthened communication with investors and answered questions from investors in a timely manner through multi-tiered communication channels, such as results briefings, investor relations hotline and email address in strict accordance with relevant laws and regulations as well as the requirements of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, which fully guaranteed the investors' right to know.

The Company maintains a website at www.sf-express.com as a communication platform with shareholders and investors, where information and updates on the Group's business operations, developments and financial information are available for public access.

The external auditor of the Company will be invited to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor's independence.

In line with the paperless listing regime, the Company will disseminate its corporate communications in English and Chinese on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sf-express.com) without disseminating printed form. If any shareholder would like to receive printed copies, please refer to the notification letter dated March 4, 2025, and the "Corporation Communications Arrangements" under section "Investor Relations – IR Contact" of the Company's website for the requesting procedure.

The general meetings of the Company provide an opportunity for communication between the Board and the Shareholders. Pursuant to the Articles of Association, a notice to Shareholders is sent by the Company at least 20 days before the annual general meeting and at least 15 days before the extraordinary general meeting.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments.

The Company has in place Investors' Relations Management Policy to ensure that Shareholders' views and concerns are appropriately addressed. During the year ended December 31, 2025, the Company has reviewed the Investors' Relations Management Policy and considered that the policy was effectively implemented with the measures as disclosed above.

Shareholder Rights

As one of the measures to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings for each substantially separate issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules of SEHK and the poll voting results will be posted on the websites of the Hong Kong Stock Exchange and the Company immediately after the relevant general meetings.

Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Pursuant to the Articles of Association, Shareholders holding individually or collectively certain percentage or more of the shares of the Company, can (i) require the Board of Directors to convene an extraordinary general meeting and (ii) make a proposal to the Company at a shareholders' general meeting of the Company. For more details, please refer to the Company's Articles of Association.

Corporate Governance Report

Putting Forward Enquiries to the Board

The Board gives high priority to maintaining balanced, clear, and transparent communications with Shareholders and other investors to facilitate their understanding of the Company's performance and prospects, as well as the market environment in which it operates. We have an ongoing dialogue with Shareholders and other investors through various communication channels and take any areas of concern into consideration when formulating the Group's business strategies.

Shareholders may at any time send their enquiries, requests, proposals, and concerns to the Board in writing through the Company. The contact details of the Company are as follows:

Email: sfir@sf-express.com

We will respond promptly to shareholders' enquiries and concerns.

Dividend Policy

Principles for Profit Distribution

The Company's profit distribution shall emphasize a reasonable return to public shareholders, with the purpose of sustainable development and safeguarding shareholders' rights and interests, maintain the continuity and stability of profit distribution policies, and comply with the relevant provisions of laws and regulations.

Way of Profit Distribution

Dividends can be distributed in the form of cash, shares or a combination of both, and distribution of profits by way of cash dividends should be given priority.

Conditions for Cash Dividends

For distribution of cash dividends, the following conditions shall be satisfied:

1. The distributable profit (i.e. the after-tax profit remaining after making up for the losses and making contributions to the common reserve fund) realized by the Company in a year is positive;
2. The auditor issues a standard unqualified audit report on the annual financial report of the Company; and
3. The Company has no material investment plans or significant cash expenditures (except for fundraising investment projects) within the next 12 months.

Material investment plans or significant cash expenditures refer to the total accumulative expenditures for external investment, acquisition of assets or purchase of equipment by the Company within the next 12 months reaching or exceeding 20% of the latest audited net assets of the Company, and exceeding RMB50 million.

Cash Dividend Payout Ratio and Time

Subject to the compliance of the profit distribution principles, the maintenance of the normal operation and the long-term development of the Company, where cash distribution conditions are met, the Company, in principle, makes the cash dividend payment once a year. Cash dividend for each year shall not be less than 10% of the distributable profit realized for that same year, the aggregate cash dividend for any three consecutive years shall not be less than 30% of the average distributable profits realized during such three years. Under certain conditions, the Company may distribute interim dividends according to its actual operating conditions.

Corporate Governance Report

When the Company convenes an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, maximum proportion and maximum amount of cash dividends for the interim period of the next year. The maximum amount of interim dividend for the next year considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the listed company for the corresponding period. The Board of Directors shall formulate a specific interim dividend plan in accordance with the resolutions of the shareholders' general meeting, subject to the conditions of profit distribution.

The Board has formulated the "Shareholders' Return Plan for the Following Five Years (2024-2028)" according to which the total amount of cash dividends of the Company in 2023 accounted for about 35% of the profit attributable to owners of the Company in that year, and the proportion of cash dividends of the Company from 2024 to 2028 will increase steadily on the basis of that in 2023. Decisions to declare or to pay any dividends in the future, will depend on, among other things, the Company's profitability, operations and development plans, external financing environment, costs of capital, the Company's cash flows and other factors that the Directors may consider relevant.

The dividend distribution plan for the year of 2025 is in line with the Company's dividend policy and the "Shareholders' Return Plan for the Following Five Years (2024-2028)". For details, please refer to the section headed "Report of Directors" on pages 104 to 125 of this Report.

Reduction and Exemption of Dividend Tax

For Holders of A Shares

In accordance with the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on Implementing Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (Cai Shui [2015] No. 101)* (《財政部、國家稅務總局、中國證監會關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)), for shares of listed companies acquired by individuals from public offerings or transfer of shares in the market, where the holding period exceeds one year, the dividends shall be temporarily exempted from individual income tax; where the holding period is more than one month and less than one year (inclusive), the dividends shall be subject to individual income tax at the rate of 10% and where the holding period is less than one month (inclusive), the dividends shall be subject to individual income tax at the rate of 20%. For dividends distributed by listed companies, where the period of individual shareholding is within one year (inclusive), the listed companies shall not withhold the individual income tax temporarily. The tax payable, subject to individual transfer of shares, shall be calculated by China Securities Depository and Clearing Corporation Limited in accordance with the duration of its holding period. Custodian of shares including securities companies will withhold the amount from individual accounts and transfer the tax to China Securities Depository and Clearing Corporation Limited. China Securities Depository and Clearing Corporation Limited shall transfer the tax to the listed companies within 5 working days of the next month, and the listed companies shall declare the tax to the competent tax authorities upon receiving the tax amount within the statutory Reporting Period of that month.

Resident enterprise shareholders of A shares shall report and pay for the enterprise income tax of dividends by themselves.

For the shareholders who are Qualified Foreign Institutional Investor (QFII), the listed companies shall withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice of the State Administration of Taxation Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47)* (《國家稅務總局關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函2009[47]號)). QFII shareholders entitled to preferential tax treatment under tax treaties (arrangements) shall apply to the competent taxation authority for tax rebates according to the relevant rules and regulations after they receive the dividends, and tax rebates will be executed under tax treaties upon verification carried out by competent tax authorities.

For non-PRC resident enterprise shareholders of A shares except the above-mentioned QFII, listed companies shall withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Announcement of the State Administration of Taxation on Matters Concerning Withholding and Payment of Income Tax of Non-PRC Resident Enterprises from Source (Announcement [2017] No.37 of the State Administration of Taxation)* (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》(國家稅務總局公告2017年第37號)) and the Response of the State Administration of Taxation Concerning Questions on Enterprise Income Tax over Dividend of B-Shares and Other Shares Received by Non-PRC Resident Enterprises (Guo Shui Han [2009] No. 394)* (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(國稅函[2009]394號)). non-PRC resident enterprise shareholders entitled to preferential tax treatment shall make registration in accordance with the relevant provisions of the tax treaties.

Corporate Governance Report

Pursuant to the requirements of the Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127)* (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), listed companies shall withhold an income tax at the rate of 10% on dividends from the A shares of the company invested by Hong Kong investors (including enterprises and individuals) through the Shenzhen Stock Exchange, and apply for withholding via the competent tax authorities (before the Hong Kong Securities Clearing Company Limited is able to provide details such as investor identities and holding periods to China Securities Depository and Clearing Corporation Limited, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented). For investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authority of the listed company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

For Holders of H Shares

Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348)* (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), overseas resident individual holders of H Shares may enjoy relevant tax incentives on dividends in accordance with the tax treaties signed between the PRC and their jurisdiction, as well as the tax arrangement between the Chinese Mainland and Hong Kong. For the purpose of simplifying tax administration, dividends paid to overseas resident individual holders of H Shares are generally subject to individual income tax at the withholding tax rate of 10%. Overseas resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to individual income tax at the withholding rate of 20%.

Pursuant to the requirements of the Notice of the State Administration of Taxation on Matters Concerning Withholding Enterprise Income Tax When PRC Resident Enterprises Distribute Dividends to Foreign non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897)* (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), distributing dividends to foreign non-resident enterprise shareholders of H shares for 2008 and for the years onwards shall be subject to the enterprise income tax withheld at a uniform rate of 10%. Upon receipt of such dividends, an overseas non-PRC resident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or a withholding agent and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

According to the requirements of the Notice on the Tax Policies Concerning the Pilot Program of the Shanghai-Hong Kong Stock Connect published by the Ministry of Finance, the State Administration of Taxation and the CSRC (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、中國證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect published by the Ministry of Finance, the State Administration of Taxation and the CSRC (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、中國證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), listed companies shall withhold an individual income tax at the rate of 20% on dividends from the H shares of the company invested by mainland individual investors on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds from investment through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland enterprise investors from investment through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, H-share companies shall not withhold income tax of dividends, and mainland enterprise investors shall report and pay the tax amount by themselves. In particular, the dividends received by resident enterprises in mainland which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law.

Save as disclosed above, Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

Constitutional Documents

The Company has been listed on the Hong Kong Stock Exchange since November 27, 2024. As a result, the Company newly issued 170,000,000 H Shares, with the total registered capital increased from RMB4,815,911,220 to RMB4,985,911,220. On March 28, 2025, as authorized by the 2023 first extraordinary general meeting, the Board of the Company amended the Articles of Association to reflect the above changes.

On August 28, 2025, the Board of the Company proposed to make amendments to the Articles of Association to reflect that: (1) Due to the implementation of the 2022 Stock Option Incentive Plan (A Shares), from October 2024 to August 2025, the exercise of options by incentive participants resulted in an increase of 6,780,797 A Shares, and share capital of A Shares increased from 4,815,911,220 Shares to 4,822,692,017 Shares; (2) On July 4, 2025, the Company completed the placement of new H Shares on the Hong Kong Stock Exchange under the general mandate, resulting in an increase of 70,000,000 H Shares and an increase in the share capital of H Shares from 170,000,000 Shares to 240,000,000 Shares; and (3) As approved by the 2024 annual general meeting, the Company changed the use of the repurchased shares under the second A Shares repurchase plan of the Company in 2024 from the original plan “for the purpose of employee stock ownership plans or equity incentives” to “to be cancelled and to reduce the registered capital”, and completed the cancellation procedures of the aforesaid repurchased 23,270,358 A Shares at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited on August 7, 2025, resulting in a decrease in the share capital of A Shares from 4,822,692,017 Shares to 4,799,421,659 Shares. In view of the foregoing, the total share capital of the Company increased from 4,985,911,220 Shares to 5,039,421,659 Shares, of which 4,799,421,659 Shares are A Shares and 240,000,000 Shares are H Shares. The resolution in relation to the proposed amendments to the Articles of Association was approved by the Shareholders at the 2025 first extraordinary general meeting of the Company held on September 15, 2025. For details, please refer to the announcement and circular of the Company dated August 28, 2025, and the poll results announcement of the 2025 first extraordinary general meeting dated September 15, 2025.

Pursuant to the PRC Company Law, the Guidelines for the Articles of Association of Listed Companies, the Code of Corporate Governance for Listed Companies, the Stock Listing Rules of the Shenzhen Stock Exchange, and other relevant laws and regulations, departmental rules and normative documents, and in light of the actual circumstances of the Company, the Company will dissolve its Board of Supervisors, with the statutory functions and powers of a board of supervisors under the PRC Company Law to be assumed by the Audit Committee of the Board. The Rules of Procedures for the Board of Supervisors will be abolished accordingly. Accordingly, on December 30, 2025, the Company proposed to make amendments to the Articles of Association and its appendices. Key amendments to the Articles of Association include: (1) Deletion of references to “supervisors”, “Board of Supervisors” and related language, part of which shall be replaced by “Audit Committee of the Board”; (2) Replacing “general meeting (股東大會)” by “general meeting (股東會)”; and (3) In order to increase the decision-making efficiency of the Board, the number of members of the Board shall be amended from “7” directors to “6” directors, including one employee representative director. The amended Articles of Association have been approved and come into effect at the 2025 second extraordinary general meeting. Upon the coming into effect of the amendments to the Articles of Association, the establishment of the Board of Supervisors has been abolished and the functions and powers of the Board of Supervisors as stipulated under the PRC Company Law will be exercised by the Audit Committee of the Board. For details of the amendments to the Articles of Association, please refer to the announcement and circular of the Company dated December 8, 2025 and the poll results announcement of the 2025 second extraordinary general meeting dated December 30, 2025.

Save as disclosed above, the Company has not made any changes to its constitutional documents during the year ended December 31, 2025.

Report of Directors

The Board is pleased to present this Report and the audited financial statements of the Group for the year ended December 31, 2025.

Principal Business

The Group is the largest integrated logistics service provider in the PRC and Asia, and the fourth largest in the world. Focusing on the logistics ecosystem, the Group has consistently built on its service capabilities, and has diversified its business to eight segments, namely time-definite express, economy express, freight, cold chain and pharmaceutical, intra-city on-demand delivery, supply chain and international business (including international express, international cargo and freight forwarding, and supply chain), which can provide customers with domestic and international end-to-end one-stop supply chain services.

During the year ended December 31, 2025, there was no material change in the nature of the principal activities of the Group.

An analysis of the Group's revenue and operating profit for the year ended December 31, 2025 by principal activities is set out in the section headed "Management Discussion and Analysis" on pages 17 to 83 in this Report.

Results and Dividend Distribution

The results of the Group for the year ended December 31, 2025 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 131 to 132. Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in the section headed "Management Discussion and Analysis" on pages 17 to 83 in the Report.

The Audit Committee has reviewed the results and financial information of the Group for the year ended December 31, 2025, and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and PricewaterhouseCoopers, the auditor of the Company.

The Board recommended the final dividend distribution plan for the year ended December 31, 2025, with details as follows:

Based on the total number of Shares registered on the record date for the equity distribution of 2025 final dividend distribution plan (the "Record Date"), the Company proposes to distribute cash dividends to all shareholders whose names appear on the register of members on the Record Date (excluding the Company's repurchase securities account), with a cash dividend of RMB4.3 (tax inclusive) per 10 Shares. The Company will not carry out bonus issue and conversion of capital reserve into share capital. Upon preliminary calculation using the Company's total number of Shares as of the date of the Report and excluding the Shares in the repurchase securities account on the even date, the amount of the final cash dividend distribution is expected to be approximately RMB2.14 billion. The exact amount distributed therefor is subject to the announcement to be made by the Company in relation to the implementation of distribution. Cash dividends distributed by the Company are denominated and declared in RMB and payable in RMB to holders of A Shares, and in HKD to holders of H Shares. The exchange rate for the dividend to be paid in HKD will be the average central parity rate of HKD against RMB as announced by the People's Bank of China during the five Business Days prior to the date on which the dividend distribution plan to be resolved at the 2025 annual general meeting.

Coupled with the 2025 interim cash dividend of approximately RMB2.32 billion disbursed, the estimated aggregate amount of cash dividends for 2025 is approximately RMB4.46 billion, accounting for 40% of the profit attributable to owners of the Company in 2025. This aligns with the "Shareholders' Return Plan for the Following Five Years (2024-2028)" formulated by the Company. The 2025 final dividend distribution plan is subject to deliberation and approval at the 2025 annual general meeting of the Company.

As at the date of the Report, the Board is not aware of any shareholders who have waived or agreed to waive any dividends.

For the Company's dividend policy, please refer to the section headed "Corporate Governance Report" on pages 87 to 103 in the Report.

Customers and Suppliers

The Group understands the importance of maintaining good relationships with its stakeholders and considers it a key element to its sustainable business growth.

The Group strives to build and maintain long term and strong relationships with customers, and provides one-stop solutions to multinationals, large corporations, small and medium enterprises and retail customers, to address a full range of customers' logistics needs. The Group always adheres to the customer-centric approach to provide them warm services. In terms of supplier, the Group makes every effort to build a mutually beneficial and win-win partnership with all suppliers. At the same time, the Group regularly evaluates the performance of its suppliers.

During the year ended December 31, 2025, the amount and percentage of the five largest customers and suppliers of the Group are as follows:

	Amount RMB'000	Percentage
Revenue generated from the largest customer	9,591,814	3.11%
Revenue generated from the five major customers	29,625,207	9.61%
Expenditure on purchases from the largest supplier	23,552,983	7.77%
Expenditure on purchases from the five major suppliers	57,489,161	18.97%

None of the Directors, their respective close associates, or any Shareholder (which to the best of the Directors' knowledge owns more than 5% of the number of issued Shares) had any interest in any of five largest customers or suppliers of the Group during the Reporting Period.

Main Risk Factors

An analysis of the main risk factors affecting the Company's principal activities is set out in the section headed "Corporate Governance Report" on pages 87 to 103 in the Report.

Issued Shares

As at December 31, 2025, the Company issued a total of 5,039,430,409 ordinary Shares. Details of movements in the share capital of the Company during the year ended December 31, 2025 are as follows:

	As at January 1, 2025		Changes in the year of 2025			As at December 31, 2025	
	Number of Shares	Percentage	Cancellation of treasury shares	Issuance of new Shares	Total	Number of Shares	Percentage
A Shares	4,816,186,983	96.59%	(23,270,358) ⁽¹⁾	6,513,784	(16,756,574)	4,799,430,409 ⁽²⁾	95.24%
H Shares	170,000,000	3.41%	–	70,000,000	70,000,000	240,000,000	4.76%
Total	4,986,186,983	100.00%	(23,270,358)	76,513,784	53,243,426	5,039,430,409	100.00%

Notes:

- (1) During the Reporting Period, upon the approval at the 2024 annual general meeting, the Company changed the use of shares repurchased under the 2024 Second A-Share Repurchase Plan to share cancellation, and completed the cancellation procedures for the aforesaid 23,270,358 A Shares repurchased on August 7, 2025. This demonstrates confidence in the Company's future prospects and intrinsic value, and effectively safeguards the interests of investors, strengthens investor confidence, and enhances long-term value creation.
- (2) Including 38,959,689 Treasury A Shares, which are deposited by the Company in the Company's repurchase securities account.

Report of Directors

Purchase, Sale and Redemption of Listed Securities of the Company

During the year ended December 31, 2025, the Company repurchased a total of 41,458,689 A Shares on the Shenzhen Stock Exchange for a total consideration of approximately RMB1.643 billion (excluding commissions and transfer fees), which were held as treasury shares and intended to be used for employee shareholding schemes or equity incentives. Details of the repurchased shares are as follows:

Month	Number of shares repurchased (A Shares)	Consideration per share repurchased			Total consideration RMB
		Highest price RMB	Lowest price RMB	Average price RMB	
April	2,499,000	41.20	39.33	40.41	100,975,115.00
September	7,432,648	42.23	39.66	40.36	299,989,306.65
October	4,970,000	40.40	40.02	40.25	200,057,146.70
November	20,112,341	40.50	38.82	39.77	799,846,528.41
December	6,444,700	38.07	37.07	37.64	242,596,017.00
Total	41,458,689	-	-	-	1,643,464,113.76

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on the Hong Kong Stock Exchange or the Shenzhen Stock Exchange.

Sufficient Public Float

As at December 31, 2025, all the 240,000,000 H Shares counted toward the Company's public float. Wisdomshire Asset Management Co., Ltd., a shareholder which held 14,700,000 H Shares that counted towards the Company's public float, with details listed in the section headed "Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company" in this Report. The other members of the public were interested in 225,300,000 H Shares in aggregate.

As at December 31, 2025, the market value of public float represented HKD9,547,907,443, which is above HKD1,000,000,000 as required in Rule 19A.28B(2)(a). The percentage of public float represented 4.80% of the total number of issued shares in the class to which the listed shares belong (excluding treasury shares) as at December 31, 2025.

The Directors confirmed that, during the year ended December 31, 2025, the public float of the Company has been in compliance with the applicable public float requirements.

2022 Stock Option Incentive Plan (A Shares)

The Company has adopted the 2022 Stock Option Incentive Plan as approved by the second extraordinary general meeting of 2022 on May 17, 2022. The source of shares of the 2022 Stock Option Incentive Plan shall be the A Shares repurchased by the Company and placed in the Company's repurchase securities account and/or the A Shares issued to participants. As at the date of the Report, all the options under the 2022 Stock Option Incentive Plan have been granted and no option will be further granted.

Purpose and Administration of the 2022 Stock Option Incentive Plan

The purpose of the 2022 Stock Option Incentive Plan is to establish and improve the corporate governance structure and operation mechanism of the Company, to establish and improve the incentive mechanism of the Company, to connect the interests of Shareholders and the Company together with the individual interests of the core talents of the Company and to promote all parties to focus on the long-term development of the Company, and to attract and retain outstanding core talents. The 2022 Stock Option Incentive Plan shall be subject to the administration and supervision of the Board.

Selected Participants

Selected participants under the 2022 Stock Option Incentive Plan are core talents who are important for the Company's future operation and development, including Directors and members of the senior management team, key management members and key staff, excluding independent directors and shareholders who individually or collectively hold 5% or more of the share equity of the Company or actual controller and their spouses, parents, children and any person prohibited by article 8 of the Measures for the Administration of Equity Incentives of Listed Companies to be eligible participants. The selected participants shall be employed by the Company or its subsidiaries at the time the relevant options are granted and during the assessment period of the 2022 Stock Option Incentive Plan and have not participated in any other share related incentive scheme currently in force. The maximum entitlement of each selected participant under the 2022 Stock Option Incentive Plan shall not exceed 1% of the Company's total issued share capital at the time the terms of the 2022 Stock Option Incentive Plan was published.

Total Number of Outstanding Options and Maximum Entitlement of Each Participant

As at December 31, 2025, the number of underlying A Shares pursuant to the outstanding options under the 2022 Stock Option Incentive Plan amounted to 17,466,709, representing approximately 0.35% of the total issued Shares of the Company as at the date of the Report (excluding 38,959,689 A Shares in the Company's repurchase securities account), with the number of Shares to be issued upon exercise of the relevant options ranging from 5,000 A Shares to 244,000 A Shares for each grantee.

Option Period

Option period runs from the first trading day after the 12-month anniversary from the date of grant to the last trading day before the 60-month anniversary from the date of grant. The exercise schedule of the options granted are as follows:

Exercise schedule	Exercise period	Exercise percentage
The first period of exercise	From the first trading day after the 12-month anniversary from the date of grant to the last trading day before the 24-month anniversary from the date of grant	25%
The second period of exercise	From the first trading day after the 24-month anniversary from the date of grant to the last trading day before the 36-month anniversary from the date of grant	25%
The third period of exercise	From the first trading day after the 36-month anniversary from the date of grant to the last trading day before the 48-month anniversary from the date of grant	25%
The fourth period of exercise	From the first trading day after the 48-month anniversary from the date of grant to the last trading day before the 60-month anniversary from the date of grant	25%

Report of Directors

Plan Period

The 2022 Stock Option Incentive Plan will be valid from the first grant of options till all the options granted are exercised or canceled and shall in any event not exceed 67 months.

Performance Targets

Company's Performance Targets

The annual performance assessment targets of the Company are as follows:

Period of exercise	Performance assessment target
The first period of exercise	The revenue income of 2022 is not less than RMB270 billion or the net profit margin attributable to owners of the Company in 2022 is not less than 2.1%
The second period of exercise	The revenue income of 2023 is not less than RMB315 billion or the net profit margin attributable to owners of the Company in 2023 is not less than 2.6%
The third period of exercise	The revenue income of 2024 is not less than RMB370 billion or the net profit margin attributable to owners of the Company in 2024 is not less than 2.9%
The fourth period of exercise	The revenue income of 2025 is not less than RMB435 billion or the net profit margin attributable to owners of the Company in 2025 is not less than 3.3%

Grantee's Performance Appraisal Requirements

The performance appraisal requirements for grantees under the 2022 Stock Option Incentive Plan are as follows:

For Directors, members of the senior management team and key management members:

Appraisal results	A1	A2	B1	B2	B3	C1	C2 and below
Percentage of exercise		100%		50%		0%	

For key staff:

Appraisal results	A1	A2	B1	B2	B3	C1	C2 and below
Percentage of exercise		100%			50%		0%

The Basis of Determination of the Exercise Price of Options

The second extraordinary general meeting of the Company in 2022 authorized the Board to determine the exercise price of the 2022 Stock Option Incentive Plan. The initial exercise price is RMB42.61, which is 90% of the average trading price of the A Shares on the last trading day before the announcement of the draft 2022 Stock Option Incentive Plan (the “Previous Trading Day”) (total trading amount of the A Shares on the Previous Trading Day/total trading volume of the A Shares on the Previous Trading Day). The exercise price shall be further adjusted accordingly if the Company undergoes events such as conversion of capital reserve into share capital, stock dividends, stock splits or reverse splits, rights issues, or dividend distributions. As at January 1, 2025, the exercise price of the 2022 Stock Option Incentive Plan was RMB40.199. As of the date of this Report, the exercise price has been adjusted to RMB39.301 due to the dividend distribution of the Company in 2025.

Details of the options granted, and movements during the year ended December 31, 2025 are as follows⁽¹⁾:

Name or category of participants	Date of grant	Exercise price	Number of Options			Outstanding as at December 31, 2025	Weighted average closing price immediately before the date of exercise of options during the year
			Outstanding as at January 1, 2025	Exercised during the year	Cancelled during the year ⁽²⁾		
<i>Directors (on individual named basis)</i>							
Ho Chit	May 30, 2022	RMB40.199 and RMB39.301	366,000	0	122,000	244,000	–
Xu Bensong	May 30, 2022	RMB40.199 and RMB39.301	204,000	0	68,000	136,000	–
Wang Xin ⁽³⁾	May 30, 2022	RMB40.199 and RMB39.301	305,000	0	122,000	183,000	–
<i>The five highest paid individuals during the financial year (other than Directors)⁽⁴⁾</i>							
Subtotal	May 30, 2022	RMB40.199 and RMB39.301	570,000	0	190,000	380,000	–
<i>Other Eligible Participants</i>							
Subtotal	May 30, 2022 and October 28, 2022	RMB40.199 and RMB39.301	26,155,395	6,513,784	2,934,902	16,706,709	RMB43.59
Total			27,295,395	6,513,784	3,314,902	17,466,709	

Notes:

- (1) Please refer to the section headed “Option period” for the exercise period of the options.
- (2) Including (i) options that cannot be exercised as individual performance targets were not achieved, (ii) options that cannot be exercised as the holding participant is no longer an employee of the Group, and (iii) options exercisable but not exercised during the respective exercise period and lapsed, with exercise prices being RMB40.199 and RMB39.301.
- (3) Ms. Wang Xin ceased to serve as a director of the Company on December 30, 2025 due to the expiry of her term of office.
- (4) The five highest paid individuals during the financial year included an executive Director, Mr. Ho Chit, whose option information has been disclosed individually.
- (5) During the year ended December 31, 2025, there was no options granted. Therefore, the number of shares that may be issued in respect of options granted under the 2022 Stock Option Incentive Plan during the Reporting Period divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) is nil.

Report of Directors

“Grow Together” Employee Shareholding Scheme (A Shares)

The Company has adopted the “Grow Together” Employee Shareholding Scheme as approved by the 2025 first extraordinary general meeting held on September 15, 2025. The source of shares of the “Grow Together” Employee Shareholding Scheme is 200,000,000 A Shares transferred from Mingde Holding to the Company on September 17, 2025 at nil consideration, which represents approximately 4% of the Company’s issued shares as at the date of the Report (excluding the Treasury A Shares).

Purpose

The purpose of the “Grow Together” Employee Shareholding Scheme is to further build an innovative long-term incentive mechanism through shareholding by members of the core team, effectively incentivize the entrepreneurial spirit of the Company’s core talents, and achieve long-term value binding and common growth between the Company and its core talents, in order to achieve long-term development and governance of the Company in the future.

Duration

The duration of the “Grow Together” Employee Shareholding Scheme shall not exceed 15 years, calculated from the date on which the “Grow Together” Employee Shareholding Scheme was considered and approved by the general meeting. Upon expiration, the “Grow Together” Employee Shareholding Scheme shall be terminated, unless otherwise further extended subject to the consideration and approval by the Board as authorized by a general meeting of the Company. As of December 31, 2025, the remaining duration of the “Grow Together” Employee Shareholding Scheme exceeds 14 years.

Eligible Participants

The eligible participants of the “Grow Together” Employee Shareholding Scheme include Directors (excluding independent non-executive directors and the actual controller of the Company), senior management personnel, core management personnel and core skeletal personnel who play an important role and influence on the Company’s overall performance and mid – to long-term development. All eligible participants shall hold positions within the Group (including the Company and its subsidiaries and branches) and shall have entered into a formal labor or employment contract with an entity within the Group, and shall not be prohibited from becoming an eligible participant of the “Grow Together” Employee Shareholding Scheme pursuant to relevant laws, regulations or normative documents.

Management of Scheme

The “Grow Together” Shareholding Scheme Management Committee serves as the day-to-day management body of this shareholding scheme and exercises shareholder rights on behalf of the holders of this shareholding scheme. The granting time and number of virtual share units have been authorized by the general meeting to be determined by the Board of Directors. After the vesting period, the Board of Directors will calculate and determine the shareholding scheme units that can be vested in the virtual share units granted to the participants (“Shareholding Scheme Units”). Each shareholding scheme unit corresponds to one A Share of this scheme (“Relevant Shares”). The participants holding the shareholding scheme units are the holders of this scheme. The Board of Directors will adjust the list of eligible participants and the allocation of units for the “Grow Together” Employee Shareholding Scheme based on employee changes and performance evaluations.

Acceptance Consideration/Purchase Price

Eligible participants of the “Grow Together” Employee Shareholding Scheme do not need to contribute any funds.

Maximum Entitlement of Each Eligible Participant

In the nine years following the year of 2025 when the “Grow Together” Employee Shareholding Scheme was adopted, the Company will grant no more than 180 million virtual share units to eligible participants each year, aggregating to no more than 1,620 million granted virtual share units over nine years in total. The maximum number of eligible participants in each year shall not exceed 16,000 persons. A grant price for each virtual share unit will be determined by the Board when such grant of virtual share units is made.

The virtual share units granted each year to Directors (excluding independent non-executive directors and the actual controller) and senior management members as eligible participants of the “Grow Together” Employee Shareholding Scheme shall not exceed, in aggregate, 25% of the total annual grant for the “Grow Together” Employee Shareholding Scheme, and the virtual share units granted to the eligible participants other than Directors and senior management members each year shall not exceed, on an individual basis, 5% of the total annual grant for the “Grow Together” Employee Shareholding Scheme. Among the core skeletal personnel, grassroot-level employees such as couriers and operators shall be granted in aggregate virtual share units of no less than 15% of the actual total grants over the nine years as the eligible participants under the “Grow Together” Employee Shareholding Scheme.

After the implementation of the “Grow Together” Employee Shareholding Scheme, the total number of Shares subject to all effective share schemes of the Company shall not exceed 10% of the Company’s total issued share capital. The total number of underlying Shares granted to any single employee under all share schemes of the Company shall not exceed 1% of the Company’s total issued share capital (excluding any Shares obtained by such employee prior to the Company’s A Shares initial public offering, Shares purchased by such employee in the secondary market, and Shares obtained through equity incentives).

Vesting Period, Lock-up Period and Service Period

According to the “Grow Together” Employee Shareholding Scheme, virtual share units will be granted and vested over nine years during the duration. Grants will generally be scheduled for March and/or August of each year, and will be granted no more than twice per year (inclusive). Vesting will generally occur once a year, and shall be scheduled for the first quarter of the following year after each grant.

The vesting period refers to the period from the date on which the Company grants the virtual share units to the eligible participants to the date on which the A Shares are vested to the eligible participants in accordance with the accounting rules of the “Grow Together” Employee Shareholding Scheme. During this period, the participants will not enjoy any dividend rights or any other property rights attached thereto.

The lock-up period refers to a period of 12 months from the date on which the Company announces the vesting of the shares.

The service period refers to a specific period from the date on which the lock-up period expires: the service period for the first vesting year shall be 96 months, the service period for the second vesting year shall be 84 months, and so on. The service period for the eighth vesting year shall be 12 months, and the scheme units vested in the ninth year shall only be subject to a 12-month lock-up period and without a service period.

During the lock-up period and service period, the grantee is only entitled to cash dividends from the Relevant Shares held, and does not have the right to dispose of the Relevant Shares. The full rights to the Relevant Shares shall be enjoyed upon the expiration of the service period.

Upon the expiration of the service period and before the expiration of the duration of the scheme, the Scheme Management Committee will, in accordance with market conditions, complete the transfer of Relevant Shares or distribute cash to the holders of the Scheme after the sale of Relevant Shares as soon as possible.

Report of Directors

Accounting Method, Appraisal Targets and Clawback Mechanisms

Upon the end of the vesting period, the Board shall calculate the preliminary scheme units to be vested (the “Preliminary Vested Scheme Units”) corresponding to the increased value of the accounting price of the A Shares over the grant price of the virtual share units. The accounting method (the “Accounting Method”) is as follows:

$$Q_1 = (C - P) \times N \div C$$

Notes:

Q_1 represents the scheme units after calculation to be vested to the participant in the year of grant;

C represents the accounting price, which is the average closing price of the Company’s A Shares in the year of grant (i.e., the sum of the closing prices of A Shares on all A Shares trading days in the year of grant divided by the number of A Shares trading days, with the closing price being the price after any backward adjustments);

P represents the grant price, and the grant price for 2025 to 2027 shall be RMB35.00 per Share, while the grant price for the rest of the years shall be determined by the Board when such grant of virtual share units is made during a year; and

N represents the number of virtual share units granted to the participant.

If the accounting price is lower than the grant price of the virtual share units, the Preliminary Vested Scheme Units after calculation for all eligible participants for that year of grant will be zero.

The final and actual scheme units vested and the vesting time will be further determined according to the achievement of the performance appraisal targets at the individual level and the Company level:

Performance Appraisal Requirements at Individual Level

The number of Relevant Shares to be vested to the eligible participants will be adjusted by a coefficient based on the results of individual performance appraisal. The individual performance appraisal of eligible participants is conducted in accordance with the relevant performance appraisal system of the Company. The appraisal results are classified into six grades: A, B1, B2, B3, C1 and C2, the corresponding individual appraisal coefficients of which are as follows:

Individual Appraisal Results for the Year of Grant	A	B1	B2	B3	C1	C2
Individual Appraisal Coefficient		100%		50%		0%

The scheme units to be vested to each eligible participant shall equal to (i) the Preliminary Vested Scheme Units to be vested to the eligible participant; as multiplied by (ii) the corresponding Individual Appraisal Coefficient of such eligible participant.

If the individual appraisal result of an eligible participant in the relevant year of grant is C1 or C2, the scheme units to be vested to the eligible participant shall not be vested and shall be invalid.

Performance Appraisal Requirements at Company Level

Assessment Year	Performance Appraisal Targets
Any year of grant	Using the Company’s net profit for the year prior to the year in which relevant virtual share units are granted to the participants as the base, a positive net profit growth rate from the year of grant is recorded.

Note: The above-mentioned “net profit” refers to the net profit attributable to the owners of the Company, and shall be calculated based on the audited consolidated statements of the Company.

Report of Directors

If the performance appraisal target at Company level for the year of grant is not reached, the vesting of the scheme units to be vested will be deferred to the year in which the performance appraisal target at Company level is reached.

During the vesting period, lock-up period and/or service period, if the grantees experience any unusual circumstances as stipulated in the “Grow Together” Employee Shareholding Scheme, the virtual share units or scheme units held by the grantees may be reclaimed by the Management Committee.

Details of changes during the Reporting Period

Details and changes to virtual share units granted under the “Grow Together” Employee Shareholding Scheme for the year ended December 31, 2025 are as follows:

Name or category of eligible participants	As at January 1, 2025		During the year of 2025					As at December 31, 2025	
	Number of virtual share units not yet accounted for (Units)	The number of Shares corresponding to the Shareholding Scheme Units that have been accounted for and vested (Shares)	Number of virtual share units granted ⁽¹⁾ (Units)	Number of virtual share units cancelled ⁽²⁾ (Units)	Number of virtual share units accounted for ⁽³⁾ (Units)	The number of Shares corresponding to the Shareholding Scheme Units that have been accounted for and vested ⁽³⁾ (Shares)	The number of Shares corresponding to the Shareholding Scheme Units that have been accounted for and vested ⁽³⁾ (Shares)	Number of virtual share units not yet accounted for (Units)	The number of Shares corresponding to the Shareholding Scheme Units that have been accounted for and vested ⁽⁴⁾ (Shares)
<i>Executive Directors</i>									
Ho Chit	-	-	2,300,000	-	-	-	-	2,300,000	-
Xu Bensong	-	-	700,000	-	-	-	-	700,000	-
<i>The five highest-paid individuals (excluding Directors)⁽⁵⁾</i>									
Subtotal	-	-	1,770,000	-	-	-	-	1,770,000	-
<i>Other participants</i>									
Subtotal	-	-	75,049,300	-	-	-	-	75,049,300	-
Total	-	-	79,819,300	-	-	-	-	79,819,300	-

Notes:

- (1) The first grant date for 2025 was September 15, 2025, with the total number of grantees in the first grant not exceeding 7,186, the number of virtual share units granted not exceeding 81,144,000. During the signing of the Grant Agreement, due to reasons such as the departure of certain participants, the number of participants for the first grant in 2025 was adjusted to 6,592, and the number of virtual share units granted was adjusted to 79,819,300. All virtual share units are subject to performance targets (please refer to the section headed “Accounting method, appraisal targets and clawback mechanisms”), with no consideration upon acceptance. The closing price of the A Shares immediately preceding the date of grant of such virtual share units was RMB41.72 per share. The fair value of the virtual share units on the date of grant was RMB7.44 per unit. For details of the accounting standards and policies adopted, please refer to note 33(b) to the consolidated financial statements.
- (2) In 2025, no virtual share units were cancelled.
- (3) In 2025, no virtual share units were accounted for and vested.
- (4) The grantee is only entitled to cash dividends from the Relevant Shares held, and does not have the right to dispose of the Relevant Shares. The full rights to the Shares corresponding to the Shareholding Scheme Units that have been accounted for and vested will be enjoyed upon the expiration of the service period. Upon the expiration of the service period and before the expiration of the duration of the scheme, the Scheme Management Committee will, in accordance with market conditions, complete the transfer of Relevant Shares or distribute cash to the holders of the Scheme after the sale of Relevant Shares as soon as possible.
- (5) The five highest-paid individuals during the financial year included an executive Director, Mr. Ho Chit, whose virtual share units details have been disclosed separately.

Report of Directors

Convertible Bonds, Options, Warrants, and Other Convertible Equity-Linked Agreements

The 2022 Stock Option Incentive Plan (A Shares) and the convertible bonds issued by the Company under the general mandate constitute an equity-linked agreement within the meaning of regulation 6 of Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong). Details of the 2022 Stock Option Incentive Plan are set out in the "2022 Stock Option Incentive Plan (A Shares)" section above.

The initial conversion price of the convertible bonds issued by the Company under the general mandate is HKD48.47 per share. Assuming full conversion into H Shares of the Company at the initial conversion price, the convertible bonds can be converted into 60,859,250 H Shares.

Save as disclosed above, the Company or any of its subsidiaries did not enter into any equity-linked agreement during the year ended December 31, 2025.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the People's Republic of China that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Reserves

Details of movements in the reserves of the Group during the year ended December 31, 2025 are set out in the note 32 to the consolidated financial statements.

Principal Subsidiaries

Details of the principal activities of the principal subsidiaries of the Company are set out in note 42 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements during the year ended December 31, 2025 in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

Working Capital, Financial Resources and Capital Structure

For details of the working capital, financial resources and capital structure of the Group, please refer to the section headed "Management Discussion and Analysis" on pages 17 to 83 in the Report.

Loan and Guarantee Provided to Directors, Senior Management, Controlling Shareholders of the Company or their Respective Connected Persons

The Company has adopted the 2019 Employee Welfare Loan Management Policy, under which the Company provided entrusted interest-free loan to selected employees through banks for a term of five years. Other than outstanding loans under the 2019 Employee Welfare Loan Management Policy, there is no outstanding loan or guarantee provided to Directors, senior management, Controlling Shareholders of the Company or their respective connected persons.

During the Reporting Period, the Company had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management, the Controlling Shareholders of the Company or their respective connected persons.

Use of Proceeds

For details of the use of proceeds from the global offering of H Shares, the placement of new H shares under the general mandate, and the issuance of convertible bonds under the general mandate, please refer to the section headed “Management Discussion and Analysis” on pages 17 to 83 in the Report.

Compliance with Laws and Regulations and Legal Proceedings

The Group recognizes the importance of compliance with regulatory requirements and the risks and consequences of non-compliance with such requirements. The Group has allocated abundant resources to ensure ongoing compliance with laws and regulations and to maintain healthy relationships with regulators through effective communications. For the year ended December 31, 2025, the aggregate amount involved in ongoing litigations and arbitrations where the listed company and its subsidiaries were defendants or respondents was RMB1.00 billion, accounting for 1.01% of the equity attributable to owners of the Company audited as at the end of 2025. Most of these litigations and arbitrations are independent individual cases, and the amount involved in each single case is not significant. Therefore, they will not have a material adverse impact on the Company’s financial situation and its ability to continue operation. During the year ended December 31, 2025, the Group has complied, to the best of the Directors’ knowledge, with all relevant rules and regulations that have a significant impact on the Company.

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2025.

Contracts and Relationship with Controlling Shareholders

Save for Mr. Wang Wei’s service contract as an Executive-Director and save as disclosed in the section headed “Connected Transactions and Continuing Connected Transactions” below in this annual report, no contract of significance or contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders during the year ended December 31, 2025.

Controlling Shareholders’ Non-Compete Undertaking

Each of Mingde Holding and Mr. Wang Wei has provided a non-competes undertaking to our Company on May 22, 2016. For details of the non-competes undertaking, please refer to our Prospectus dated November 19, 2024.

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at December 31, 2025, so far as is known to the Directors, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Report of Directors

Name of substantial Shareholder	Class of Shares	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total issued Shares of the Company ⁽²⁾
Wang Wei ⁽³⁾	A Shares	Interest of controlled corporation	2,461,920,119 (L)	51.30%	48.85%
Mingde Holding ⁽³⁾	A Shares	Beneficial owner ⁽⁴⁾	2,361,920,119 (L)	49.21%	46.87%
	A Shares	Interest of controlled corporation	100,000,000 (L)	2.08%	1.98%
Wisdomshire Asset Management Co., Ltd.	H Shares	Investment manager	12,790,400 (L)	5.33%	0.25%
	H Shares	Interest of controlled corporation	1,909,600 (L)	0.80%	0.04%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The calculation is based on the issued Shares of the Company, comprised of 4,799,430,409 A Shares (including A Shares in the Company's repurchase securities account) and 240,000,000 H Shares as at December 31, 2025.
- (3) Mr. Wang Wei held the A Shares through Mingde Holding. Mingde Holding directly held 2,361,920,119 A Shares and indirectly held 100,000,000 A Shares through Shenzhen Weishun, its wholly-owned subsidiary. Mr. Wang held 99.90% of the equity interest in Mingde Holding. Accordingly, Mr. Wang was deemed to be interested in the A Shares held by Mingde Holding under Part XV of the SFO.
- (4) As at December 31, 2025, Mingde Holding held a total of 2,361,920,119 A Shares in the capacity of beneficial owner. Among them, an aggregate of another 837,592,980 A Shares held by Mingde Holding were subject to pledges granted under certain loan and credit facilities in favor of certain PRC financial institutions regulated by NAFR and/or CSRC.

Save as disclosed above, as at December 31, 2025, the Directors of the Company are not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares of the Company which would require 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.

Interests and Short Positions of Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at December 31, 2025, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were held or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares or Underlying Shares of our Company

Name of Director and chief executive	Class of Shares	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total issued Shares of the Company ⁽²⁾
Wang Wei ⁽³⁾	A Shares	Interest of controlled corporation	2,461,920,119 (L)	51.30%	48.85%
Ho Chit ⁽⁴⁾	A Shares	Beneficial Owner	366,000 (L)	0.01%	0.01%
Xu Bensong ⁽⁵⁾	A Shares	Beneficial Owner	190,200 (L)	0.004%	0.004%
Lee Carmelo Ka Sze	A Shares	Beneficial Owner	38,000 (L)	0.001%	0.001%

Report of Directors

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) The calculation is based on the issued Shares of the Company, comprised of 4,799,430,409 A Shares (including A Shares in the Company’s repurchase securities account) and 240,000,000 H Shares as at December 31, 2025.
- (3) Including (i) 2,361,920,119 A Shares held by Mingde Holding, and (ii) 100,000,000 A Shares held by Shenzhen Weishun, a wholly-owned subsidiary of Mingde Holding. As at December 31, 2025, Mr. Wang held 99.90% of the equity interests in Mingde Holding. Therefore, Mr. Wang was deemed to be interested in the A Shares of the Company held by Mingde Holding under the SFO.
- (4) Including (i) 122,000 A Shares held by Mr. Ho Chit, (ii) 244,000 options granted to Mr. Ho Chit under the 2022 Stock Option Incentive Plan, and (iii) 2,300,000 virtual share units granted to Mr. Ho Chit under the “Grow Together” Employee Shareholding Scheme.
- (5) Including (i) 54,200 A Shares held by Mr. Xu Bensong, (ii) 136,000 options granted to Mr. Xu Bensong under the 2022 Stock Option Incentive Plan, and (iii) 700,000 virtual share units granted to Mr. Xu Bensong under the “Grow Together” Employee Shareholding Scheme.

Interest in Shares or Underlying Shares of the Associated Corporation of the Company

Name of Director and chief executive	Name of associated corporation	Nature of interest	Class of shares	Number of shares/registered capital interested ⁽¹⁾	Total number of shares/registered capital of the associated corporation	Approximate percentage of equity interest
Wang Wei	Mingde Holding	Beneficial owner	Registered capital	RMB113,286,600	RMB113,400,000	99.90%
Wang Wei	SF Intra-city	Interest in a controlled corporation and others ⁽²⁾	H shares	364,738,662 (L)	745,610,609	48.92%
			Unlisted domestic shares	171,764,898 (L)	171,764,898	100.00%
Wang Wei	KLN	Interest in a controlled corporation and others ⁽³⁾	H shares	931,209,117 (L)	1,807,429,342	51.52%

Notes:

- (1) The letter “L” denotes the person’s long position in the shares of the associated corporation.
- (2) Including 171,764,898 H shares and 171,764,898 domestic shares held by SF Taisen, 75,000,000 H shares held by Beijing SF Intra-city Technology Co., Ltd. (北京順豐同城科技有限公司), 117,076,764 H shares held by SF Holding (HK), and 897,000 H shares held by Celestial Ocean Investment Limited. Beijing SF Intra-city Technology Co., Ltd. is a non-wholly-owned subsidiary of SF Technology, while Celestial Ocean Investment Limited is a wholly-owned subsidiary of SF Holding (HK), and both SF Technology and SF Holding (HK) are wholly-owned subsidiaries of SF Taisen. SF Taisen is a wholly-owned subsidiary of the Company and therefore a non-wholly-owned subsidiary of Mingde Holding, which is held by Mr. Wang as to approximately 99.90%. As such, Mr. Wang was deemed to be interested in the shares of SF Intra-city.
- (3) Being 931,209,117 shares of KLN held through Flourish Harmony Holdings Company Limited. Flourish Harmony Holdings Company Limited is a wholly-owned subsidiary of Advance Harmony Holdings Company Limited. Advance Harmony Holdings Company Limited is a wholly-owned subsidiary of SF Holding (HK). SF Holding (HK) is a wholly-owned subsidiary of SF Taisen. SF Taisen is a wholly-owned subsidiary of the Company and therefore a non-wholly owned subsidiary of Mingde Holding, which is held by Mr. Wang as to approximately 99.90%. As such, Mr. Wang was deemed to be interested in the shares of KLN.
- (4) The shares of SF Intra-city and KLN held by Mr. Wang are all ordinary shares.

Save as disclosed above and so far as is known to the Directors and chief executive of the Company, as at December 31, 2025, none of the Directors or chief executive of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Report of Directors

Directors and Senior Management

Information about the details of the Directors and senior management of the Company is set out in the section headed “Directors and Senior Management”.

Interests of Directors in Transaction, Arrangement or Contract

The Directors have confirmed that other than business of the Group, none of the Directors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

Directors’ Service Contracts

The appointments are subject to the relevant provisions of the Company’s Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Save for the respective contracts entered into by our Directors in respect of other management roles in the Group, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employers within one year without the payment of compensation (other than statutory compensation)).

Interests of Directors in Competing Business

During the year ended December 31, 2025, neither the Controlling Shareholders nor any of the Directors is considered to have interests in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Company’s business, which would require disclosure under Rule 8.10 of the Listing Rules of SEHK.

Rights to Purchase Shares or Debentures of Directors and Chief Executive

Save as disclosed above, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year.

Permitted Indemnity Provisions

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices. The Company has maintained appropriate liability insurance for its Directors and senior management during the year ended December 31, 2025.

Employees

People-centric culture promotes sustainable growth internally and customer bonding externally. The Company is dedicated to creating a fair, just and open environment for its employees. SF’s brand name stands for a platform for global shining talents to realize their dreams, seek excellence and achieve career pride. The Company attracts talents through a fair recruitment policy and provides employees with training opportunities, good career development prospects and growth opportunities. The Company will continue to attract, cultivate and retain highly motivated talents with diversity, and build an energetic workforce by enriching the Company’s talent pool.

Overview

As at December 31, 2025, the Group had 158,761 full-time employees around the world. The following table sets forth the number of our full-time employees categorized by region as at December 31, 2025:

Region	Number of employees	Percentage of total
Chinese Mainland	128,897	81.2%
Asia (excluding Chinese Mainland)	16,444	10.4%
Other countries and regions	13,420	8.5%
Total	158,761	100%

The following table sets forth the number of our full-time employees categorized by function as at December 31, 2025:

Function	Number of employees	Percentage of total
Operational	93,559	58.9%
Professional ⁽¹⁾	39,541	24.9%
Management	25,661	16.2%
Total	158,761	100%

Note:

(1) Primarily including employees responsible for technology, research and development, marketing and administration.

Equality and Diversity

The Board places a high value on equality and diversity in the workplace. The Company is committed to providing equal opportunities to all employees, regardless of gender, ethnicity, or any other personal characteristic. The Board believes that a diverse workforce is essential to the Company's success and that it enhances the Company's ability to innovate and adapt to changing market conditions. To this end, the Company has implemented a number of programs and initiatives that promote equality and diversity.

As at December 31, 2025, female staff accounted for 22.0% of the total number of employees in the Group. The Company will continue to pay attention to the cultivation of female talents, promote gender diversity in the recruitment of middle and senior staff, and provide more development opportunities for female employees. For further details, please refer to the 2025 SF Holding Sustainability Report published by the Company.

Remuneration and Benefits

Upholding the remuneration concept of excellent performance yielding fruitful payment, SF sees value creation as a guideline of incentive. For employees with high value contributions, the Company provides a competitive remuneration system to ensure the internal driving force for the Company's sustainable development. Remuneration is determined by employees' position, and its level is market-oriented. At the same time, through differentiated and diversified long-term and short-term incentive mechanisms, the Company attracts and retains core talents, and aligns their interests with the interests of shareholders and the Company more closely, so as to drive the continuous growth of the long-term operation results of the Company.

Details of the remuneration of the Directors and the five highest paid individuals are set out in note 9(b) and note 9(c) to the consolidated financial statements.

Report of Directors

Trainings

SF places great emphasis on the career development of its employees, and has established clear and diversified career development pathways for all employees, providing broad career development opportunities. The Company fully supports employees in achieving their personal career goals. SF has built a scientific and systematic talent development system. Through customized training programs and capability enhancement plans, the Company comprehensively strengthens employees' professional qualities and overall capabilities. This not only empowers employees' growth but also injects a continuous stream of talent into the Company's sustainable development.

SF embraces the philosophy that "talent is the primary productive force" and has continued to refine its talent development system by establishing standardized training programs, curriculum system and appraisal mechanisms that covers six categories of key talent teams, namely frontline employees, frontline management, middle management, senior management, professionals and university students. Through a visual training process, SF effectively fosters employees' intrinsic motivation for learning and development.

Frontline Employees Development

For employee groups such as couriers, warehouse managers, operations staff, and customer service representatives, the Company establishes and refines a knowledge management system to embed competency standards into specific roles. This will enable us to continuously enhance job competence and performance, while also focusing on employees' long-term career development and supporting frontline employees in obtaining higher academic qualifications and professional certifications.

In response to industry transformation, the Company is focusing on building its client manager teams. It has launched specialized tiered training programs such as the "Forging Camp (鍛造營)" and "Sharpening Camp (利刃營)" to accelerate the development of new hires and enhance the capabilities of key personnel. The Company has organized immersive business study tours to facilitate the replication of best practices and established a regular monthly empowerment mechanism to continuously strengthen the team's practical capabilities, thereby providing the talent support needed for business growth.

Frontline Management Teams

The Company is implementing a systematic training and development program for its frontline management teams (outlet leaders). With a business-oriented focus, it has established a "1+1+X" training system that integrates theoretical training, practical exercises, and collaborative workshops. This approach enables scenario-specific and tailored development, effectively enhancing the team's practical skills and business acumen, and fostering a win-win outcome that drives both business growth and talent development.

Middle Management Teams

The Company has launched the "Fengyun Plan" for its middle management teams, providing functional department heads with tiered and systematic development plans that cover talents at all stages, including successors, new appointees, and current incumbents. Guided by business objectives, the Company conduct training that integrates theory with practice through knowledge empowerment, real-world scenario exercises, collaborative development of business solutions, and benchmarking study tours. The Company also brings in senior managers to provide mentorship and share their experience, thereby building a sustainable and high-quality pipeline of management talent to effectively support the execution of organisational strategies and business development.

Senior Management Teams

To effectively support business launch initiatives, supply chain optimization, and the implementation of international expansion strategies, the Company has updated the role profiles and competency models for regional managers. It has developed targeted empowerment programs that integrate training with practical application. Through enhanced practical exercises and strategic workshops, the Company has vigorously driven a shift in the business mindset and improved the overall capabilities of the regional management teams, thereby enhancing their ability to navigate complex environments and capitalize on development opportunities, and ensuring the healthy and sustainable growth of regional operations.

Professional Teams Development

Focusing on core positions in international operations, industry-specific functions, and supply chain management, the Company systematically advanced the development of its professional talent pool, updated competency models and qualification standards, and developed and launched over 2,500 learning resources to ensure that training content is closely aligned with business development needs.

By assessing the current status of key business talent, the Company has implemented targeted initiatives such as talent recruitment, job rotation, and optimization of the qualification system, to establish differentiated and customized career development pathways, thereby continuously enhancing the job competence and professional expertise of personnel in core positions.

University Students Teams

The Company establishes a systematic and standardized training system for university students. Through a training model that integrates “training-empowered, practical experience, and tackling challenging projects,” the Company aims to achieve both the vertical deepening of professional competencies and the horizontal broadening of professional horizons.

The Company establishes and refines internal mobility mechanisms to encourage outstanding university students to rotate across disciplines and departments, thereby fostering the accumulation of diverse experiences and continuously broadening and accelerating their career development paths.

Auditors

The consolidated financial statements for the year ended December 31, 2025 have been audited by PricewaterhouseCoopers. A resolution regarding the appointment of an auditor of the Company for the year ending December 31, 2026 will be proposed for consideration in the 2025 annual general meeting of the Company.

Connected Transactions and Continuing Connected Transactions

The Group has conducted, and is expected to continue to conduct the below partially-exempt connected transactions during the year ended December 31, 2025, which are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules of SEHK:

Employees Benefit Goods and Services Procurement Framework Agreement

The Company entered into a framework agreement with Shenzhen Fengxiang Information Technology Co., Ltd.* (深圳豐享信息技術有限公司, “Shenzhen Fengxiang”) on December 28, 2023 (the “Employees Benefit Goods and Services Procurement Framework Agreement”), which is valid for a term commencing on January 1, 2024 and ending on December 31, 2026, and subject to renewal for another three years upon parties’ mutual agreements. Shenzhen Fengxiang is controlled by the Company’s Controlling Shareholder, and hence, Shenzhen Fengxiang is a connected person of the Company and the transaction constituted a connected transaction under Chapter 14A of the Listing Rules of SEHK.

Pursuant to the agreement, the Group has been procuring from Shenzhen Fengxiang and its subsidiaries and 30%-controlled entities certain types of goods and services for the purpose of our employees’ benefits, including (i) information technology services via the “Fengshi (豐食)” business system, an online group catering services platform offering enterprise customers staff meals and meals ordering services; (ii) software and hardware for our staff canteen, meal delivery services for our staff canteen and overtime meal deliveries; (iii) operation, development, launch, technology and maintenance services in respect of the development and operation of a tailor-made benefit platform for our employees; (iv) consumer merchandises for employees’ benefit purpose; (v) services for the planning, organizing and implementing team building, annual events, training, seminars, tea sessions and other employees’ benefits events; and (vi) other related ancillary services and goods.

Report of Directors

Pricing

The procurement fees charged under the transactions subject to the Employees Benefit Goods and Services Procurement Framework Agreement have been and will be determined on arm's length basis, with reference to factors including (i) the fee and price quotes for similar services and goods in the market, and with respect to certain tailor-made services and products provided by Shenzhen Fengxiang to us where there is limited supply of the same type of services and products offered by any person or entity who is not a connected person of the Company within the meaning of the Listing Rules of SEHK ("Independent Third Parties") in the market, the degree of tailor-made and specifications required of such services and products provided by Shenzhen Fengxiang; (ii) where relevant and appropriate, the relevant costs incurred by Mingde Holding and its subsidiaries, and companies in which Mingde Holding controls 30% or more of its voting power at general meetings (the "Mingde Connected Persons") in rendering such goods and services, including labor cost and administrative expenses; (iii) the volume of the service or the amount of goods purchased, as applicable and appropriate; and/or (iv) the quality of the services and goods offered by Shenzhen Fengxiang in the previous year as reflected from the feedback collected from our employees through the appraisal system adopted. The price charged by Shenzhen Fengxiang for the benefits platform services offered to us is also comparable to the price charged by Shenzhen Fengxiang to its other independent customers with similar services requirements, and Shenzhen Fengxiang has an internal price comparison system to compare the pricing of consumer merchandise sold on its benefits platform to the pricing on other e-commerce platforms. To ensure that the pricing of the services and goods provided by the relevant Mingde Connected Persons is on normal commercial terms, fair and reasonable and in the interests of our Shareholders as a whole, prior to entering into transactions with the relevant Mingde Connected Persons, we would conduct an assessment process whereby we will compare the pricing and terms of the services and goods offered by Shenzhen Fengxiang (and/or its subsidiaries and 30%-controlled entities) with those offered by other suppliers.

Annual Cap and Actual Amount

For the year ended December 31, 2025, the actual transaction amount with respect to the continuing connected transactions under the Employees Benefit Goods and Services Procurement Framework Agreement was approximately RMB257 million, and the annual cap for the year ended December 31, 2025 was RMB530 million.

Comprehensive Goods and Services Procurement Arrangements

The Company entered into a comprehensive goods and services procurement framework agreement with Fengtu Technology (Shenzhen) Co., Ltd.* (豐圖科技(深圳)有限公司, "Fengtu") on December 28, 2023 (the "Fengtu Comprehensive Goods and Services Procurement Framework Agreement") and a comprehensive goods and services procurement framework agreement with Hive Box Holdings Limited (豐巢控股有限公司, "Hive Box") on December 28, 2023 (the "Hive Box Comprehensive Goods and Services Procurement Framework Agreement"), respectively (collectively, the "Comprehensive Goods and Services Procurement Framework Agreements"). Each of the Comprehensive Goods and Services Procurement Framework Agreements is valid for a term commencing on January 1, 2024 and ending on December 31, 2026, and subject to renewal for another three years upon parties' mutual agreements. Both Fengtu and Hive Box are controlled by the Company's Controlling Shareholders, and hence, they are connected persons of the Company and the transactions constituted connected transactions under Chapter 14A of the Listing Rules of SEHK.

Pursuant to the Fengtu Comprehensive Goods and Services Procurement Framework Agreement, the Group will procure from Fengtu and its subsidiaries and 30%-controlled entities certain types of goods and services, including (i) certain services in support of the operation and back-office functions of the Group, including logistical mapping services and development, launch, technology and systems maintenance services in respect of the mapping systems, delivery and road safety risk management technology services, and services in respect of the development of other system solutions or project-based technology products offered by Fengtu and its subsidiaries to support the Company's delivery services; (ii) certain goods in support of our operation and back-office functions, such as software and hardware equipment from time to time sourced from Fengtu supplementary to the vehicle system and the systems solutions we procure from Fengtu (including services in respect of the installation and maintenance of the same); and (iii) other ancillary services and goods in relation to (i) and (ii) above.

Pursuant to the Hive Box Comprehensive Goods and Services Procurement Framework Agreement, the Group will procure from Hive Box and companies in which Hive Box controls 30% or more of its voting power at general meetings certain types of goods and services including (i) certain services in support of the operation of the Group's logistics services business, including drop-off and pick-up smart locker services, delivery-related services, e-commerce platform services, project-based research and development services and advertising services provided by Hive Box and companies in which Hive Box controls 30% or more of its voting power at general meetings (the "Hive Box Connected Persons"); (ii) certain goods in support of our business operations, such as smart lockers and delivery boxes from time to time sourced from the Hive Box Connected Persons; and (iii) other ancillary services and goods in relation to (i) and (ii) above.

The purpose of the Comprehensive Goods and Services Procurement Framework Agreements is to enable the Company to, among other things, acquire reliable logistics goods in support of its business.

Given that the Company procured goods and services that are used in our integrated logistics services from both Fengtu and Hive Box under each of the Fengtu Comprehensive Goods and Services Procurement Framework Agreement and Hive Box Comprehensive Goods and Services Procurement Framework Agreement, the transactions entered into with Fengtu and Hive Box are aggregated pursuant to Rule 14A.82(1) of the Listing Rules of SEHK.

Pricing

The procurement fees charged under the Comprehensive Goods and Services Procurement Framework Agreements are determined on an arm's length basis with reference to factors including where relevant and appropriate (i) the fee and price quotes for similar goods and services in the market, and with respect to certain tailor-made services and products provided by Fengtu to us where there is limited supply of the same type of services and products offered by Independent Third Parties in the market, the degree of tailor-made and specifications required of such services and products provided by Fengtu; (ii) where relevant and appropriate, the relevant costs incurred by the relevant suppliers in rendering such goods and services, including labor cost and administrative expenses; (iii) with respect to the smart locker products and services provided by the Hive Box Connected Persons, the prices of similar products and services offered by the Hive Box Connected Persons to other logistics service providers; and/or (iv) the volume of the services or the amount of goods purchased.

Annual Cap and Actual Amount

For the year ended December 31, 2025, the actual transaction amount with respect to the continuing connected transactions under the Comprehensive Goods and Services Procurement Framework Agreements was approximately RMB403 million, and the annual cap for the year ended December 31, 2025 was RMB820 million.

Integrated Logistics Services Provision Arrangements

The Company entered into an integrated logistics services provision framework agreement with Shenzhen Fengxiang on December 28, 2023 (the "Fengxiang Integrated Logistics Services Provision Framework Agreement"), pursuant to which the Group will provide to Shenzhen Fengxiang and its subsidiaries and 30%-controlled entities certain types of integrated logistics services that they would require in their respective ordinary course of business, including logistics services, transportation and delivery services, freight delivery services, warehousing and storage services, and other related ancillary services.

The Company entered into an integrated logistics services provision framework agreement with Hive Box on December 28, 2023 (the "Hive Box Integrated Logistics Services Provision Framework Agreement", together with the Fengxiang Integrated Logistics Services Provision Framework Agreement, the "Integrated Logistics Services Provision Framework Agreements"), pursuant to which the Group will provide to Hive Box and its subsidiaries and 30%-controlled entities certain types of integrated logistics services, including logistics services (such as delivery services in respect of return of goods by customers of certain e-commerce platforms using smart lockers operated by the Hive Box Connected Persons), transportation and delivery services, freight delivery services, warehousing and storage services, and other related ancillary services.

Each of the Integrated Logistics Services Provision Arrangements is valid for a term commencing on January 1, 2024 and ending on December 31, 2026, and subject to renewal for another three years upon parties' mutual agreements. Both Shenzhen Fengxiang and Hive Box are controlled by the Company's Controlling Shareholders, and hence, they are connected persons of the Company and the transactions constituted connected transactions under Chapter 14A of the Listing Rules of SEHK.

Report of Directors

The purpose of the Integrated Logistics Services Provision Arrangements is to provide comprehensive and high-quality services to Shenzhen Fengxiang and Hive Box considering the market positions and broad services network of the Group.

Given that the Company provided integrated logistics services to both Shenzhen Fengxiang and Hive Box under each of the Fengxiang Integrated Logistics Services Provision Framework Agreement and Hive Box Integrated Logistics Services Provision Framework Agreement, the transactions entered into with Shenzhen Fengxiang and Hive Box are aggregated pursuant to the Rule 14A.82(1) of the Listing Rules of SEHK.

Pricing

The fees we charge Shenzhen Fengxiang and its subsidiaries and 30%-controlled entities (the “Fengxiang Connected Persons”) and/or the Hive Box Connected Persons in respect of our provision of integrated logistics services described above will be (i) in the range of applicable price we charge Independent Third Party customers which are strategic customers of the Group; (ii) determined in accordance with the prevailing market rates, taking into account the volume of business and our premium position within the industry; and (iii) charged with reference to the weight and type of parcel or cargo delivered, mode of parcel pick-up, delivery or shipment, freight rate of the carrier and type of storage space required, as applicable.

Annual Cap and Actual Amount

For the year ended December 31, 2025, the transaction amount with respect to the continuing connected transactions under the Integrated Logistics Services Provision Arrangements was approximately RMB1,482 million, and the annual cap for the year ended December 31, 2025 was RMB2,218 million.

Review of the Continuing Connected Transactions

The independent non-executive Directors have reviewed the above partially-exempt continuing connected transactions and confirmed that these transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
3. in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised), “Auditor’s Letter on Continuing Connected Transactions under the Listing Rules of SEHK” issued by the HKICPA, PricewaterhouseCoopers, the auditor of the Company, has sent a letter to the Board based on its review of the above-mentioned continuing connected transactions, expressing the following opinions in respect of the disclosed continuing connected transactions:

1. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
2. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not conducted, in all material respects, in accordance with the pricing policies of the Group;
3. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
4. with respect to the aggregate amount of each of the above continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

Pursuant to Rule 14A.72 of the Listing Rules of SEHK, the Company would like to confirm that the details of the related party transactions under applicable accounting standards are set out in note 38 to the consolidated financial statements in this annual report. Save for the connected transactions disclosed above, none of the related party transactions, as disclosed under note 38 to the consolidated financial statements in this annual report, constitutes a connected transaction or continuing connected transaction that is subject to, among other things, reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules of SEHK.

Compliance with the CG Code

Please refer to the section headed "Corporate Governance Report" on pages 87 to 103 in the Report.

Environment, Social and Governance

Please refer to the 2025 SF Holding Sustainability Report separately released on the same day as this annual report.

Donation

During the year ended December 31, 2025, the Group made charitable donations of RMB38.23 million.

Subsequent Events

To deepen strategic cooperation, the Company entered into a subscription agreement with J&T Express on January 15, 2026, pursuant to which, subject to the satisfaction of relevant terms and conditions, the Company agreed to subscribe for, and J&T Express agreed to issue, 821,657,973 class B shares of J&T Express at a price of HKD10.10 per share, and J&T Express agreed to subscribe for, and the Company agreed to issue, 225,877,669 H Shares (allocated and issued under the general mandate) at a price of HKD36.74 per share. The closing of the above transaction is subject to the satisfaction (or waiver) of certain conditions precedent set out in the share subscription agreement.

For details of the subsequent events, please refer to the announcement of the Company dated January 15, 2026 and note 41 to the consolidated financial statements in this annual report.

On behalf of the Board

Wang Wei

Chairman and General Manager

PRC

March 30, 2026

Independent Auditor's Report



To the Shareholders of S.F. Holding Co., Ltd.

(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of S.F. Holding Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 131 to 235, comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Goodwill impairment assessment for KLN Logistics Group Limited ("KLN") cash-generating unites ("CGUs") and Fenghao Supply Chain ("Fenghao") CGUs
- Revenue recognition of logistics and freight forwarding services

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment for KLN CGUs and Fenghao CGUs	Our procedures in relation to goodwill impairment assessment for KLN CGUs and Fenghao CGUs included:
<i>Refer to notes 2.1(e)(i), 4.1(c), and 17 to the consolidated financial statements.</i>	<ul style="list-style-type: none">• Understood, evaluated and tested management's controls over goodwill impairment assessment.
As at December 31, 2025, the Group had significant goodwill balance for KLN CGUs and Fenghao CGUs, amounting to RMB5,896 million and RMB3,047 million, respectively.	<ul style="list-style-type: none">• Assessed the reasonableness of management's identification and allocation goodwill to KLN CGUs and Fenghao CGUs based on the understanding and evaluation of the Group's business plans relevant to KLN CGUs and Fenghao CGUs and checked to the evidence which supported these plans.
Management has engaged independent external valuers to assist them in performing annual goodwill impairment assessment on KLN CGUs and Fenghao CGUs. Management determined the recoverable amounts of the KLN CGUs and Fenghao CGUs based on value in use ("VIU"), which is the present value of the future cash flows expected to be derived from each CGUs. Based on the results of the impairment assessment conducted, management considered no impairment was necessary in respect of above goodwill as at December 31, 2025.	<ul style="list-style-type: none">• Evaluated the competence, capability and objectivity of the independent external valuers engaged by management.
The determination of the present value of the future cash flows expected to be derived from each CGUs involves key assumptions, including revenue growth rate over the forecast period, terminal revenue growth rate, margin of earnings before interest and taxes and pre-tax discount rates, which are subject to significant management's judgements and estimates.	<ul style="list-style-type: none">• Obtained the valuation reports of goodwill impairment assessment for KLN CGUs and Fenghao CGUs issued by the independent external valuers and, with the assistance of our internal valuation experts:<ol style="list-style-type: none">(1) evaluated the appropriateness of the valuation methodologies used in the valuation reports of goodwill impairment assessment.
We focused on this area due to the magnitude of above goodwill balances and the fact that significant estimates and judgments were involved in the goodwill impairment assessment.	<ol style="list-style-type: none">(2) compared the current year's actual results of above mentioned CGUs with the prior year's financial forecasts to assess the effectiveness and reliability of management's estimation process;
	<ol style="list-style-type: none">(3) assessed the reasonableness of key assumptions applied in the present value of future cash flow projections including revenue growth rate over the forecast period, terminal revenue growth rate, margin of earnings before interest and taxes and pre-tax discount rate by comparing them with historical financial performance, future business plan, and external comparable market information, etc.
	<ol style="list-style-type: none">(4) tested the accuracy of mathematical calculations applied in the process of goodwill impairment assessment;
	<ol style="list-style-type: none">(5) assessed management's sensitivity analysis on the key assumptions to evaluate the potential impacts of possible fluctuation on the recoverable amounts.
	Based on the procedures performed above, we considered that the significant estimates and judgments used in the impairment assessments of KLN CGUs and Fenghao CGUs by management were supported by the audit evidence obtained.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition of logistics and freight forwarding services <i>Refer to notes 2.1(j) and 5 to the consolidated financial statements.</i></p> <p>The Group derives revenue primarily from provision of logistics and freight forwarding services, which amounted to approximately RMB301,500 million for the year ended December 31, 2025, accounting for 97.82% of the Group's total revenue.</p> <p>Revenue is recognized with the amount of consideration to which the Group expects to be entitled when or as the control of the services is transferred to a customer. The huge volume of transactions involved in the Group's provision of logistics and freight forwarding services are constantly processed and recorded in real-time by the Group's information technology systems.</p> <p>We focused on this area because we spent significant audit efforts in this area due to the large magnitude of the revenue from logistics and freight forwarding services, huge volume of transactions, and complexity of the Group's systems for processing these transactions.</p>	<p>Our procedures in relation to revenue recognition of logistics and freight forwarding services included:</p> <ul style="list-style-type: none">understood the business model and process of logistics and freight forwarding services, checked contract terms of the service agreements with customers on a sampling basis, and assessed whether the accounting policies for revenue recognition adopted by the Group are compliant with the requirements of the applicable accounting standards.understood, evaluated and tested management's internal controls over the revenue recognition of the logistics and freight forwarding service, including understood, evaluated and tested information technology general controls and application controls with the assistance of our internal information technology specialists.tested, on a sampling basis, the sales transactions of logistics and freight forwarding services by examining relevant supporting documents, including service agreements, customer-confirmed receipts or records of delivery, invoices and cash receipts, etc.tested sales transactions that took place shortly before and after the balance sheet date, on a sampling basis, by tracing to the supporting documents, to assess whether revenue of logistics and freight forwarding services was recognized in the correct reporting period. <p>Based on the procedures performed above, we considered that the Group's logistics and freight forwarding services revenue recognition was supported by the audit evidence obtained.</p>

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lam Sung Wan (practising certificate number: P05148).

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 30, 2026

Consolidated Statement of Profit or Loss

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

	Note	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Revenue	5	308,226,647	284,420,059
Cost of revenue	8	(267,943,053)	(245,524,112)
Gross profit		40,283,594	38,895,947
Selling and marketing expenses	8	(3,910,643)	(3,096,242)
General and administrative expenses	8	(19,694,357)	(18,732,335)
Research and development expenses	8	(2,169,906)	(2,533,607)
Net impairment losses on financial assets and contract assets		(49,211)	(271,693)
Other income	6	1,000,483	989,740
Other gains, net	7	1,052,828	368,873
Operating profit		16,512,788	15,620,683
Finance income	10	262,851	617,713
Finance costs	10	(1,752,364)	(2,373,319)
Finance costs, net		(1,489,513)	(1,755,606)
Share of loss of associates and joint ventures, net	20	(62,038)	(70,020)
Impairment provision for investments in associates and joint ventures	20	(43,360)	(187,796)
Profit before income tax		14,917,877	13,607,261
Income tax expense	11	(3,233,066)	(3,388,416)
Profit for the year		11,684,811	10,218,845
Attributable to:			
Owners of the Company		11,117,216	10,170,427
Non-controlling interests		567,595	48,418
		11,684,811	10,218,845
Earnings per share for profit attributable to the owners of the Company:	13		
– Basic (RMB)		2.23	2.11
– Diluted (RMB)		2.22	2.11

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit for the year	11,684,811	10,218,845
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
– Effective portion of changes in fair value of hedging instruments arising during the year	(6,722)	8,644
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(6,631)	(1,077)
– Currency translation differences of foreign operations	(1,936)	110,885
<i>Items that will not be reclassified to profit or loss</i>		
– Fair value changes of equity investments designated at fair value through other comprehensive income	461,686	(1,553,885)
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method	–	–
– Income tax effect	(5,963)	3,899
Other comprehensive income for the year net of tax	440,434	(1,431,534)
Total comprehensive income for the year	12,125,245	8,787,311
Attributable to:		
Owners of the Company	11,072,654	9,136,451
Non-controlling interests	1,052,591	(349,140)
	12,125,245	8,787,311

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at December 31, 2025
(All amounts in RMB unless otherwise stated)

	<i>Note</i>	As at December 31,	
		<i>2025</i> <i>RMB'000</i>	2024 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	14	57,047,334	59,174,305
Right-of-use assets	15	21,977,705	19,625,629
Investment properties	16	7,355,231	7,241,199
Intangible assets	17	18,571,560	20,036,193
Deferred tax assets	18	2,071,156	2,291,994
Prepayments, other receivables and other assets	19	2,153,828	1,855,035
Investments in associates and joint ventures	20	7,033,620	6,203,642
Financial assets at fair value through other comprehensive income	21	8,297,043	8,231,994
Financial assets at fair value through profit or loss	21	634,513	477,416
Total non-current assets		125,141,990	125,137,407
Current assets			
Inventories	22	3,039,030	2,432,383
Contract assets	23	3,049,117	2,740,820
Trade and note receivables	24	31,055,349	27,981,633
Prepayments, other receivables and other assets	19	16,674,609	10,114,543
Financial assets at fair value through other comprehensive income	21	244,734	170,913
Financial assets at fair value through profit or loss	21	16,198,976	11,246,156
Restricted cash	25	1,105,601	1,354,303
Cash and cash equivalents	25	19,959,631	32,646,055
Total current assets		91,327,047	88,686,806
Total assets		216,469,037	213,824,213

Consolidated Statement of Financial Position

As at December 31, 2025

(All amounts in RMB unless otherwise stated)

	<i>Note</i>	As at December 31,	
		<i>2025</i> <i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>26</i>	17,720,711	26,319,260
Lease liabilities	<i>15</i>	9,588,355	7,094,483
Deferred tax liabilities	<i>18</i>	4,099,050	4,414,485
Other payables and accruals	<i>29</i>	228,092	201,037
Deferred income	<i>30</i>	1,613,357	1,266,359
Total non-current liabilities		33,249,565	39,295,624
Current liabilities			
Trade and note payables	<i>27</i>	30,281,225	27,395,524
Contract liabilities	<i>28</i>	1,987,018	2,039,198
Borrowings	<i>26</i>	16,087,687	18,365,122
Lease liabilities	<i>15</i>	5,828,895	5,501,314
Financial liabilities at fair value through profit or loss		107,268	105,464
Income tax payable		1,244,330	1,679,132
Other payables and accruals	<i>29</i>	17,326,696	17,061,331
Advances from customers		31,602	46,283
Total current liabilities		72,894,721	72,193,368
Total liabilities		106,144,286	111,488,992
Net assets		110,324,751	102,335,221

Consolidated Statement of Financial Position

As at December 31, 2025
(All amounts in RMB unless otherwise stated)

	<i>Note</i>	As at December 31,	
		<i>2025</i> <i>RMB'000</i>	<i>2024</i> <i>RMB'000</i>
EQUITY			
Share capital	31	5,039,430	4,986,187
Less: Treasury shares	31	(1,542,636)	(758,081)
Reserves	32	50,046,845	48,624,934
Retained earnings		45,765,849	39,140,246
Equity attributable to owners of the Company		99,309,488	91,993,286
Non-controlling interests		11,015,263	10,341,935
Total equity		110,324,751	102,335,221

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 131 to 235 were approved by the Board of Directors on March 30, 2026 and were signed on its behalf.

WANG Wei
Chairman

HO Chit
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

	Attributable to owners of the Company						
	Share capital RMB'000	Less: Treasury shares RMB'000	Reserves (Note 32) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at January 1, 2025	4,986,187	(758,081)	48,624,934	39,140,246	91,993,286	10,341,935	102,335,221
Comprehensive income:							
Profit for the year	-	-	-	11,117,216	11,117,216	567,595	11,684,811
Other comprehensive income	-	-	(44,562)	-	(44,562)	484,996	440,434
Total comprehensive income	-	-	(44,562)	11,117,216	11,072,654	1,052,591	12,125,245
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(39,232)	39,232	-	-	-
Transactions with owners							
Net proceeds from share option exercising	6,513	-	255,328	-	261,841	-	261,841
Issue of shares (note 31 (a))	70,000	-	2,604,054	-	2,674,054	-	2,674,054
Capital injection from non-controlling interests	-	-	-	-	-	35,844	35,844
Repurchase of shares (note 31(b))	-	(1,643,620)	-	-	(1,643,620)	-	(1,643,620)
Cancellation of shares (note 31(c))	(23,270)	859,065	(835,795)	-	-	-	-
Share-based payment	-	-	124,952	-	124,952	56,217	181,169
Equity component of convertible bonds	-	-	40,141	-	40,141	-	40,141
Transaction with non-controlling interests and others	-	-	(557,224)	-	(557,224)	(148,519)	(705,743)
Non-controlling interests on acquisition of subsidiaries	-	-	-	-	-	1,612	1,612
Profit appropriations to statutory reserve	-	-	26,622	(26,622)	-	-	-
Dividends	-	-	-	(4,504,223)	(4,504,223)	(324,417)	(4,828,640)
Safety reserve appropriation	-	-	434,643	-	434,643	-	434,643
Safety reserve utilisation	-	-	(434,643)	-	(434,643)	-	(434,643)
Others	-	-	(152,373)	-	(152,373)	-	(152,373)
As at December 31, 2025	5,039,430	(1,542,636)	50,046,845	45,765,849	99,309,488	11,015,263	110,324,751

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

	Attributable to owners of the Company						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Less: Treasury shares RMB'000	Reserves (Note 32) RMB'000	Retained earnings RMB'000	Total RMB'000			
As at January 1, 2024	4,895,202	(2,575,532)	51,634,675	38,835,999	92,790,344	10,493,316	103,283,660	
Comprehensive income:								
Profit for the year	-	-	-	10,170,427	10,170,427	48,418	10,218,845	
Other comprehensive income	-	-	(1,033,976)	-	(1,033,976)	(397,558)	(1,431,534)	
Total comprehensive income	-	-	(1,033,976)	10,170,427	9,136,451	(349,140)	8,787,311	
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	31,036	(31,036)	-	-	-	
Transactions with owners								
Net proceeds from Global Offering	170,000	-	5,076,004	-	5,246,004	-	5,246,004	
Net proceeds from share option exercising	276	-	11,194	-	11,470	-	11,470	
Capital injection from non-controlling interests	-	-	54	-	54	35,182	35,236	
Repurchase of shares	-	(1,758,094)	-	-	(1,758,094)	-	(1,758,094)	
Cancellation of shares	(79,291)	3,575,545	(3,496,254)	-	-	-	-	
Share-based payment	-	-	89,677	-	89,677	1,769	91,446	
Transaction with non-controlling interests and others	-	-	(3,916,204)	-	(3,916,204)	514,655	(3,401,549)	
Profit appropriations to statutory reserve	-	-	232,352	(232,352)	-	-	-	
Dividends	-	-	-	(9,602,792)	(9,602,792)	(353,847)	(9,956,639)	
Safety reserve appropriation	-	-	481,331	-	481,331	-	481,331	
Safety reserve utilisation	-	-	(481,331)	-	(481,331)	-	(481,331)	
Others	-	-	(3,624)	-	(3,624)	-	(3,624)	
As at December 31, 2024	4,986,187	(758,081)	48,624,934	39,140,246	91,993,286	10,341,935	102,335,221	

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

	Note	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	34(a)	31,254,671	35,364,389
Income tax paid		(3,699,396)	(3,178,016)
Net cash generated from operating activities		27,555,275	32,186,373
Cash flows from investing activities			
Redemption of financial assets at fair value through profit or loss		94,745,321	86,145,328
Disposal of financial assets at fair value through other comprehensive income		57,400	8,451
Proceeds from sales of associates and joint ventures		104,819	620,980
Repayment from former subsidiaries		1,149,220	316,655
Investment gains or dividend income from financial assets at fair value through profit or loss		639,301	650,582
Dividends received from associates and joint ventures		205,572	183,401
Investment gains or dividend income from financial assets at fair value through other comprehensive income		2,651	20,168
Proceeds from disposal of property, plant and equipment and other non-current assets		192,671	309,784
Disposal of subsidiaries, net of cash and cash equivalents held by subsidiaries at the disposal dates		1,929,272	261,058
Purchase of property, plant and equipment and other non-current assets		(9,505,520)	(9,344,770)
Acquisition of financial assets at fair value through other comprehensive income		(13,081)	(49,750)
Acquisition of financial assets at fair value through profit or loss		(105,435,065)	(90,451,596)
Acquisition of associates and joint ventures		(1,371,804)	(28,381)
Acquisition of subsidiaries, net of cash and cash equivalents held by subsidiaries at the acquisition dates	35	(28,010)	(696,654)
Net cash used in investing activities		(17,327,253)	(12,054,744)

Consolidated Statement of Cash Flows

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

	Note	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Cash flows from financing activities			
Proceeds from issue of shares		2,680,193	5,323,198
Capital injection from non-controlling interests		55,452	30,226
Exercise of share options		261,841	–
Drawdown of bank borrowings		21,930,625	31,847,545
Drawdown of loans from NCI and other parties		278,373	–
Proceeds from corporate bonds and short-term debentures		7,168,016	4,296,638
Net cash consideration received from non-controlling interests without change of control		9,845	1,193
Deposits received from lessors after the expiry of lease contracts		10,911	12,023
Repayment of bank borrowings		(32,112,593)	(42,276,973)
Repayment of corporate bonds and short-term debentures		(7,063,379)	(2,785,271)
Repayment of loans from non-controlling interests and other parties		(51,968)	(2,624)
Dividend paid to non-controlling interests		(507,900)	(324,348)
Dividend paid	12	(4,504,205)	(9,602,792)
Interests paid		(1,169,219)	(1,818,720)
Net cash consideration paid to non-controlling interests without change of control	34(b)	(700,434)	(3,451,076)
Payments for repurchase of shares	31	(1,643,620)	(1,758,094)
Payments of lease liabilities		(7,553,488)	(7,438,385)
Payment of transaction costs related to financing activities		(23,910)	(31,653)
Net cash used in financing activities		(22,935,460)	(27,979,113)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		32,646,055	40,448,308
Exchange (losses)/gains on cash and cash equivalents		21,014	45,231
Cash and cash equivalents at end of the year		19,959,631	32,646,055

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

1. General Information

S.F. Holding Co., Ltd. (hereinafter “S.F. Holding” or “the Company”), formerly known as Ma’anshan Dingtai Science & Technology Co., Ltd., was established by 11 natural persons including Liu Jilu and the Labour Union of Ma’anshan Dingtai Metallic Products Co., Ltd. by cash contribution on May 22, 2003. On October 22, 2007, the Company officially changed to Ma’anshan Dingtai Rare Earth and New Materials Co., Ltd., and issued additional 19.5 million shares to the public and listed with trading on Shenzhen Stock Exchange (hereinafter “SZSE”) on February 5, 2010.

In December 2016, approved by China Securities Regulatory Commission, the Company conducted a series of material asset restructuring arrangements, including entering into a material asset swap and share subscription agreement. Upon the completion of material asset restructuring, Shenzhen Mingde Holding Development Co., Ltd. (“Mingde Holding”) became the parent company and ultimate controlling company of the Company, and Mr. Wang Wei was the ultimate controlling shareholder.

On November 27, 2024, the Company was successfully listed on the Stock Exchange of Hong Kong Limited (“HKEx”).

As at December 31, 2025, the Company had 5,039,430,409 shares issued and outstanding, of which 4,799,430,409 shares were listed on the SZSE (“A-shares”) and 240,000,000 shares were listed on the HKEx.

The address of the Company’s registered office is 3/F, Complex Building, SF South China Transit Center, No. 1111, Hangzhan 4th Road, Shenzhen Airport, Caowei Community, Hangcheng Sub-district, Bao’an District, Shenzhen. The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the development of logistics ecosystem including express delivery, freight delivery, cold chain and pharmaceutical logistics, intra-city on-demand delivery, international logistics service and supply chain solutions.

Hangzhou SF Intra-city Industrial Co., Ltd., an indirect non-wholly owned subsidiary of the Company, is a listed company on the Main Board of the HKEx and primarily engaged in intra-city on-demand delivery services.

KLN Logistics Group Limited (“KLN”), an indirect non-wholly-owned subsidiary of the Company, is a listed company on the Main Board of the HKEx and primarily engaged in the provision of integrated logistics and freight forwarding services.

The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2. Summary of Accounting Policies

This note provides a list of principal accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets and financial liability at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(b) New standards and interpretations

(i) New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
Annual Improvements to IFRS	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
 - IFRS 18 has specific requirements on the category in which derivative gains or losses are recognized – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognizes some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognized, and the group is currently evaluating the need for change.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(b) New standards and interpretations (Continued)

(i) *New standards and interpretations not yet adopted (Continued)*

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the consolidated statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the consolidated statement of financial position.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the consolidated statement of profit or loss – this break-down is only required for certain nature expenses; and
 - for the first annual period of application of IFRS 18, a reconciliation for each line item in the consolidated statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with IFRS 18.

Except for IFRS 18, none of the above is expected to have a significant effect on the consolidated financial statements of the Group.

(ii) *New standard and amendments to standards adopted and changes in accounting policy*

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing January 1, 2025:

Amendments to IAS 21, 'Lack of Exchangeability'

The amendment listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(c) *Associates and Joint arrangements*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting (Note 2.2(b)), after initially being recognized at cost.

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Interests in joint ventures are accounted for using the equity method (Note 2.2(b)), after initially being recognized at cost in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(d) Business combinations

Business combination is accounted for under the acquisition method except for business combination under common control.

The Group may choose to perform concentration test as a transaction by transaction basis to determine whether an acquired asset of activities and assets is a business or not. When the concentration test is applied and met, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set of activities and assets is determined not to be a business and the Group would treat such transaction as purchasing a set of assets.

The consideration transferred for the acquisition of a subsidiary regardless of whether equity investments or other assets are acquired comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

Business combination arising from transfer of interests in entities that are under the control of the controlling shareholder that controls the Group is accounted for as if the acquisition had occurred at the beginning of the reporting period or, if later, at the date that common control was established. The assets acquired and liabilities assumed are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's perspective. The components of equity of the acquired entities are added to the same components within the Group's equity and any difference between the net assets acquired and the consideration paid is recognized directly in equity.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(e) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of two to ten years which is the shorter of expected economic benefit life and their contractual/legally protected period.

(iii) Research and development

All research costs are charged to the statement of profit or loss as incurred.

Development costs are capitalized only when all the following conditions are met:

- the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; and
- its intention to complete and its ability to use or sell the asset; and
- how the asset will generate economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such); and
- the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset; and
- the ability to measure reliably the expenditure during the development.

Self-developed systems and software, when the development is done and ready for use, are stated at cost less any impairment losses.

(iv) Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate its cost over the expected life of the customer relationships, which range from fifteen to twenty years. The expected useful life is determined with reference to the past experience of the customer churn rate and the projected period of future economic benefits from customer relationships.

(v) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks over five to twenty years, or the expected economic benefit life.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(f) Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income and lease income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(g) Financial assets (Continued)

(iii) Measurement (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other (losses)/gains, net' in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

Impairment under general approach is measured as either 12-month expected losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(g) Financial assets (Continued)

(iv) Impairment of financial assets (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and note receivables at amortized cost, contract assets and notes held for sale resulted from providing operating services, whether there exists a significant financing component, the Group applies the simplified approach in calculating ECLs, which uses a lifetime expected loss allowance for all trade and note receivables at amortized cost, contract assets and notes held for sale. For lease receivables resulted from lease transactions, the Group also chooses the simplified approach to measure ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(h) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments, lease liabilities, interest-bearing borrowings, bonds and debt component of convertible bonds.

(ii) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

(iii) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(h) Financial liabilities (Continued)

(iii) Derecognition of financial liabilities (Continued)

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

(iv) Convertible bonds

The component parts of the convertible bonds are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. Transaction cost that relates to the issue of the convertible bonds are allocated to the financial liability and equity instrument in proportion to their relative fair values.

At the date of issue of the convertible bonds, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the convertible bonds as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity when the conversion option is exercised.

(i) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future (Note 18).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(i) Current and deferred income tax (Continued)

(iii) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(j) Revenue recognition

Revenue is recognized with the amount of consideration to which the Group expects to be entitled when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

(i) Revenue from logistics and freight forwarding services

The Group derives revenue from provision of logistics and freight forwarding services, including express and freight delivery services (comprising time-definite express services, economy express services, freight delivery services, and cold chain and pharmaceuticals logistics services), intra-city on-demand delivery services, and supply chain and international services.

The Group uses information technology systems to process and record services provided and recognizes revenue based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs or days spent to the estimated total days. As at the date of the end of the reporting period, the Group re-estimates the progress of the service performed to reflect the actual status of contract performance.

When the Group recognizes revenue based on the progress of the service performed, the amount with unconditional right to consideration obtained by the Group is recognized as trade receivables, and the rest is recognized as contract assets. Meanwhile, provision for trade receivables and contract assets is recognized on the basis of expected credit losses (Note 2.1(g)(iv)). If the contract consideration received or receivable exceeds the progress of the service performed, the excess portion will be recognized as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.1 Summary of material accounting policies (Continued)

(j) Revenue recognition (Continued)

(i) Revenue from logistics and freight forwarding services (Continued)

Contract costs include costs to fulfil a contract and costs to obtain a contract. Costs incurred for provision of the aforesaid services are recognized as costs to fulfil a contract, which is carried forward to the cost of revenue when revenue recognized based on the progress of the service performed. Incremental costs incurred by the Group for the acquisition of the aforesaid service contract are recognized as the costs to obtain a contract. For the costs to obtain a contract with the amortization period within one year, the costs are charged to profit or loss when incurred. For the costs to obtain a contract with the amortization period beyond one year, the costs are charged in the profit or loss on the same basis as aforesaid revenue of rendering of services recognized under the relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognizes it as asset impairment losses. As at the date of the end of the reporting period, based on whether the amortization period of the costs to fulfil a contract is more than one year when initially recognized, the amount of the Group's costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortization period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

(ii) Sales of goods

Sales are recognized when control of the products has transferred, being when the products are delivered to the customer.

No element of financing is deemed present as the sales are made with the credit policies, which is consistent with market practice.

(iii) Other services

The Group's services also include telecommunication service, repairment service, research and development and technical services and other services.

With regard to certain maintenance service, research and development and technical services, the Group recognizes revenue at a point in time when the services are delivered to customers. For other services, the Group recognizes revenue based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs as at the date of end of the reporting period.

2.2 Summary of other accounting policies

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Refer to Note 2.1(e) for further accounting policy information.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(b) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The gain or loss resulting from a downstream transaction involving assets that constitute a business between the Group and the associate or joint ventures is recognized in full in the Group's financial statements.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.1(g).

(c) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

(d) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary financial assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in the consolidated statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary financial assets, such as equity investment at fair value through other comprehensive income, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(f) Leases

(i) *The Group as the lessee*

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(f) Leases (Continued)

(i) *The Group as the lessee (Continued)*

The Group also has interests in leasehold land and land use rights for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortized over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

If the transfer of an asset by the Group satisfies the requirements of IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale of the asset, the Group accounts for the transaction as a sale and leaseback, and recognize the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

(ii) *The Group as the lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(g) Property, plant and equipment

All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charges. Historical costs include expenditures that are 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 asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the periods in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(g) Property, plant and equipment (Continued)

Replacement parts of aircraft engine repair/maintenance are depreciated using the units-of-production method. Except for the replacement parts of aircraft engine repair/maintenance and freehold land, depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Freehold land	Not depreciated
Buildings	10 – 50 years
Machinery and equipment	2 – 40 years
Aircraft, aircraft engines, rotables and other flight equipment	1.5 – 20 years
Other property, plant and equipment	2 – 20 years
Leasehold improvements	Shorter of their useful lives and the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.1(g)).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statement of comprehensive income.

Construction in progress represents logistics centers and warehouses under construction and is stated at cost less impairment losses. It will be reclassified to the relevant property, plant and equipment category upon completion and depreciation begins when the relevant assets are available for use.

(h) Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, including properties under construction for such purpose, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	10–50 years
Land use rights	20–50 years

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(i) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(j) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Majority of other receivables are advances to employees, deposit from suppliers and value-added tax recoverable. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method, less provision for impairment. See Note 24 and Note 19 for further information about the Group's accounting for Trade and other receivables and Note 2.1(h) for a description of the Group's impairment policies.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as a separate current liability in the consolidated statement of financial position.

Restricted and pledged bank deposits are not included in cash and cash equivalents.

(l) Share capital and capital reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases its equity instruments, for example as the result of an employee share scheme, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(n) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Employment obligations

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(r) Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services. In intra-group share-based payment arrangements, the Group shall measure the services received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions, unless it has an obligation to settle the transaction with its employees.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. The fair value of equity instruments is determined by share price or using the Discounted Cash Flow model or Binomial Option Pricing model. For details see Note 33. Share-based payment.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

2. Summary of Accounting Policies (Continued)

2.2 Summary of other accounting policies (Continued)

(r) Share-based payments (Continued)

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the pending period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

Cash-settled share-based payments are those arrangements with employees where terms provide the Group to settle the transaction in cash. For cash-settled share-based payments, a liability equal to the portion of the services received is recognized at the current fair value determined at the end of the reporting period until the date of settlement, with any changes in fair value recognized in profit or loss.

(s) Dividend distribution

Dividend distributed to the shareholders is recognized as a liability in the consolidated financial statements in the period when the dividends are approved by the entities' shareholders or directors, where appropriate.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interests and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property and equipment, and other non-current assets are included in the non-current liabilities and are credited to the consolidated statement of profit or loss on a straight – line basis over the expected lives of the related assets.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the directors and senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's major operational activities are carried out in Chinese Mainland and most of the transactions are denominated in RMB. Some operational activities are carried out in regions/countries including Hong Kong Special Administrative Region ("Hong Kong") and United States and relevant transactions are settled in Hong Kong Dollar ("HKD") and United States Dollar ("USD"). Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As at December 31, 2025 and 2024, for the Group's subsidiaries with RMB as the functional currency, major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated RMB'000	HKD denominated RMB'000	Others denominated RMB'000
At December 31, 2025			
Cash and cash equivalents	322,713	20,445	6,374
Trade and other receivables	644,689	56,925	43,813
Trade payables, accruals and other payables	(589,541)	(22,952)	(78,475)
	377,861	54,418	(28,288)
At December 31, 2024			
Cash and cash equivalents	382,588	32,664	2,160
Trade and other receivables	541,416	22,940	47,901
Trade payables, accruals and other payables	(369,254)	(25,123)	(60,337)
	554,750	30,481	(10,276)

As at December 31, 2025, for the above USD-denominated financial assets and financial liabilities, if the RMB strengthened or weakened by 5% against USD and with all variables held constant, the Group's profit before taxation would have decreased or increased by approximately RMB18,893,000 (2024: RMB27,738,000). Other foreign currencies of changes have no significant impact on foreign exchange risk.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at December 31, 2025 and 2024, for the Group's subsidiaries with HKD as the functional currency, major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated RMB'000	RMB denominated RMB'000	Other denominated RMB'000
At December 31, 2025			
Cash and cash equivalents	439,971	42,904	55,887
Trade and other receivables	109,167	96,563	–
Trade payables, accruals and other payables	(240,510)	(60,767)	(38,996)
	308,628	78,700	16,891
At December 31, 2024			
Cash and cash equivalents	217,831	17,857	166
Trade and other receivables	28,725	17,723	–
Trade payables, accruals and other payables	(4,313)	(36,590)	(722)
	242,243	(1,010)	(556)

For the Group's subsidiaries with HKD as the functional currency, the foreign exchange exposure of their non-functional currency denominated financial assets and financial liabilities was mainly derived from the USD. As USD is pegged against HKD, the foreign exchange exposure of the above-mentioned subsidiaries is not significant.

(ii) Price risk

The Group is exposed to price risk mainly arising from equity investments held by the Group that are classified either as FVPL or FVOCI that will not be sold within one year.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL and FVOCI as at December 31, 2025 and 2024. If prices of the respective instruments held by the Group had been 10% higher/lower as at December 31, 2025 and 2024, profit for the year would have been approximately RMB63,451,000 (2024: RMB47,742,000) higher/lower as a result of gains/losses on financial instruments classified as at FVPL, other comprehensive income would have been approximately RMB829,704,000 (2024: RMB823,199,000) higher/lower as a result of gains/losses on financial instruments classified as at FVOCI.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

The Group's interest rate risk primarily arises from long-term interest-bearing borrowings and bonds. Long-term borrowings issued at floating rates will expose the Group to cash flow interest rate risk. Bonds issued at fixed rates will expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings and bonds issued at floating rates and fixed rates based on the market environment.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group. To hedge against the variability in the cash flows arising from a change in market interest rates, the Group may enter into certain floating-to-fixed interest rate swap contracts to swap floating rates into fixed rates.

The following tables list out the interest rate profiles of the Group's interest-bearing financial instruments as at December 31, 2025 and 2024:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Floating rate instruments		
Long-term borrowings	5,183,331	6,186,386

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Fixed rate instruments		
Bonds		
– USD denominated	10,360,259	17,943,954
– RMB denominated	1,998,566	1,997,981

If interest rates of floating rate instruments had been 50 basis points higher or lower with all other variables held constant, profit before income tax would be lower or higher approximately RMB25,917,000 and RMB30,932,000 as at December 31, 2025 and 2024, respectively.

(b) Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables, contract assets and Fixed income certificates, represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Credit risk of cash and bank balances, restricted and pledged bank deposits

To manage this risk arising from cash and cash equivalents, restricted and pledged bank deposit, the Group mainly transacts with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Credit risk of trade and note receivables and contract assets

There is no concentration of credit risk with respect to trade and note receivables from third party customers as the Group has wide-ranging customers in different industries. In respect of customers with a poor credit history, sending written payment reminders, shortening or cancellation of credit periods and other follow-up actions are taken to ensure the overall credit risk of the Group is limited to a controllable extent. In addition, the Group has closely monitored the credit qualities and the collectability of these receivables at the end of each reporting period to ensure that adequate impairment losses are provided. In this regard, the Directors of the Company consider that the expected credit risks of trade receivables and contract assets are adequately covered.

The Group has applied the IFRS 9 simplified approach to measuring Expected Credit Losses (ECLs) which uses a lifetime ECLs for all trade and note receivables and contract assets. The expected loss rates are based on the historical settlement from the Group's customers which represent the historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. At the end of each reporting period, the historical loss rates are adjusted and changes in the forward-looking information are analyzed.

A default on trade and note receivables and contract assets is when the counterparty fails to make contractual payments when they fall due.

Trade and note receivables and contract assets are written off when there is no reasonable expectation of recovery.

On that basis, the loss allowance as at December 31, 2025 and 2024 was determined as follows for both trade receivables and contract assets:

	As at December 31, 2025			
	Gross amount			
	Trade and note receivables RMB'000	Contract assets RMB'000	Loss allowance RMB'000	Expected loss rate %
Assessed based on grouping				
– The third parties	31,289,219	3,037,830	709,730	2.07%
– The related parties	472,696	16,489	2,038	0.42%
Assessed individually	125,864	–	125,864	100.00%
	31,887,779	3,054,319	837,632	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Credit risk of trade and note receivables and contract assets (Continued)

	As at December 31, 2024			
	Gross amount			
	Trade and note receivables <i>RMB'000</i>	Contract assets <i>RMB'000</i>	Loss allowance <i>RMB'000</i>	Expected loss rate %
Assessed based on grouping				
– The third parties	28,280,344	2,737,292	794,255	2.56%
– The related parties	540,956	8,517	50,401	9.17%
Assessed individually	274,364	–	274,364	100.00%
	29,095,664	2,745,809	1,119,020	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk of lease receivables

For lease receivables resulted from lease transactions, the Group applies IFRS 9 simplified approach to measuring ECLs regardless of whether there exists a significant financing component.

As at December 31, 2025 and 2024, management is of the view that the credit risk of lease receivables is low and the loss allowance provision for lease receivables is not material.

(iv) Credit risk of other receivables (excluding lease receivables)

Loans and advances are presented in prepayments, other receivables and other assets in the consolidated statement of financial position and subject to the expected credit loss model. The Group developed credit policies and operational implementation rules for loans and advances in accordance with the requirements of relevant state regulatory authorities, and implemented standardized management over the entire process of credit granting. In addition, the Group further improved the systems for credit risk monitoring and early warning and defective credit extension management. The Group actively responded to the changes in the credit environment, regularly analyzed the situation and dynamic of credit risks and took risk control measures on a forward-looking basis. The Group also established an optimization management mechanism for defective credit and accelerated the optimization progress of defective credit to avoid non-performing loans.

For other receivables excluding lease receivables and loans and advances, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, the Group compares the risk of a default occurring on the assets at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iv) Credit risk of other receivables (excluding lease receivables) (Continued)

Based on historical experiences, other receivables from related parties were settled within 12 months after upon maturity hence the expected credit loss is minimal.

As stated in note 2.1(g), impairment on other receivables accounted as amortized cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the loss allowance for other receivables as at December 31, 2025 and 2024:

	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000
As at December 31, 2025				
Expected credit loss rate	0.62%	–	100.00%	7.71%
Gross carrying amounts	4,122,565	–	316,754	4,439,319
Allowance for impairment	(25,500)	–	(316,754)	(342,254)
As at December 31, 2024				
Expected credit loss rate	0.34%	–	100.00%	8.33%
Gross carrying amounts	3,694,742	–	322,238	4,016,980
Allowance for impairment	(12,573)	–	(322,238)	(334,811)

(v) Credit risk of Fixed income certificates

As at December 31, 2025, the Group considered that there was no significant increase in credit risk of Fixed income certificates since initial recognition, and made provision for loss based on 12-month ECL.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents position. Due to the frequent changes of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such cash and cash equivalents.

The table below analyzes the Group's financial liabilities by relevant maturity groupings based on the remaining periods since the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At December 31, 2025						
Financial liabilities at fair value through profit or loss	107,268	–	–	–	107,268	107,268
Trade and other payables (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	40,410,467	53,848	679	–	40,464,994	40,464,994
Borrowings	16,834,723	3,052,634	11,819,603	4,672,879	36,379,839	33,808,398
Lease liabilities	6,389,453	4,468,986	4,500,748	1,365,665	16,724,852	15,417,250
	63,741,911	7,575,468	16,321,030	6,038,544	93,676,953	89,797,910
At December 31, 2024						
Financial liabilities at fair value through profit or loss	105,464	–	–	–	105,464	105,464
Trade and other payables (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	37,349,615	56,513	–	–	37,406,128	37,406,128
Borrowings	19,445,318	8,930,398	9,647,915	10,496,015	48,519,646	44,684,382
Lease liabilities	6,102,698	4,374,621	2,913,796	1,595,481	14,986,596	12,595,797
	63,003,095	13,361,532	12,561,711	12,091,496	101,017,834	94,791,771

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2025.

The Group monitors capital on the basis of the asset-liability ratio and the asset-liability ratio as at December 31, 2025 and 2024 were as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Total assets	216,469,037	213,824,213
Total liabilities	106,144,286	111,488,992
Asset-liability ratio	49.03%	52.14%

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at December 31, 2025 and 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

As at December 31, 2025 and 2024, the financial assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2025				
Non-current:				
Financial assets at FVPL				
– Industry fund investments	–	–	289,307	289,307
– others	–	–	345,206	345,206
Financial assets at FVOCI				
– Equity investment in entities, at fair value	1,587,405	–	6,709,638	8,297,043
Current:				
Financial assets at FVPL				
– Structured deposits	–	–	16,080,264	16,080,264
– Fund investment and others	79	34,709	83,924	118,712
Financial assets at FVOCI				
– Notes held for sale	–	244,734	–	244,734
As at December 31, 2024				
Non-current:				
Financial assets at FVPL				
– Industry fund investments	–	–	331,815	331,815
– others	–	–	145,601	145,601
Financial assets at FVOCI				
– Equity investment in entities, at fair value	1,033,218	–	7,198,776	8,231,994
Current:				
Financial assets at FVPL				
– Structured deposits	–	–	11,015,904	11,015,904
– Fund investment and others	78	2,797	227,377	230,252
Financial assets at FVOCI				
– Notes held for sale	–	170,913	–	170,913

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable company model. The major inputs of the valuation models include expected rate of return and discount of lack of market liquidity.

The changes in Level 3 assets are analyzed below:

	Financial assets at FVPL				Financial assets at FVOCI
	Current		Non-Current		Non-Current Equity investments
	Structured deposits	Fund investment and others	Fund investment	Others	
Opening balance	11,015,904	227,377	331,815	145,601	7,198,776
Additions	99,639,000	–	7,076	187,765	13,208
Reclassification	–	(30,000)	–	30,000	140
Disposals/settlements	(95,005,496)	(126,178)	(77,514)	(25,417)	–
Changes in fair value recognized in profit	430,856	15,948	34,914	9,163	–
Changes in fair value recognized in other comprehensive income	–	–	–	–	(202,907)
Currency translation differences	–	(3,223)	(6,984)	(1,906)	(299,579)
Closing balance	16,080,264	83,924	289,307	345,206	6,709,638

The Group has assessed that the fair values of cash and cash equivalents, restricted bank deposits, trade receivables, trade and note payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, short-term bank borrowings and short-term debentures approximate to their carrying amounts largely due to the short-term maturities of these instruments. For the year ended December 31, 2025, there were no significant transfers among Level 1, 2 and 3 of fair value measurements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

3. Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements and the sensitivity analysis of fair value to the inputs:

Description	Fair value		Valuation technique(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Sensitivity of fair value to the input(s)
	As at December 31,					
	2025 RMB'000	2024 RMB'000				
Current:						
Financial assets at FVPL						
– Structured deposits	16,080,264	11,015,904	Discounted cash flow	Expected rate of return	1.40%-2.67%	10% increase/decrease in expected rate of return would result in increase/decrease in fair value by 0.02%
– Fund investment and others	83,924	227,377	Adjusted net assets value	Adjusted net assets value	N/A	10% increase/decrease in adjusted net assets value would result in increase/decrease in fair value by 10%
Non-current:						
Financial assets at FVPL						
– Industry fund investments	289,307	331,815	Adjusted net assets value	Adjusted net assets value	N/A	10% increase/decrease in adjusted net assets value would result in increase/decrease in fair value by 10%
– Others	345,206	145,601	Market Approach	Expected volatility	62.06%	The higher the expected volatility, the lower the fair value.
Financial assets at FVOCI						
– Equity investment in entities, at fair value	6,709,638	7,198,776	Market Approach	Discount for lack of marketability	10%-15%	10% increase/decrease in discount for lack of marketability would result in decrease/increase in fair value by 0.92%-1.76%
	23,508,339	18,919,473				

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

4. Critical Accounting Estimates and Judgements

The Group makes estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgements are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgements and accounting estimation, which have the significant effect on the amounts recognized in the financial statements.

4.1 Critical accounting estimate and its key assumption

(a) Measurement of the expected credit losses

For financial assets and contract assets at amortized cost, the Group calculates expected credit losses based on exposure at default and expected credit loss rates.

The Group refers to internal historical information, such as credit losses, and considers the impact of historical credit loss experience according to current situation and forward-looking information to determine expected credit loss rates. And management takes the customer's credit status, credit history, operating status as well as collaterals, the guarantee ability of the guarantor and other information into consideration.

The Group monitors and reviews relevant assumptions about expected credit losses regularly. Where there is a difference between the actual bad debts and the original estimate, such difference will affect the Group's provision for bad debts of the above assets in the future period.

(b) Estimated impairment of long-term assets (other than goodwill)

The Group tests whether property, plant and equipment, right-of-use assets, investment properties, intangible assets (other than goodwill) and other non-current assets have been impaired in accordance with the accounting policy stated in Note 2.1(g) to the consolidated financial statements. The recoverable amount of the cash-generating unit has been determined based on the higher of its value in use and its fair value less costs of disposal. The cash flow projections used to determine the value in use of a cash-generating unit is based on significant assumptions, such as growth rate and discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The recoverable amount of goodwill is determined at higher of fair value less costs of disposal and value in use amount. The calculations of value in use amount require use of estimates.

The Group has engaged independent external valuers to assist them in performing annual goodwill impairment assessment on KLN CGUs and Fenghao Supply Chain CGUs. Based on the valuation report issued by the independent external valuers, the Group uses the present value of expected future cash flows to determine the value in use for both CGUs. Due to the uncertainty in the development of the economic environment, revenue growth rate over the forecast period, terminal revenue growth rate, margin of earnings before interests and tax, and pre-tax discount rate used in the calculation of the present value of the future cash flows are also subject to uncertainty.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

4. Critical Accounting Estimates and Judgements (Continued)

4.1 Critical accounting estimate and its key assumption (Continued)

(d) Fair value of financial instruments determined using valuation techniques

Fair value, in the absence of an active market, is estimated by using valuation techniques, applying currently applicable and sufficiently available data, and the valuation techniques supported by other information, mainly include market approach and income approach, reference to the recent arm's length transactions, current market value of another instrument which is substantially the same, and by using the discounted cash flow analysis and option pricing models.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate, commodity prices and share prices or index. When related observable parameters are unavailable or inaccessible, the Group uses unobservable parameters and makes estimates for credit risk, market volatility and liquidity adjustments.

Using different valuation techniques and parameter assumptions may lead to significant difference of fair value estimation.

(e) Uncertain tax position and recognition of current and deferred income tax assets

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. To determine the future taxable profits, reference was made to the latest available profit forecast. The key assumptions adopted in the future taxable profit forecast include revenue growth rates and gross margin rates.

4.2 Critical accounting judgements

(a) Judgements on whether the Group can exercise significant influence on invested entity

The Group adopts equity method to those entities that the Group has significant influence over. In assessing if the Group has such a kind of influence, management would normally consider one or more of the following facts and circumstances: (i) share rights of the investee entity; (ii) representation on the board of directors or equivalent governing body of the investee; (iii) participation in policy-making processes, including participation in decisions about dividends or other distributions; (iv) material transactions between the entity and its investee; (v) interchange of managerial personnel; or (vi) provision of essential technical information.

(b) Scope of consolidation

Consolidation is required only if control exists. The Group controls an investee when it has all the following: (i) power over the investee, including the assessment of other share party's dispersion of holding; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. These three factors cannot be considered in isolation by the Group in its assessment of control over an investee. Where the factors of control are not apparent, significant judgement is applied in the assessment, which is based on an overall analysis of all of the relevant facts and circumstances.

The Group is required to reassess whether it controls the investee if facts and circumstances indicate a change to one or more of the three factors of control.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

5. Revenue and Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team that makes strategic decisions.

(a) CODM reviews the Group's internal reporting in order to assess performance and allocate resources:

The CODM identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments. An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

The segment businesses are separately presented as the express and freight delivery segment, the intra-city on-demand delivery segment, and supply chain and international segment. The types of services from which reportable segments derive revenue are listed below:

- Express and freight delivery segment, which provides time-define express, economy express, cold chain and pharmaceuticals logistics service, as well as freight service;
- Intra-city on-demand delivery segment, which provides intra-city delivery for merchants and consumers, and last-mile delivery services;
- Supply chain and international segment, which provides supply chain services, international express service and international freight forwarding service.

Except for the above business segments, the other segments did not have a material impact on the Group's operating outcome, and as such are not separately presented. Management monitors the operating results of the Group's business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment performance is assessed based on key performance indicators. Transfer prices between operating segments are based on the amount stated in the contracts agreed by both sides.

To improve the system of segment performance evaluation, the Group conducted adjustments on the internal management structure of the Supply Chain and International Segment during the year ended December 31, 2025, with a reallocation of the Group's certain subsidiaries, which engaged in providing the Supply Chain and International Segment offshore financing services, to the Unallocated units.

The Group's segment information is summarized and disclosed based on the revised segment reporting scope. The impacts on the disclosure of segment information are summarized as follows:

As at December 31, 2025, the total liabilities of the Supply Chain and International Segment decreased by RMB16,359,736,000 (December 31, 2024: RMB16,738,736,000). The total liabilities of the Unallocated units increased by RMB16,359,736,000 (December 31, 2024: RMB16,738,736,000). For the year ended December 31, 2025, the total profit and net profit of the Supply Chain and International Segment increased by RMB562,509,000 (2024: RMB562,714,000). Meanwhile, the total profit and net profit of the Unallocated units decreased by RMB562,509,000 (2024: RMB562,714,000).

For the year ended December 31, 2025 and 2024, no revenue from a single customer exceeded 10% or more of the total revenue.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

5. Revenue and Segment Information (Continued)

(a) CODM reviews the Group's internal reporting in order to assess performance and allocate resources: (Continued)

Segment information for the year ended December 31, 2025 is as follows:

	Express and freight delivery segment <i>RMB'000</i>	Supply chain and international segment <i>RMB'000</i>	Intra-city on-demand delivery segment <i>RMB'000</i>	Unallocated units <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	217,553,282	76,345,732	12,869,890	1,457,743	–	308,226,647
Inter-segment revenue	8,866,826	2,533,752	10,028,747	6,763,577	(28,192,902)	–
Cost of revenue	192,837,786	72,376,319	21,480,321	5,582,615	(24,333,988)	267,943,053
Profit/(loss) before income tax	12,800,403	866,462	308,080	979,681	(36,749)	14,917,877
Income tax expenses/(credits)	2,199,430	678,822	30,362	332,396	(7,944)	3,233,066
Net profit/(loss)	10,600,973	187,640	277,718	647,285	(28,805)	11,684,811
Total assets	107,531,113	66,414,373	5,349,680	138,181,675	(101,007,804)	216,469,037
Total liabilities	72,595,586	43,731,175	2,189,229	67,072,826	(79,444,530)	106,144,286
Depreciation of right-of-use assets (Note 8)	5,490,674	1,594,318	13,556	282,262	(646,621)	6,734,189
Depreciation and amortization (excluding right-of-use assets) (Note 8)	7,225,491	1,538,385	53,453	840,051	(19,054)	9,638,326
Net reversal of impairment losses/ (impairment losses) on financial assets and contract assets	20,508	32,015	(641)	(1,389)	(1,282)	49,211

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

5. Revenue and Segment Information (Continued)

(a) CODM reviews the Group's internal reporting in order to assess performance and allocate resources: (Continued)

Segment information for the year ended December 31, 2024 is as follows:

	Express and freight delivery segment <i>RMB'000</i>	Supply chain and international segment <i>RMB'000</i>	Intra-city on- demand delivery segment <i>RMB'000</i>	Unallocated units <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers	200,162,392	74,000,342	9,010,521	1,246,804	–	284,420,059
Inter-segment revenue	7,005,842	1,330,524	6,735,562	4,935,844	(20,007,772)	–
Cost of revenue	174,198,376	69,415,600	14,681,847	4,913,824	(17,685,535)	245,524,112
Profit/(loss) before income tax	13,157,825	14,803	144,963	261,413	28,257	13,607,261
Income tax expenses/(credits)	2,176,559	776,502	12,503	428,207	(5,355)	3,388,416
Net profit/(loss)	10,981,266	(761,699)	132,460	(166,794)	33,612	10,218,845
Total assets	101,068,424	66,091,896	4,519,821	140,107,005	(97,962,933)	213,824,213
Total liabilities	70,070,634	42,061,436	1,709,205	78,587,251	(80,939,534)	111,488,992
Depreciation of right-of-use assets (Note 8)	5,700,363	13,804	1,698,857	270,764	(885,005)	6,798,783
Depreciation and amortization (excluding right-of-use assets) (Note 8)	7,789,173	48,177	1,801,114	904,420	(9,410)	10,533,474
Net reversal of impairment losses/ (impairment losses) on financial assets and contract assets	119,609	3,118	156,095	40,225	(47,354)	271,693

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

5. Revenue and Segment Information (Continued)

- (b) The Group's business operates in three main geographical areas, even though they are managed on a worldwide basis.

The Group's revenue by geographical areas is analyzed based on the following criteria:

Revenue from operations within the PRC excluding Hong Kong, Macau and Taiwan is classified as within Chinese Mainland operations. Revenue from operations within Hong Kong, Macau and Taiwan regions is classified as Hong Kong, Macau, Taiwan operations while revenue from operations in other overseas markets is classified as other international operations.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Within Chinese Mainland	266,818,257	242,796,156
Hong Kong, Macau, Taiwan	9,862,009	9,467,291
Other international	31,546,381	32,156,612
	308,226,647	284,420,059

The non-current assets information below is based on the locations of the assets and exclude financial instruments and deferred tax assets.

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within Chinese Mainland	92,677,612	92,143,600
Hong Kong, Macau, Taiwan	5,349,982	5,304,613
Other international	15,994,174	16,394,244
	114,021,768	113,842,457

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

5. Revenue and Segment Information (Continued)

(c) Disaggregation of revenue

In the following table, revenue of the Group from contracts with customers is disaggregated by timing of satisfaction of performance obligations. The table also includes a reconciliation to the segment information in respect of revenue of the Group that is disclosed in the operating segment Note 5(a).

	Year ended December 31, 2025			
	Logistics and freight forwarding services <i>RMB'000</i>	Sales of goods <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from main operations				
Including: At a point in time	–	4,735,058	507,389	5,242,447
Over time	301,499,641	–	625,344	302,124,985
Lease income	–	–	367,638	367,638
	301,499,641	4,735,058	1,500,371	307,735,070
Revenue from other operations				
Including: At a point in time	–	–	134,065	134,065
Over time	–	–	85,732	85,732
Lease income	–	–	271,780	271,780
	–	–	491,577	491,577
	301,499,641	4,735,058	1,991,948	308,226,647

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

5. Revenue and Segment Information (Continued)

(c) Disaggregation of revenue (Continued)

	Year ended December 31, 2024			
	Logistics and freight forwarding services <i>RMB'000</i>	Sales of goods <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from main operations				
Including: At a point in time	–	6,042,752	456,009	6,498,761
Over time	276,275,771	–	881,045	277,156,816
Lease income	–	–	365,962	365,962
	276,275,771	6,042,752	1,703,016	284,021,539
Revenue from other operations				
Including: At a point in time	–	–	79,524	79,524
Over time	–	–	131,414	131,414
Lease income	–	–	187,582	187,582
	–	–	398,520	398,520
	276,275,771	6,042,752	2,101,536	284,420,059

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

6. Other Income

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Government grants <i>(Note (a))</i>	612,426	679,226
Dividend income	2,682	1,005
Others	385,375	309,509
	1,000,483	989,740

Note:

- (a) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and tax preferences, to recognize the Group's support and contribution to the development of local economies. As at December 31, 2025 and 2024, there were no unfulfilled conditions or contingencies relating to these government grants.

7. Other Gains, Net

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Gains on disposal of investments in associates and joint ventures	108,095	89,622
Gains on disposal of investments in subsidiaries <i>(Note 36(b))</i>	793,336	80,615
Fair value changes in financial assets at FVPL	630,856	509,717
Losses on disposal of property, plant and equipment, right-of-use assets and other non-current assets	(83,511)	(60,228)
Impairment of inventories, property, plant and equipment and other non-current assets	(83,766)	(141,622)
Net exchange (losses)/gains	(104,127)	82,290
Impairment of goodwill <i>(Note 17(b))</i>	(61,725)	–
Gains on repurchase of corporate bonds	66,153	87,779
Others	(212,483)	(279,300)
	1,052,828	368,873

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

8. Expenses by Nature

Expenses included in cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses are analyzed as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Labour outsourcing cost	114,827,445	97,445,480
Transportation expenses	56,105,770	54,096,591
Transportation outsourcing cost	42,793,827	39,197,467
Employee benefit expenses (Note 9)	34,897,950	33,195,660
Depreciation and amortization (excluding right-of-use assets)	9,638,326	10,533,474
Rent and venue usage expenses	8,009,681	7,457,712
Depreciation of right-of-use assets (Note 15)	6,734,189	6,798,783
Auditor's remuneration	57,880	62,517
Others	20,652,891	21,098,612
	293,717,959	269,886,296

- (a) Government grants amounting to approximately RMB994,791,000 and RMB995,635,000 had been recognized as deduction to the cost of revenue for the year ended December 31, 2025 and 2024, respectively.

9. Employee Benefit Expenses

- (a) Employee benefit expenses are analyzed as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Salaries, wages and bonuses	29,478,889	27,655,159
Share-based compensation expenses (Note 33)	181,169	80,494
Contributions to pension plans	1,643,351	1,461,557
Other employee benefits	3,594,541	3,998,450
	34,897,950	33,195,660

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

9. Employee Benefit Expenses (Continued)

(b) Directors' and supervisors' remuneration

	Fees RMB'000	Salaries, wages, bonuses and benefits in kind RMB'000	Share-based compensation expense RMB'000	Employer's contribution to a retirement benefit scheme	Other benefits	Total RMB'000
Year ended December 31, 2025						
Executive Directors						
Mr. Wang Wei	-	1,824	-	56	55	1,935
Mr. Ho Chit <i>(i)</i>	-	5,276	1,134	53	112	6,575
Ms. Wang Xin <i>(ii)</i>	347	3,042	(213)	53	112	3,341
Mr. Xu Ben Song	-	2,580	571	61	147	3,359
Independent non-executive Directors						
Mr. CHAN Charles Sheung Wai	680	-	-	-	-	680
Mr. Lee Carmelo Ka Sze	680	-	-	-	-	680
Dr. Ding Yi	680	-	-	-	-	680
Supervisors						
Ms. Wang Jia <i>(iii)</i>	-	1,382	11	56	78	1,527
Ms. Li Juhua <i>(iii)</i>	-	1,625	84	71	155	1,935
Mr. Zhang Shun <i>(iii)</i>	-	731	16	56	78	881
Mr. Liu Jilu <i>(iii)</i>	-	-	-	-	-	-
Total	2,387	16,460	1,603	406	737	21,593

Notes:

- (i) Mr. Ho Chit was redesignated from a non-executive director to an executive director and chief strategy officer of KLN being effective from September 1, 2024, and received the director's fee and salary of approximately RMB4.82 million in aggregate, which is not included in the table above.
- (ii) Ms. Wang Xin retired as a director of the Company on December 30, 2025.
- (iii) Pursuant to a resolution of the board, the Supervisory Committee of the Group was dismissed with effect from December 30, 2025. All authorities and responsibilities thereof under the Company Law and the Articles of Association have been transferred to the Audit Committee.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

9. Employee Benefit Expenses (Continued)

(b) Directors' and supervisors' remuneration (Continued)

	Fees <i>RMB'000</i>	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans) <i>RMB'000</i>	Share-based compensation expense <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended December 31, 2024				
Executive Directors				
Mr. Wang Wei	–	1,309	–	1,309
Mr. Ho Chit	305	7,543	1,735	9,583
Ms. Wang Xin	133	3,464	749	4,346
Mr. Zhang Dong	–	1,685	1,153	2,838
Mr. Xu Ben Song	–	403	124	527
Independent non-executive Directors				
Mr. CHAN Charles Sheung Wai	–	680	–	680
Mr. Lee Carmelo Ka Sze	–	680	–	680
Dr. Ding Yi	–	680	–	680
Supervisors				
Mr. Shum Tze Leung	–	315	–	315
Ms. Wang Jia	–	1,450	–	1,450
Ms. Li Juhua	–	1,842	–	1,842
Mr. Zhang Shun	–	940	–	940
Mr. Liu Jilu	–	–	–	–
Total	438	20,991	3,761	25,190

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

9. Employee Benefit Expenses (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2025 and 2024 include 1 and 1 director respectively whose emoluments are reflected in the analysis shown in Note 9(b), respectively. The emoluments paid to the remaining 4 and 4 individuals during the years ended December 31, 2025 and 2024, respectively are as follows:

	Year ended December 31,	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, housing allowances, other allowances and benefits in kind	20,697	14,936
Contribution to pension scheme	142	84
Share-based compensation expenses	1,575	2,972
	22,414	17,992

The emoluments of the above individuals fell within the following bands:

	Year ended December 31,	
	2025 <i>Number of individuals</i>	2024 <i>Number of individuals</i>
HK\$3,500,001 to HK\$4,000,000	–	–
HK\$4,000,001 to HK\$4,500,000	–	–
HK\$4,500,001 to HK\$5,000,000	–	2
HK\$5,000,001 to HK\$5,500,000	2	–
HK\$5,500,001 to HK\$6,000,000	1	–
HK\$6,000,001 to HK\$6,500,000	1	–
HK\$6,500,001 to HK\$7,000,000	–	2
HK\$7,000,001 to HK\$7,500,000	–	–
HK\$7,500,001 to HK\$8,000,000	–	–
HK\$8,000,001 to HK\$8,500,000	–	–

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

10. Finance Income and Costs

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Finance income:		
Interest income on deposits in financial institutions	262,851	617,713
Finance costs:		
Interest expenses on borrowings	1,269,483	1,912,201
Interest expenses on lease liabilities (Note 15(b))	500,012	503,871
Less: Interest capitalized	(17,131)	(42,753)
	1,752,364	2,373,319
Finance costs, net	1,489,513	1,755,606

The average capitalization rates for the year ended December 31, 2025 and 2024 used to determine the amount of borrowing costs eligible for capitalization were 3.24% and 2.83%, respectively.

11. Income Tax Expense

The following table sets forth the component of income tax expense of the Group for the years ended December 31, 2025 and 2024, respectively:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Current income tax	3,190,618	3,640,127
Deferred income tax (Note 18)	42,448	(251,711)
	3,233,066	3,388,416

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

11. Income Tax Expense (Continued)

Reconciliation between income tax expenses and profit before income tax at applicable tax rates for the years ended December 31, 2025 and 2024:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit before income tax	14,917,877	13,607,261
Tax at the statutory tax rate of 25% (Note (a))	3,729,469	3,401,815
Effect of different tax rates available to different jurisdictions (Note (b))	(234,006)	(217,848)
Tax effect of non-taxable income	(142,783)	(135,435)
Adjustments of prior years	(55,886)	(8,410)
Tax effect of non-deductible expenses	242,996	528,443
Tax effect of preferential tax rate (Note (a))	(408,178)	(408,664)
Tax losses and temporary differences not recognized	654,846	790,710
Reversal of previously recognized tax losses and temporary differences	306,277	260,565
Utilization of previously unrecognized tax losses and temporary differences	(607,468)	(385,547)
Recognition of tax losses and temporary differences not recognized in prior years	(252,201)	(437,213)
	3,233,066	3,388,416

(a) PRC corporate income tax ("PRC CIT")

The income tax rate applicable to the principal subsidiaries in Chinese Mainland is 25%, except for certain subsidiaries which enjoy a preferential income tax rate.

For qualified small and micro-sized enterprises, the annual taxable income up to RMB3,000,000 (inclusive) is subject to an effective CIT rate of 5% from January 1, 2023 to December 31, 2027.

Besides, certain Group's subsidiaries benefit from a preferential tax rate of 15% under the CIT Law if they are qualified as high and new technology enterprises under relevant regulations or located in applicable PRC regions, such as certain western regions and special economic zone, as specified in the relevant catalogue of encouraged industries, subject to certain general restrictions described in the CIT Law and the related regulations.

(b) Corporate income tax in Hong Kong and other jurisdictions

(i) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 8.25% on assessable profits up to HKD2,000,000 and 16.5% on any assessable profits over HKD2,000,000 for the years ended December 31, 2025 and 2024.

(ii) Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Macau, Singapore, Japan, South Korea, the United States and Thailand, has been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 12% to 24% for the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

11. Income Tax Expense (Continued)

(c) OECD Pillar Two model rules

The Group is within the scope of the Organization for Economic Co-operation and Development (“OECD”) Pillar Two model rules. Pillar Two legislation became effective in certain jurisdictions from January 1, 2024, and has been progressively implemented in Hong Kong and other regions in 2025. Under the legislation, the Group is obligated to pay a top-up tax for the difference if the Global Anti-Base Erosion (“GloBE”) effective tax rate in any jurisdictions that are below the 15% minimum rate.

For the year ended December 31, 2025, the management’s assessment indicates that the quantitative impact of this Pillar Two top-up tax is not material to the Group’s financial statements.

12. Dividends

Dividends declared and paid to the equity shareholders of the Company for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Interim dividend paid of RMB46 cents per ordinary share (December 31, 2024: RMB40 cents) <i>(note (a))</i>	2,317,799	1,918,166
Special dividend paid of RMB100 cents per ordinary share	–	4,795,416
	2,317,799	6,713,582
Final dividend paid of RMB44 cents (December 31, 2024: RMB60 cents) per ordinary share <i>(note (b))</i>	2,186,424	2,889,210
	4,504,223	9,602,792

(a) Interim dividend

An interim cash dividend for the six months ended June 30, 2025 of RMB46 cents per ordinary share (tax inclusive) were approved by the shareholders at the first extraordinary general meeting on August 28, 2025.

(b) Final dividend in respect of the previous year, declared or paid during the year

On June 13, 2025, the Company convened its annual shareholders’ meeting to implement the profit distribution plan for the year ended December 31, 2024. The Company declared a cash dividend of RMB44 cents per share (tax included).

(c) Proposed final dividend for the year ended December 31, 2025

The Board resolved to propose to the Shareholders in the forthcoming annual general meeting for the distribution of a final dividend of RMB43 cents per share for the year ended December 31, 2025. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

13. Earnings Per Share

(a) Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended December 31,	
	2025	2024
Profit attributable to owners of the Company (RMB'000)	11,117,216	10,170,427
Weighted average number of shares in issue (in thousands)	4,992,630	4,828,432
Basic EPS (RMB per share)	2.23	2.11

(b) Diluted

The share options granted by the Company and the issuance of convertible bonds have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and convertible bonds. For the year ended December 31, 2024, the share options granted by the Company had anti-dilutive effect on the EPS.

	Year ended December 31,	
	2025	2024
Profit attributable to owners of the Company (RMB'000)	11,117,216	10,170,427
Adjustment for interest expense on convertible bonds (RMB'000)	43,134	–
Profit attributable to owners of the Company for the calculation of Diluted EPS (RMB'000)	11,160,350	10,170,427
Weighted average number of shares in issue (in thousands)	4,992,630	4,828,432
Adjustment for convertible bonds (in thousands)	29,014	–
Adjustment for share options (in thousands)	1,305	–
Weighted average number of shares for the calculation of Diluted EPS (in thousands)	5,022,949	4,828,432
Diluted EPS (RMB per share)	2.22	2.11

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

14. Property, Plant and Equipment

	Freehold land and buildings RMB'000	Aircraft, aircraft engines, rotables and high-value maintenance RMB'000	Machinery and equipment RMB'000	Transportation vehicles RMB'000	Computers and electronic equipment RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost									
As at January 1, 2025	31,482,160	17,584,109	16,359,012	7,057,016	5,235,100	10,373,993	8,226,138	2,985,702	99,303,230
Additions	293,522	656,789	344,663	1,220,781	622,297	322,928	264,773	5,329,510	9,055,263
Disposals	(47,040)	(215,819)	(435,054)	(953,234)	(370,083)	(476,945)	(112,408)	(10,368)	(2,620,951)
Disposal of subsidiaries	(1,847,175)	-	(24,174)	(7,634)	(3,953)	(3,372)	(28,818)	-	(1,915,126)
Transfer/reclassification	669,807	1,317,622	1,373,234	-	78,107	42,514	797,620	(5,396,225)	(1,117,321)
Currency translation differences	(96,946)	(942)	98,447	15,206	3,521	(7,626)	47,389	-	59,049
As at December 31, 2025	30,454,328	19,341,759	17,716,128	7,332,135	5,564,989	10,251,492	9,194,694	2,908,619	102,764,144
Accumulated depreciation									
As at January 1, 2025	3,665,775	7,964,929	5,879,587	4,913,234	4,089,146	7,426,406	6,095,509	-	40,034,586
Charge for the year (Note (b))	822,139	1,685,777	1,835,201	891,635	529,649	1,224,761	988,575	-	7,977,737
Disposals	(547)	(182,978)	(234,224)	(816,634)	(336,542)	(400,295)	(95,251)	-	(2,066,471)
Disposal of subsidiaries	(182,927)	-	(14,653)	(5,404)	(3,224)	(2,320)	(16,049)	-	(224,577)
Transfer/reclassification	(137,400)	-	-	-	-	-	-	-	(137,400)
Currency translation differences	(3,291)	-	5,005	9,647	(2,587)	(8,707)	4,666	-	4,733
As at December 31, 2025	4,163,749	9,467,728	7,470,916	4,992,478	4,276,442	8,239,845	6,977,450	-	45,588,608
Accumulated impairment									
As at January 1, 2025	-	-	44,572	40,516	7,915	1,209	127	-	94,339
Charge for the year	34,580	-	48,167	-	-	754	-	-	83,501
Disposals	-	-	(7,100)	(8,809)	(1,582)	(1,388)	-	-	(18,879)
Transfer/reclassification	(34,580)	-	-	-	-	-	-	-	(34,580)
Currency translation differences	-	-	1,286	1,709	704	122	-	-	3,821
As at December 31, 2025	-	-	86,925	33,416	7,037	697	127	-	128,202
Net book value									
As at December 31, 2025 (Note (a))	26,290,579	9,874,031	10,158,287	2,306,241	1,281,510	2,010,950	2,217,117	2,908,619	57,047,334

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

14. Property, Plant and Equipment (Continued)

	Freehold land and buildings RMB'000	Aircraft, aircraft engines, rotables and high-value maintenance RMB'000	Machinery and equipment RMB'000	Transportation vehicles RMB'000	Computers and electronic equipment RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost									
As at January 1, 2024	29,185,339	15,497,033	14,999,446	7,434,951	5,126,023	10,839,453	7,335,820	4,050,208	94,468,273
Additions	977,191	352,831	348,685	704,644	346,954	214,167	196,240	5,989,057	9,129,769
Business combinations	-	-	6	3,938	4,068	2,109	-	-	10,121
Disposals	(4,778)	(144,515)	(394,096)	(1,119,751)	(342,241)	(728,592)	(159,304)	(30,454)	(2,923,731)
Disposal of subsidiaries	(309,843)	-	-	-	-	-	(42,518)	(18,209)	(370,570)
Transfer/reclassification	1,497,561	1,878,760	1,347,203	128	100,411	40,340	939,456	(7,004,900)	(1,201,041)
Currency translation differences	136,690	-	57,768	33,106	(115)	6,516	(43,556)	-	190,409
As at December 31, 2024	31,482,160	17,584,109	16,359,012	7,057,016	5,235,100	10,373,993	8,226,138	2,985,702	99,303,230
Accumulated depreciation									
As at January 1, 2024	2,918,323	6,643,870	4,363,601	4,806,341	3,779,913	6,638,702	5,194,142	-	34,344,892
Charge for the year (Note (b))	858,634	1,438,240	1,670,007	1,117,240	621,275	1,314,585	1,066,798	-	8,086,779
Business combinations	-	-	6	2,633	3,008	1,499	-	-	7,146
Disposals	(105)	(117,181)	(185,311)	(1,030,581)	(312,993)	(521,867)	(126,129)	-	(2,294,167)
Disposal of subsidiaries	(8,731)	-	-	-	-	-	(20,767)	-	(29,498)
Transfer/reclassification	(114,207)	-	-	-	-	-	153	-	(114,054)
Currency translation differences	11,861	-	31,284	17,601	(2,057)	(6,513)	(18,688)	-	33,488
As at December 31, 2024	3,665,775	7,964,929	5,879,587	4,913,234	4,089,146	7,426,406	6,095,509	-	40,034,586
Accumulated impairment									
As at January 1, 2024	-	-	1,633	-	-	8	-	17,324	18,965
Charge for the year	-	-	43,195	40,393	8,245	1,276	127	885	94,121
Disposals	-	-	-	-	-	-	-	(18,209)	(18,209)
Currency translation differences	-	-	(256)	123	(330)	(75)	-	-	(538)
As at December 31, 2024	-	-	44,572	40,516	7,915	1,209	127	-	94,339
Net book value									
As at December 31, 2024 (Note (a))	27,816,385	9,619,180	10,434,853	2,103,266	1,138,039	2,946,378	2,130,502	2,985,702	59,174,305

Notes:

- (a) Certain property, plant and equipment with a net carrying amount of approximately RMB485,937,000 as at December 31, 2025 (2024: RMB490,886,000), were pledged as securities for bank loans and bank overdrafts granted to the Group (Note 26).
- (b) Depreciation amounting to approximately RMB7,941,782,000 had been recognized in consolidated statement of profit or loss for the year ended December 31, 2025 (2024: RMB8,083,172,000).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

15. Lease

This note provides information for leases where the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Buildings	15,371,723	12,730,196
Leasehold land and land use rights	6,521,358	6,783,528
Motor vehicles	59,294	81,877
Equipment and others	25,330	30,028
	21,977,705	19,625,629
Lease liabilities		
Current	5,828,895	5,501,314
Non-current	9,588,355	7,094,483
	15,417,250	12,595,797

Additions to the right-of-use assets for the year ended December 31, 2025 were approximately RMB10,254,420,000 (2024: RMB6,984,602,000).

Leasehold land and land use rights with a net carrying amount of approximately RMB95,927,000 as at December 31, 2025 (2024: RMB203,922,000) were pledged as securities for bank loans and bank overdrafts granted to the Group (Note 26).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

15. Lease (Continued)

(b) Amounts recognized in the consolidated statement of profit or loss

The consolidated statement of profit or loss show the following amounts relating to leases:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
Buildings	6,482,931	6,442,034
Leasehold land and land use rights	202,063	200,618
Motor vehicles	36,321	136,327
Equipment and others	12,874	19,804
	6,734,189	6,798,783
Interest expenses (Note 10)	500,012	503,871
Expense relating to short-term leases and low-value assets (included in costs and expenses)	4,316,595	4,041,341
Total cash outflow for leases (included in operating and financing cash outflow)	12,129,079	11,722,206

The Group has various lease contracts that have not yet commenced as at December 31, 2025 and 2024. The future lease payments for these non-cancellable lease contracts are as below:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within 1 year (including 1 year)	1,128,349	893,228
Between 1 and 2 years (including 2 years)	400,916	529,230
Between 2 and 3 years (including 3 years)	367,397	489,211
Over 3 years	339,518	2,733,760
	2,236,180	4,645,429

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

16. Investment Properties

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cost		
At the beginning of the year	7,853,577	6,742,097
Additions	–	25,067
Disposals	(11,307)	–
Disposal of subsidiaries	(254,536)	(202,598)
Transfer/reclassification	666,173	1,326,722
Exchange differences	(22,388)	(37,711)
At the end of the year	8,231,519	7,853,577
Accumulated depreciation		
At the beginning of the year	612,378	323,377
Charge for the year	153,710	164,614
Disposals	(367)	–
Disposal of subsidiaries	(19,466)	(10,802)
Transfer/reclassification	121,622	128,572
Exchange differences	8,411	6,617
At the end of the year	876,288	612,378
Net book value		
At the end of the year (Note (b))	7,355,231	7,241,199

Notes:

(a) Certain investment properties with a net carrying amount of approximately RMB112,094,000 as at December 31, 2025 (2024: RMB111,847,000) were pledged as securities for bank loans and bank overdrafts granted to the Group (Note 26).

(b) Valuation processes of the Group

Fair values of investment properties are generally derived using the income approach and wherever appropriate, by direct comparison approach. Income approach is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison approach is based on comparing the property to be valued directly with other comparable properties, which have recently transacted.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

16. Investment Properties (Continued)

(b) Valuation processes of the Group (Continued)

The fair values of the investment properties are set out as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Investment properties at fair value	8,367,800	8,639,880

(c) Leasing arrangements

The Group leases various offices and warehouses to lessees under non-cancellable operating lease agreements with monthly rental payments. The lease terms are mainly between 1 year and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rates. Minimum lease payments receivable on leases of investment properties are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Land and buildings:		
Within 1 year (including 1 year)	424,677	418,210
Between 1 and 2 years (including 2 years)	218,889	314,925
Between 2 and 3 years (including 3 years)	136,443	223,282
Between 3 and 4 years (including 4 years)	85,833	148,307
Between 4 and 5 years (including 5 years)	60,825	113,522
Over 5 years	150,053	262,618
	1,076,720	1,480,864

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

17. Intangible Assets

	Development expenditures RMB'000	Goodwill RMB'000	Customer relationships RMB'000	Software RMB'000	Trademarks RMB'000	Others RMB'000	Total RMB'000
Cost							
As at January 1, 2025	82,489	10,006,800	6,162,481	8,591,189	5,152,893	363,723	30,359,575
Additions	789,849	3,131	–	61,323	7	11,223	865,533
Disposals	–	–	–	(127,054)	(11)	(1,688)	(128,753)
Transfer/reclassification	(710,659)	–	–	710,659	–	–	–
Currency translation differences	–	(400,462)	(226,350)	(5,321)	(220,127)	(4,085)	(856,345)
As at December 31, 2025	161,679	9,609,469	5,936,131	9,230,796	4,932,762	369,173	30,240,010
Accumulated amortization							
As at January 1, 2025	–	–	1,518,028	7,144,358	1,318,229	239,089	10,219,704
Charge for the year	–	–	341,928	918,273	225,951	24,963	1,511,115
Disposals	–	–	–	(81,080)	–	(1,105)	(82,185)
Currency translation differences	–	–	(59,693)	(3,965)	(60,886)	(1,564)	(126,108)
As at December 31, 2025	–	–	1,800,263	7,977,586	1,483,294	261,383	11,522,526
Impairment							
As at January 1, 2025	–	2,435	15,403	85,834	–	6	103,678
Charge for the year	70	61,725	–	3,999	–	–	65,794
Disposals	–	–	–	(22,883)	–	–	(22,883)
Currency translation differences	–	–	(665)	–	–	–	(665)
As at December 31, 2025	70	64,160	14,738	66,950	–	6	145,924
Net book value							
As at December 31, 2025	161,609	9,545,309	4,121,130	1,186,260	3,449,468	107,784	18,571,560

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

17. Intangible Assets (Continued)

	Development expenditures <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Customer relationships <i>RMB'000</i>	Software <i>RMB'000</i>	Trademarks <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Cost							
As at January 1, 2024	129,845	9,572,871	5,952,090	8,134,147	4,966,033	358,340	29,113,326
Additions	560,106	135,524	–	46,143	–	1,145	742,918
Business combinations	–	–	38,576	1,464	–	4,781	44,821
Disposals	(25,733)	–	–	(188,126)	(4,627)	(2,564)	(221,050)
Disposal of subsidiaries	–	–	–	(38)	–	–	(38)
Transfer/reclassification	(581,729)	–	–	581,729	–	–	–
Currency translation differences	–	298,405	171,815	15,870	191,487	2,021	679,598
As at December 31, 2024	82,489	10,006,800	6,162,481	8,591,189	5,152,893	363,723	30,359,575
Accumulated amortization							
As at January 1, 2024	–	–	1,150,340	5,778,057	842,331	211,727	7,982,455
Charge for the year	–	–	339,566	1,494,804	417,402	26,876	2,278,648
Business combinations	–	–	–	1,076	–	–	1,076
Disposals	–	–	–	(143,063)	(627)	(987)	(144,677)
Disposal of subsidiaries	–	–	–	(38)	–	–	(38)
Currency translation differences	–	–	28,122	13,522	59,123	1,473	102,240
As at December 31, 2024	–	–	1,518,028	7,144,358	1,318,229	239,089	10,219,704
Impairment							
As at January 1, 2024	–	2,435	–	97,428	4	6	99,873
Charge for the year	–	–	15,403	12,632	–	–	28,035
Disposals	–	–	–	(24,226)	(4)	–	(24,230)
As at December 31, 2024	–	2,435	15,403	85,834	–	6	103,678
Net book value							
As at December 31, 2024	82,489	10,004,365	4,629,050	1,360,997	3,834,664	124,628	20,036,193

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

17. Intangible Assets (Continued)

(a) Carrying amount of goodwill

The carrying amount of goodwill allocated to Cash-Generating Units or the groups of Cash-Generating Units ("CGUs"):

	As at December 31,	
	2025 RMB'000	2024 RMB'000
KLN CGUs	5,895,878	6,138,923
Fenghao Supply Chain CGUs	3,047,302	3,184,723
KEX CGUs	–	64,508
SXH CGUs	363,743	380,138
Others	238,386	236,073
	9,545,309	10,004,365

As stated in Note 2.1(e), goodwill would be tested for impairment annually. If the carrying amount exceeds its estimated recoverable amount, which is the higher of value in use and fair value less costs of disposal, the difference of which would be recognized in profit and loss immediately.

(b) Impairment tests

The following table sets out the key assumptions used for value in use calculations of KLN CGUs and Fenghao Supply Chain CGUs:

	Year ended December 31,	
	2025	2024
Revenue growth rate over the forecast period	4.00% – 25.00%	2.00%~15.30%
Terminal revenue growth rate	2.00%	2.00%
Margin of earnings before interests and tax	0.01% – 5.40%	0.03%~5.75%
Pre-tax discount rate	9.50% – 13.10%	10.55%~13.40%

Various factors were taken into consideration when determine the appropriate terminal revenue growth rate used over the forecast period, including the long-term inflation rates of Chinese Mainland, Hong Kong and the United States, etc. This growth rate does not exceed the long-term average growth rate for the market in which the relative business operates.

Management determined budgeted margin of earnings before interests and tax and revenue growth rates based on historical performance and its expectations of the market development.

The pre-tax discount rates reflected the current market assessment of the time value of money and the risks specific to the business.

As to KEX CGUs, SXH CGUs and others, the management of the Group performed goodwill impairment tests as at December 31, 2025. Based on the testing results, an impairment loss of RMB61,725,000 was recognized for KEX CGUs for the year ended December 31, 2025.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

17. Intangible Assets (Continued)

(c) Impact of possible changes in key assumptions

The recoverable amount of KLN CGUs is estimated to exceed its carrying amount at December 31, 2025 by approximately RMB1,430 million (2024: RMB1,012 million).

The recoverable amount of Fenghao Supply Chain CGUs is estimated to exceed its carrying amount at December 31, 2025 by approximately RMB418 million (2024: RMB443 million).

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of each CGUs to exceed its respective recoverable amount.

The recoverable amount of each CGUs would equal to its carrying amount if each key assumption was to change as follows with all other variables held constant:

KLN CGUs	As at December 31,	
	2025	2024
Revenue growth rate over the forecast period	4.46%~24.46%	5.54%~8.54%
Terminal revenue growth rate	1.77%	1.66%
Margin of earnings before interests and tax	4.54%~4.60%	4.50%~5.44%
Pre-tax discount rate	13.58%	13.76%

Fenghao Supply Chain CGUs	As at December 31,	
	2025	2024
Revenue growth rate over the forecast period	3.40%~10.20%	1.42%~14.82%
Terminal revenue growth rate	1.61%	1.43%
Margin of earnings before interests and tax	-1.19%~4.23%	-0.54%~5.18%
Pre-tax discount rate	10.37%	11.09%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

18. Deferred Tax

Deferred tax assets and liabilities are offset if, and only if: (i) there is a legally enforceable right to set off current tax assets and liabilities, and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Deferred tax assets	6,087,717	5,251,652
Offsetting	(4,016,561)	(2,959,658)
Net deferred tax assets	2,071,156	2,291,994
Deferred tax liabilities	8,115,611	7,374,143
Offsetting	(4,016,561)	(2,959,658)
Net deferred tax liabilities	4,099,050	4,414,485

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

18. Deferred Tax (Continued)

(a) Deferred tax assets

The movements in deferred tax assets before offsetting for the years ended December 31, 2025 and 2024 are as follows:

	Amortization and depreciation <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Accrued expenses <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Loss allowances for financial assets and non-current assets <i>RMB'000</i>	Unrealised profits from internal transactions <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2025	1,041,832	864,406	302,495	2,640,633	244,416	84,223	73,647	5,251,652
Acquisition and disposal of subsidiaries, net	-	-	-	-	(637)	-	-	(637)
Credited/(charged) to consolidated statement of profit or loss	25,257	(130,066)	(19,160)	968,014	(28,816)	15,637	31,708	862,574
Currency translation differences	(10,273)	(5,051)	(7,670)	(15,108)	(1,260)	-	13,490	(25,872)
As at December 31, 2025	1,056,816	729,289	275,665	3,593,539	213,703	99,860	118,845	6,087,717
As at January 1, 2024	849,888	900,683	480,077	2,998,695	174,813	112,374	82,661	5,599,191
Acquisition and disposal of subsidiaries, net	(8,027)	-	-	-	-	-	-	(8,027)
Credited/(charged) to consolidated statement of profit or loss	255,044	(20,891)	(182,972)	(335,196)	67,096	(28,151)	(9,014)	(254,084)
Currency translation differences	(55,073)	(15,386)	5,390	(22,866)	2,507	-	-	(85,428)
As at December 31, 2024	1,041,832	864,406	302,495	2,640,633	244,416	84,223	73,647	5,251,652

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

18. Deferred Tax (Continued)

(b) Deferred tax liabilities

The movements in deferred tax liabilities before offsetting for the years ended December 31, 2025 and 2024 are as follows:

	Appreciation of assets acquired in business combinations <i>RMB'000</i>	Accelerated tax depreciation <i>RMB'000</i>	Changes in fair value <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2025	2,850,490	1,515,595	353,037	2,495,706	159,315	7,374,143
(Credited)/charged to consolidated statement of profit or loss	(155,307)	184,011	(2,651)	940,693	(61,724)	905,022
Charged to consolidated statement of comprehensive income	-	-	5,963	-	-	5,963
Currency translation differences	(120,580)	8,329	(19,210)	(14,770)	(23,286)	(169,517)
At December 31, 2025	2,574,603	1,707,935	337,139	3,421,629	74,305	8,115,611
At January 1, 2024	2,971,543	1,606,602	359,178	2,830,561	118,411	7,886,295
Acquisition and disposal of subsidiaries, net	14,578	-	-	-	-	14,578
(Credited)/charged to consolidated statement of profit or loss	(207,921)	(39,063)	(11,045)	(314,282)	66,516	(505,795)
Charged to consolidated statement of comprehensive income	-	-	(3,899)	-	-	(3,899)
Currency translation differences	72,290	(51,944)	8,803	(20,573)	(25,612)	(17,036)
At December 31, 2024	2,850,490	1,515,595	353,037	2,495,706	159,315	7,374,143

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

18. Deferred Tax (Continued)

(c) Deferred tax assets not recognized

Deferred tax assets should be recognized when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilised. Temporary differences will not be recognized as deferred tax assets if the management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the deductible temporary differences which were not recognized as deferred tax assets during the year:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Tax losses	17,650,113	18,994,127
Other deductible temporary differences	1,123,835	1,334,659
	18,773,948	20,328,786

The analysis of the expiry years of deductible tax losses of the Group is as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
2025	–	2,451,413
2026	2,351,701	3,192,356
2027	2,527,243	2,855,219
2028	3,853,686	4,421,109
2029	2,477,660	2,639,363
2030 and above	6,439,823	3,434,667
	17,650,113	18,994,127

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

19. Prepayments, Other Receivables and Other Assets

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current:		
Amounts due from related parties <i>(Note 38(d))</i>	106,973	1,181
Deferred pilot recruitment costs	706,707	740,683
Prepayments <i>(Note (a))</i>	922,010	576,948
Finance lease receivables	129,553	38,224
Others	307,644	520,580
	2,172,887	1,877,616
Less: Allowance for expected credit losses <i>(Note (d))</i>	(19,059)	(22,581)
	2,153,828	1,855,035
Current:		
Amounts due from related parties <i>(Note 38(d))</i>	323,686	306,027
Value-added tax recoverable	3,529,293	3,366,151
Prepayments <i>(Note (b))</i>	2,881,143	2,827,788
Fixed income certificates <i>(Note (c))</i>	5,618,400	–
Deposits	1,790,403	1,536,726
Cash to collect on behalf of customers	723,087	768,814
Prepaid corporate income tax	353,392	384,920
Finance lease receivables	41,459	88,800
Others	1,755,991	1,170,128
	17,016,854	10,449,354
Less: Allowance for expected credit losses <i>(Note (d))</i>	(342,245)	(334,811)
	16,674,609	10,114,543

Notes:

- The balances of the Group mainly comprise prepaid construction equipment balances during the years ended December 31, 2025 and 2024.
- The balances of the Group mainly comprise prepaid freight and transportation costs during the year ended December 31, 2025 and 2024.
- As at December 31, 2025, the fixed income certificates held by the Group represented the fixed income products issued by securities companies and purchased by the Group. Based on the assessment of the credit risk, the management of the Group were of the view that the credit risk associated with such fixed income certificates was not significant. As a result, the loss allowance was measured based on the 12-month expected credit losses, with no material impairment provision recognized for the year ended December 31, 2025.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

19. Prepayments, Other Receivables and Other Assets (Continued)

(d) Movements on the Group's allowance for expected credit losses of other receivables are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	357,392	371,416
Allowance for impairment	14,954	30,403
Written off as uncollectible	(14,812)	(44,971)
Exchange differences	3,770	544
At the end of the year	361,304	357,392

20. Investments in Associates and Joint Ventures

Movement of investments in associates is analyzed as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	3,610,850	4,120,128
Additions and disposals, net <i>(Note (a),(b))</i>	1,079,031	(355,353)
Share of profit, net	(8,500)	49,210
Share of other comprehensive loss	(6,629)	(1,077)
Share of other equity movement	1,073	3,011
Dividend declared during the year	(198,275)	(176,711)
Exchange differences	(121,503)	43,550
Less: Impairment loss provided for the year	–	(71,908)
At the end of the year	4,356,047	3,610,850

Notes:

(a) Investment in Southern SF Logistics Real Estate Investment Trust ("REIT")

Southern SF Warehouse Logistics Closed-end REIT (Security name: Southern SF Logistics REIT; Security code: 180305) was issued and listed on the Shenzhen Stock Exchange on April 21, 2025. The total fund raised amounting to RMB3,290,000,000 were used to acquire the entire equity interests and total debt of the Group's subsidiaries, including Shenzhen SF Aviation Industrial Real Estate Management Co., Ltd., Hefei Fengtai E-Commerce Industrial Park Management Co., Ltd., and Wuhan Fengtai E-Commerce Industrial Park Management Co., Ltd. (collectively, the "Infrastructure Project Companies"). As the original equity holders of the Southern SF Logistics REIT, the Company's subsidiaries, Shenzhen Jiafeng Industrial Park Management Co., Ltd., and Shenzhen Fengtai E-Commerce Industrial Park Asset Management Co., Ltd., participated in the strategic placement of the REIT's units with a payment of an aggregation consideration of RMB1,118,600,000 to acquire a 34% interest in the Southern SF Logistics REIT. As the Group is able to exercise significant influence over the financial and operating decisions, the Group's investment in Southern SF Logistics REIT is accounted for as an investment in an associate.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

20. Investments in Associates and Joint Ventures (Continued)

(b) Disposal of subsidiaries to Southern SF Logistics REIT

The original equity holders disposed of the entire equity interests of the abovementioned three subsidiaries to Southern SF Logistics REIT for a total consideration of RMB2,083,358,000. Upon completion of the disposal, the equity interests in these subsidiaries held by the Group were transferred to Southern SF Logistics REIT. As a result, the Group lost control over the three subsidiaries which were no longer included in the scope of the Group's consolidated financial statements. A total gain on disposal of RMB777,266,000 was recognized by the Group for the year ended December 31, 2025.

Movement of investments in joint ventures is analyzed as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	2,592,792	3,258,703
Additions and disposals, net	190,204	(424,159)
Share of loss, net	(53,538)	(119,230)
Share of other comprehensive loss	2	–
Share of other equity movement	–	(5)
Dividend declared during the year	(7,386)	(7,468)
Exchange differences	(1,141)	839
Less: Impairment loss provided for the year	(43,360)	(115,888)
At the end of the year	2,677,573	2,592,792

The Group's share of results of its associates and joint ventures are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Aggregate attributable amounts of net loss	(105,398)	(257,816)
Aggregate attributable amounts of other comprehensive income	(6,627)	(1,077)
Aggregate attributable amounts of total comprehensive income	(112,025)	(258,893)

There is no associate and joint venture that is individually significant to the Group.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

21. Financial Assets at FVPL and FVOCI

(a) Financial assets at FVPL

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current:		
– Industry fund investments	289,307	331,815
– Equity investment in unlisted entities, at fair value	338,816	139,261
– Others	6,390	6,340
	634,513	477,416
Current:		
– Structured deposits	16,080,264	11,015,904
– Fund investment and others	118,712	230,252
	16,198,976	11,246,156

(b) Financial assets at FVOCI

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current:		
– Listed equity investments, at fair value	1,587,405	1,033,218
– Unlisted equity investments, at fair value	6,709,638	7,198,776
	8,297,043	8,231,994
Current:		
– Notes held for sale	244,734	170,913
	244,734	170,913

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

22. Inventories

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Finished goods	1,068,214	828,075
Raw materials	721,147	623,005
Aviation consumables	806,955	631,450
Consumables and supplies	362,278	265,661
Cost of fulfilling contracts	80,974	86,577
	3,039,568	2,434,768
Less: Provision for impairment loss	(538)	(2,385)
	3,039,030	2,432,383

23. Contract Assets

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Contract assets	3,054,319	2,745,809
Less: Allowance for expected credit losses	(5,202)	(4,989)
	3,049,117	2,740,820

As disclosed in Note 2.1(g), the Group applies simplified approach under IFRS 9 to measure the expected credit loss, using a lifetime expected loss allowance for contract assets.

Allowance of approximately RMB215,000 had been provided for years ended December 31, 2025 (2024: RMB1,437,000).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

24. Trade and Note Receivables

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade and note receivables		
– related parties (<i>Note 38(d)</i>)	525,273	540,956
– third parties	31,362,506	28,554,708
	31,887,779	29,095,664
Less: Allowance for expected credit losses	(832,430)	(1,114,031)
	31,055,349	27,981,633

- (a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses. The ageing analysis of the trade and note receivables based on invoice dates is as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within 1 year (including 1 year)	31,224,876	28,295,989
Between 1 and 2 years (including 2 years)	308,010	335,669
Over 2 years	354,893	464,006
	31,887,779	29,095,664

There is no concentration of credit risk with respect to trade and note receivables, as the Group has a large number of customers.

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. Details are disclosed in Note 2.1(g).

As at December 31, 2025, trade receivables of approximately RMB832,430,000 (2024: RMB1,114,031,000) were credit impaired and provided for impairment allowance.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

24. Trade and Note Receivables (Continued)

Movements on the provision for impairment of trade and note receivables are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	1,114,031	1,378,665
Acquisition of subsidiaries	–	2,302
Allowance for impairment losses	34,042	239,853
Written off as uncollectible	(320,032)	(509,273)
Disposal of subsidiaries	(359)	(5,342)
Exchange differences	4,748	7,826
At the end of the year	832,430	1,114,031

- (c) The provision and reversal of provision for impairment of receivables have been included in impairment losses on financial assets and contract assets in the consolidated statement of profit or loss. Amounts charged to the allowance account are written off when it is expected cannot be recovered.
- (d) The carrying amount at the reporting date approximated the fair value of each class of receivables mentioned above.

25. Restricted Cash and Cash and Cash Equivalents

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Restricted cash		
Required reserve deposits with the PBOC for banking operations <i>(Note (a))</i>	895,679	1,240,261
Pledged bank deposits	209,922	114,042
	1,105,601	1,354,303
Cash and cash equivalents		
Cash on hand and cash at banks (excluding PBOC)	19,951,626	32,632,563
Excess reserve deposits with the PBOC <i>(Note (b))</i>	8,005	13,492
	19,959,631	32,646,055

Notes:

- (a) On September 18, 2016, the Group incorporated SF Holding Group Finance Co., Ltd., a licensed financial institution, principally engaging in the provision of cash management services within the group internally.
- (b) SF Holding Group Finance Co., Ltd. is required to deposit with the People's Bank of China (the "PBOC") an amount that equals to 5% of qualified RMB deposits from corporates. The required reserve deposits are restricted and not available for use in the daily business. Deposits with the PBOC in excess of the required reserve deposits are excess reserve deposits, which are maintained mainly for clearance settlement purposes.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

26. Borrowings

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current borrowings:		
Long-term bank borrowings (Note (a))		
– secured (Note (a)(i))	4,930	8,300
– unsecured (Note (a)(ii))	5,178,401	6,178,086
Corporate bonds (Note (c))	12,358,825	19,941,935
Loans from non-controlling interests	178,555	190,939
	17,720,711	26,319,260
Current portion of non-current borrowings:		
Long-term bank borrowings (Note (a))		
– secured (Note (a)(i))	24,609	30,902
– unsecured (Note (a)(ii))	191,270	1,646,813
Corporate bonds (Note (c))	5,693,782	627,779
Loans from non-controlling interests	–	21,831
Short term borrowings:		
Short-term bank borrowings (Note (b))		
– secured (Note (b)(i))	104,338	117,348
– unsecured (Note (b)(ii))	7,092,994	15,001,186
Short-term debentures (Note (c))	–	807,787
Convertible bonds (Note (d))	2,620,001	–
Loans from non-controlling interests	360,693	111,476
	16,087,687	18,365,122

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

26. Borrowings (Continued)

Notes:

- (a) Long-term bank borrowings
- (i) Certain non-current assets had been pledged as securities for long-term bank borrowings as at December 31, 2025 and 2024. Refer to Note 14(a), Note 15(a) and Note 16(a).
 - (ii) The Long-term bank borrowings of approximately RMB5,124,631,000 as at December 31, 2025 (2024: RMB5,546,498,000) had been guaranteed by the subsidiaries within the Group.
 - (iii) The Group had complied with all of the financial covenants of its borrowing facilities for the years ended December 31, 2025 and 2024.
 - (iv) The range of interest rates of major non-current bank borrowings were 1.00% to 6.17% for the year ended December 31, 2025 (2024: 2.34% to 5.33%).
- (b) Short-term bank borrowings
- (i) Certain non-current assets had been pledged as securities for short-term bank borrowings as at December 31, 2025 and 2024. Refer to Note 14(a), Note 15(a) and Note 16(a).
 - (ii) Short-term bank borrowings of approximately RMB2,477,183,000 as at December 31, 2025 (2024: RMB753,673,000) had been guaranteed by the Company or its subsidiaries.
 - (iii) The range of interest rates of major short-term bank borrowings were 1.00% to 9.25% for the year ended December 31, 2025 (2024: 2.27% to 6.77%).
- (c) Corporate bonds and short-term debentures
- (i) Bonds and debentures amounting to RMB16,025,267,000 as at December 31, 2025 (2024: RMB18,039,077,000) had been guaranteed by the Company.
 - (ii) During the year ended December 31, 2025, the Group repurchased part of its US dollar corporate bonds, with the total par value of the repurchased bonds amounting to RMB1,337,907,000. The difference between the consideration paid and the carrying amount of the corporate bonds payable, which is RMB66,153,000, was recognized as other gains (Note 7).
 - (iii) The range of interest rates of bonds and debentures were 2.15% to 3.13% for the year ended December 31, 2025 (2024: 2.15% to 3.13%).
- (d) Convertible bonds

With the approval of the Hong Kong Stock Exchange, SF Holding Investment 2023 Limited, a wholly-owned subsidiary of the Group, issued offshore convertible bonds which can be converted into H Shares of the Company under specific conditions ("H Share convertible bonds") to professional investors on July 10, 2025. After deduction of issue fees and expenses, the actual net proceeds raised were RMB2,666,878,000. Among which, the liability component of the convertible bonds amounted to RMB2,626,737,000 was included in borrowings, while the equity component amounted to RMB40,141,000 was included in reserve.

The H Share convertible bonds have a term of 363 days, with a zero coupon rate and no interest bearing. Unless previously redeemed, converted or purchased or cancelled, the Group will redeem each convertible bond at 100.5% of its principal amount on the maturity date. The conversion period is from the 41st day after the issue date up to the close of business on the date falling into 10 days prior to the maturity date of the convertible bonds (i.e., from August 20, 2025 to June 28, 2026) when the bondholders may apply for conversion. The initial conversion price of the H Share convertible bonds at the time of issuance was HKD48.47 per share.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

27. Trade and Note Payables

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade and note payables		
– related parties (Note 38(d))	505,415	332,322
– third parties	29,775,810	27,063,202
	30,281,225	27,395,524

The ageing analysis of the trade and note payables based on invoice dates as at December 31, 2025 and 2024 is as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within 1 year (including 1 year)	30,110,808	27,128,233
Over 1 year	170,417	267,291
	30,281,225	27,395,524

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

28. Contract Liabilities

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Contract liabilities		
– related parties (Note 38(d))	29,046	25,085
– third parties	1,957,972	2,014,113
	1,987,018	2,039,198

The following table shows the amounts of revenue recognized during the year relating to carried-forward contract liabilities:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue recognized that was included in contract liabilities at the beginning of the year	2,039,198	1,832,018

29. Other Payables and Accruals

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Non-current:		
Salaries, wages and benefits	75,741	58,725
Others	152,351	142,312
	228,092	201,037
Current:		
Amounts due to related parties (Note 38(d))	166,552	120,487
Salaries, wages and benefits	6,193,421	6,151,172
Payable for purchase of property, plant and equipment	3,156,556	3,292,799
Deposits	2,864,951	2,566,045
Other taxes payable	881,517	847,166
Payables of cash collected on delivery service	1,367,940	1,423,502
Consideration payable for business combinations	10,961	13,213
Others	2,684,798	2,646,947
	17,326,696	17,061,331

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

30. Deferred Income

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Government grants and subsidies	1,613,357	1,266,359

The government grants are mainly incentives provided by local government authorities in the PRC, including subsidies from a project in Huanggang City, government supporting funds for industrial parks and aircraft engine maintenance subsidies, etc. All of the government grants and subsidies recognized as deferred income are related to certain assets.

31. Share Capital and Treasury Shares

	Number of fully paid ordinary shares	Share capital RMB'000	Treasury shares RMB'000	Total RMB'000
As at January 1, 2025	4,986,186,983	4,986,187	(758,081)	4,228,106
Issue of shares (Note (a))	70,000,000	70,000	–	70,000
Exercise of share options	6,513,784	6,513	–	6,513
Repurchase of shares (Note (b))	–	–	(1,643,620)	(1,643,620)
Cancellation of shares (Note (c))	(23,270,358)	(23,270)	859,065	835,795
As at December 31, 2025	5,039,430,409	5,039,430	(1,542,636)	3,496,794
As at January 1, 2024	4,895,202,373	4,895,202	(2,575,532)	2,319,670
Issue of shares (Note (a))	170,275,763	170,276	–	170,276
Repurchase of shares (Note (b))	–	–	(1,758,094)	(1,758,094)
Cancellation of shares (Note (c))	(79,291,153)	(79,291)	3,575,545	3,496,254
As at December 31, 2024	4,986,186,983	4,986,187	(758,081)	4,228,106

Notes:

- (a) On July 4, 2025, the Company allotted and issued an aggregate of 70,000,000 H shares at the placing price of HKD42.15 per share, raising total gross proceeds of HKD2,950,500,000, equivalent to RMB2,730,000,000. After deducting the issuance expenses of RMB55,946,000, the net proceeds amounted to RMB2,674,054,000, of which RMB70,000,000 was Recognized in share capital and RMB2,604,054,000 in capital reserve as share premium.

As of December 31, 2025, the Company had a total of 5,039,430,409 ordinary shares issued. The details of the Company's equity changes for the year ended December 31, 2025 and 2024 are as follows:

	As at December 31,	
	2025	2024
Domestic listed A shares	4,799,430,000	4,816,187,000
Overseas listed H shares	240,000,000	170,000,000
	5,039,430,000	4,986,187,000

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

31. Share Capital and Treasury Shares (Continued)

- (b) During the years ended December 31, 2025 and 2024, a total of 41,458,689 and 20,771,358 A shares were repurchased, respectively, for future employee stock option programs or share-based incentive schemes. As a result, treasury shares amounting to approximately RMB1,643,620,000 and RMB1,758,094,000 were recognized in 2025 and 2024, respectively.
- (c) During the year ended December 31, 2025, the Company, with the approval and authorization of the general meeting, cancelled a total of 23,270,358 shares. As a result, treasury shares amounting to approximately RMB859,065,000 and share capital of approximately RMB23,270,000 were derecognized with a corresponding decrease in capital reserve of approximately RMB835,795,000.

32. Reserves and Retained Earnings

(a) Reserves

	Capital reserve <i>RMB'000</i>	Conversion option reserve <i>RMB'000</i>	Other comprehensive income <i>RMB'000</i>	General and regulatory reserve <i>RMB'000</i>	Special reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2025	40,924,932	-	4,529,488	524,376	-	2,646,138	48,624,934
Other comprehensive income	-	-	(44,562)	-	-	-	(44,562)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(39,232)	-	-	-	(39,232)
Net proceeds from share option exercising	255,328	-	-	-	-	-	255,328
Issue of shares	2,604,054	-	-	-	-	-	2,604,054
Cancellation of shares	(835,795)	-	-	-	-	-	(835,795)
Share-based payment	124,952	-	-	-	-	-	124,952
Transaction with non-controlling interests and others	(557,224)	-	-	-	-	-	(557,224)
Profit appropriations to statutory reserve	-	-	-	-	-	26,622	26,622
Equity component of convertible bonds	-	40,141	-	-	-	-	40,141
Safety reserve appropriation	-	-	-	-	434,643	-	434,643
Safety reserve utilisation	-	-	-	-	(434,643)	-	(434,643)
Others	(152,373)	-	-	-	-	-	(152,373)
As at December 31, 2025	42,363,874	40,141	4,445,694	524,376	-	2,672,760	50,046,845

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

32. Reserves and Retained Earnings (Continued)

(a) Reserves (Continued)

	Capital reserve <i>RMB'000</i>	Other comprehensive income <i>RMB'000</i>	General and regulatory reserve <i>RMB'000</i>	Special reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2024	43,164,085	5,532,428	524,376	–	2,413,786	51,634,675
Other comprehensive income	–	(1,033,976)	–	–	–	(1,033,976)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	31,036	–	–	–	31,036
Transactions with owners						
Net proceeds from Global Offering	5,076,004	–	–	–	–	5,076,004
Net proceeds from share option exercising	11,194	–	–	–	–	11,194
Capital injection from non-controlling interests	54	–	–	–	–	54
Cancellation of shares	(3,496,254)	–	–	–	–	(3,496,254)
Share-based payment	89,677	–	–	–	–	89,677
Transaction with non-controlling interests and others	(3,916,204)	–	–	–	–	(3,916,204)
Profit appropriations to statutory reserve	–	–	–	–	232,352	232,352
Safety reserve appropriation	–	–	–	481,331	–	481,331
Safety reserve utilisation	–	–	–	(481,331)	–	(481,331)
Others	(3,624)	–	–	–	–	(3,624)
As at December 31, 2024	40,924,932	4,529,488	524,376	–	2,646,138	48,624,934

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

33. Share-Based Payment

(a) Share-based payment expenses during the year were as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Equity settled share-based payment	181,169	91,446
Cash settled share-based payment	–	(10,952)
	181,169	80,494

(b) Equity settled share-based payment arrangement

(i) 2022 A Share Option Incentive Plan of the Company

2022 A Stock Option Incentive Plan, established in May 2022, is designed to reward qualified participants who contribute to the growth of the Group's operations and provide long-term incentives for employees to deliver sustainable shareholder returns.

The stock options vest over a period of 4 years on the condition that the employees, officers and directors remain in service and certain performance standards are met. One-fourth of the granted options shall be vested when it meets the end of the first, the second, the third and the fourth year upon the grant dates.

During the year ended December 31, 2025, a total of 1,158 participants met the performance requirements, resulting in 8,257,059 share options becoming exercisable.

As of December 31, 2025, there were 17,467,709 share options outstanding under the 2022 A Share Option Incentive Plan.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

33. Share-Based Payment (Continued)

(b) Equity settled share-based payment arrangement (Continued)

(i) Share Option Plan of the Company (Continued)

The fair value per option was estimated at the grant dates using the following assumptions:

Exercise price per share	RMB42.61, RMB42.43
Expiry date	Respective annual due dates
Share price at grant date per share	RMB51.57, RMB49.88
Expected volatility of the Company's shares	35.77% ~ 40.39%
Expected dividend yield	0.51% ~ 0.55%
Risk-free interest rate	1.50% ~ 2.75%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The Group recognizes share-based payments in capital reserves and its consolidated statement of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognized in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserves.

Share-based payment expenses of RMB38,726,000 (2024: RMB84,316,000) related to the above share options were recognized in the consolidated statement of profit or loss for the year ended December 31, 2025.

An accumulated amount of RMB583,831,000 (2024: RMB545,105,000) has been recognized as capital reserve as at December 31, 2025.

(ii) "Grow Together" Employee Shareholding Scheme (A Shares)

On September 15, 2025, the "Grow Together Employee Shareholding Scheme (A Share) (Draft)" ("the Scheme") was reviewed and approved in the 2025 first extraordinary general meeting held by the Company. A total quantity of up to 1,620,000,000 virtual share units will be granted to the qualified employees of the Group over a period of 9 years within the Scheme's duration of no more than 15 years.

In the first quarter of the next year after the virtual share units are granted to the qualified employees in each year, under the jointly consideration of the performance of the Company and the individual employee, the Board of Directors will calculate the total number of each employee's shares eligible for vesting based on the increase amount of the agreed share price compared to the grant price of the virtual share units.

The shares under the Scheme, comprising 200,000,000 A Shares of the Company, were donated by Mingde Holding with no consideration payment made by the Group. As at December 31, 2025, the total number of shares had been transferred to the securities account in China Securities Depository and Clearing Corporation Limited established by the Scheme.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

33. Share-Based Payment (Continued)

(b) Equity settled share-based payment arrangement (Continued)

(ii) “Grow Together” Shareholding Scheme (A Shares) (Continued)

The portfolio holders who are the qualified employees of the Group are responsible for the operation and management of the Scheme itself. Holders' Meeting is set up and serves as a top authorized organization of the Scheme. If any holders are directors or supervisors, or members of the senior management, they should waive their voting and proposal rights in the Holders' Meeting, and waive their voting rights on any resolutions related to the Scheme at board meetings or shareholders' meeting of the Company. A Management Committee is established and authorized to serve as the administrator by the Holders' Meeting. The Management Committee is responsible for the management of the Scheme's daily operation and execution of the holders' rights on behalf of all holders of the Scheme. Members of the Management Committee are elected by the Holders' Meeting. Controlling shareholders, ultimate controlling persons, directors, supervisors, and members of the senior management of the Company, or any of their connected parties, cannot serve as members of the Management Committee.

The assets held by the Scheme are independent from the Company's assets. Throughout the duration of the Scheme and its liquidation period, any ungranted shares and dividends or any other assets held by the Scheme do not belong to the Company.

the 2025 initial grant of Virtual Share Units (“the 2025 Plan”)

The agreed share price of the shares eligible for vesting is the average closing price of the Company's A shares during the year. A 12-month lock-up period starting from each vesting date is applied to each vesting. At the same time, a service period is set after the end of the lock-up period, starting from the date after the last lock-up period date. The service period of the first vesting will be 96 months, following by a 84 months service period for the second vesting, and so on. No service period is required for the ninth vesting, which is only applied for a 12-month lock-up period. On September 15, 2025, as approved by the 2025 first extraordinary general meeting, a total of 79,819,300 virtual share units were granted to qualified employees with a grant price of RMB35 yuan per share.

The Company determines the fair value of the shares on the grant date based on the closing market price and uses a Monte Carlo simulation model to calculate the estimated number of share units to be eligible for vesting. As at December 31, 2025, the accumulated amount recognized in capital reserve and attributable to the owners of the Company related to the Scheme was RMB8,332,000. Share-based payment expenses of RMB8,332,000 related to the Scheme were recognized in the consolidated statement of profit or loss for the year ended December 31, 2025.

(iii) Share incentive Plan of the subsidiary entities

Subsidiaries of the Group issued restricted share units ('RSU') or share options of their own shares to senior executives and other employees.

The fair value at grant date is independently determined by share price or using the Discounted Cash Flow model or Binomial Option Pricing model.

Share-based payment expenses of approximately RMB134,111,000 (2024: RMB7,130,000) related to the above share awards were recognized in the consolidated statement of profit or loss for the year ended December 31, 2025.

An accumulated amount of RMB742,310,000 (2024: RMB608,199,000), as at December 31, 2025 has been recognized as capital reserve.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

34. Notes to Consolidated Statement of Cash Flows

(a) Reconciliation of profit before income tax to net cash generated from operations:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit before income tax for the year	14,917,877	13,607,261
<i>Adjustments for:</i>		
Depreciation of right-of-use assets (Note 8)	6,734,189	6,798,783
Depreciation and amortization (excluding right-of-use assets) (Note 8)	9,638,326	10,533,474
Impairment provision for investments in associates and joint ventures	43,360	187,796
Net impairment losses on financial assets and contract assets	49,211	271,693
Impairment of inventories, property, plant and equipment and other non-current assets (Note 7)	83,766	141,622
Equity settled share-based compensation expenses (Note 33)	181,169	91,446
Impairment of goodwill (Note 7)	61,725	–
Losses on disposal of property, plant and equipment, right-of-use assets and other non-current assets (Note 7)	83,511	60,228
Fair value changes in financial assets at FVPL (Note 7)	(630,856)	(509,717)
Gains on disposal of investments in subsidiaries (Note 36(b))	(793,336)	(80,615)
Share of loss of associates and joint ventures, net	62,038	70,020
Gains on disposal of investments in associates and joint ventures (Note 7)	(108,095)	(89,622)
Dividend income (Note 6)	(2,682)	(1,005)
Amortization of deferred income	(76,361)	(43,241)
Finance costs (Note 10)	1,752,364	2,373,319
Operating cash flow before working capital changes	31,996,206	33,411,442
<i>Changes in working capital:</i>		
(Increase)/decrease in inventories	(604,800)	8,439
Increase in trade receivables, prepayment, contract assets and other receivable	(4,876,052)	(247,211)
Increase in trade payables, contract liabilities, and other payables	4,739,317	2,191,719
Cash generated from operations	31,254,671	35,364,389

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

34. Notes to Consolidated Statement of Cash Flows (Continued)

(b) Transaction with non-controlling interests

During the year, the Group changed its ownership interests in certain subsidiaries without change of its control.

The impacts of the transactions with non-controlling interests for the years ended December 31, 2025 and 2024 are summarized as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Net cash consideration paid to non-controlling interests without change of control	700,434	3,451,076
Recognized in the reserve within equity	557,224	3,916,204

(i) Major transaction during the year ended December 31, 2025

No non-controlling interests' transaction made a significant impact of the Group during the year ended December 31 2025.

(ii) Major transactions during the year ended December 31, 2024

During the year ended December 31, 2024, the Group acquired the remaining equity interests of Shenzhen SF Freight Corporation and Shenzhen Fengwang Holding Co., Ltd. Upon the completion of the transactions, the aforementioned subsidiaries became wholly-owned subsidiaries of the Group. The Group recognized a decrease in other capital reserve of RMB2,146,357,000 and RMB744,838,000, respectively. The consideration for above transactions was paid in 2024.

(c) Non-cash operating, investing and financing activities

The main non-cash operating, investing and financing activities for the years ended December 31, 2025 and 2024 are summarized as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Additions of right-of-use assets	10,011,578	6,736,287
Settlement of acquisitions of long-term assets through bank supply chain financing or re-factoring	185,337	115,198
	10,196,915	6,851,485

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

34. Notes to Consolidated Statement of Cash Flows (Continued)

(d) Reconciliation of liabilities arising from financing activities

	Bank borrowings	Corporate bonds and short-term debentures	Loans from non-controlling interest	Leases liabilities	Total
As at January 1, 2025	22,982,635	21,377,501	324,246	12,595,797	57,280,179
Cash flows	(10,760,554)	(481,964)	222,372	(7,542,577)	(18,562,723)
Interest expenses	611,399	654,252	3,832	500,012	1,769,495
Other non-cash movements <i>(Note (i))</i>	(236,938)	(877,181)	(11,202)	9,864,018	8,738,697
As at December 31, 2025	12,596,542	20,672,608	539,248	15,417,250	49,225,648
As at January 1, 2024	32,933,992	19,410,077	361,946	13,808,460	66,514,475
Cash flows	(11,671,328)	937,166	(2,624)	(7,438,385)	(18,175,171)
Interest expenses	1,273,506	636,369	2,326	503,871	2,416,072
Other non-cash movements <i>(Note (i))</i>	446,465	393,889	(37,402)	5,721,851	6,524,803
As at December 31, 2024	22,982,635	21,377,501	324,246	12,595,797	57,280,179

Note:

- (i) It mainly resulted from the foreign exchange differences on borrowings and the addition of lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

35. Acquisition of Subsidiaries

The net cash flow impact of acquisition of subsidiaries for the year ended December 31, 2025 and 2024 are as below:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Net cash paid in respect of the business combinations <i>(Note (a))</i>	28,251	194,007
Net cash paid in respect of the acquisition of assets	–	502,647
Net cash paid in acquisition of subsidiaries	28,251	696,654

(a) Acquisition of subsidiaries through business combinations

Analysis of the net cash outflow in respect of the acquisition of subsidiaries treated as business combinations for the year ended December 31, 2025 and 2024 are as below:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Total acquisition consideration	18,013	173,897
Less: Cash and bank balances acquired	(734)	(20,212)
Outstanding and included in other payables	–	(64,506)
Cash paid in the current year for acquisition of subsidiaries in prior years	10,972	104,828
Net cash paid in respect of the business combinations	28,251	194,007

36. Disposal of Subsidiaries

Transactions of disposal of subsidiaries for the year ended December 31, 2025 and 2024 are analyzed as follows:

(a) Net cash received from disposal of subsidiaries

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cash consideration		
Including: Hangzhou Zhentai Capital Management Ltd.	–	273,345
Subsidiaries disposed to REIT <i>(Note 20(b))</i>	2,083,358	–
Other subsidiaries	1,052	21,287
	2,084,410	294,632

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

36. Disposal of Subsidiaries (Continued)

(a) Net cash received from disposal of subsidiaries (Continued)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cash consideration	2,084,410	294,632
Add: Cash and cash equivalents received from disposal of subsidiaries in prior years	42,316	190
Less: Cash and cash equivalents held by the subsidiaries at the dates of disposal	(188,303)	(29,868)
Less: Cash and cash equivalents to be received from disposal of subsidiaries in future years	–	(2,297)
Net cash flow impact from disposal of subsidiaries	1,938,423	262,657

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Total disposal consideration	2,084,410	294,632
Carrying amount of net assets sold	(1,291,074)	(214,017)
Gains on disposal of investments in subsidiaries	793,336	80,615

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

37. Subsidiaries with Material Non-Controlling Interests

Set out below is summarized financial information for KLN which has material non-controlling interests.

	As at December 31, 2025 RMB'000	As at December 31, 2024 RMB'000
Current assets	20,566,942	21,013,025
Non-current assets	23,865,727	24,476,527
Total assets	44,432,669	45,489,552
Current liabilities	14,654,013	14,653,958
Non-current liabilities	8,931,977	9,650,482
Total liabilities	23,585,990	24,304,440

	Year ended December 31, 2025 RMB'000	Year ended December 31, 2024 RMB'000
Revenue	51,807,059	54,256,276
Net profit	1,225,726	750,674
Attributable to owners of the Company	565,102	341,968
Net cash generated from operating activities	2,681,837	3,310,646

The financial position, operating results and cash flows of KLN are disclosed in its performance announcements published on HKEx. The financial information presented above has been adjusted to reflect the fair value of identifiable assets and liabilities at the acquisition date, as well as the alignment of accounting policies, but do not take the eliminations of the transactions between KLN and other subsidiaries of the Group into account.

Except for KLN, no other subsidiaries had material non-controlling interests for the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

38. Related Party Transactions

(a) Parent company

Name	Type	Place of incorporation	Ownership interest	
			2025	2024
Mingde Holding	Investment	Shenzhen	48.85%	53.39%

The Company's ultimate holding company is Mingde Holding, and the ultimate controlling person is Mr. Wang Wei.

(b) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties maybe individuals or other entities.

Save as disclosed elsewhere in this report, the directors of the Company are of the view that the following parties/companies were significant related parties that had transactions or balances with the Group for the years ended or as at December 31, 2025 and 2024:

Name of related parties	Relationship with the Group
Shenzhen Hive Box Technology Co., Ltd. and its subsidiaries	Entities controlled by the ultimate controlling person of the Company
Shenzhen Fengxiang Information Technology Co., Ltd. and its subsidiaries	Entities controlled by the ultimate controlling person of the Company
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd. and its subsidiaries	Entities controlled by the ultimate controlling person of the Company
Guangdong Fengxing Zhitu Technology Co., Ltd. and its subsidiaries	Entities controlled by the ultimate controlling person of the Company
Shenzhen Weitai Enterprise Development Co., Ltd. and its subsidiaries	Entities controlled by the ultimate controlling person of the Company
Shenzhen Zhongwang Finance and Tax Supply Chain Co., Ltd.	Associates of the Group
Sichuan Wulianyida Technology Co., Ltd. and its subsidiaries	Associates of the Group
SF Real Estate Investment Trust and its subsidiaries	Associates of the Group
Shenzhen Fenglian Technology Co., Ltd.	Associates of the Group
Zhejiang Galaxis Technology Group Co., Ltd. and its subsidiaries	Associates of the Group
GIAO HANG TIET KIEM JOINT STOCK COMPANY	Associates of the Group
KENGIC Intelligent Technology Co., Ltd and its subsidiaries	Associates of the Group
Dazhangfang Network Technology Co., Ltd. and its subsidiaries	Associates of the Group
KINGS (HK) INTERNATIONAL LIMITED and its subsidiaries	Associates of the Group
Shenzhen Fustar Smart Technology Co., Ltd.	Associates of the Group
Yihai SF (Shanghai) Supply Chain Technology Co., Ltd.	Associates of the Group

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

38. Related Party Transactions (Continued)

(b) Names and relationships with related parties (Continued)

Name of related parties	Relationship with the Group
Hubei Shunke Aviation Aircraft Maintenance Co., Ltd.	Associates of the Group
Southern SF Logistics REIT	Associates of the Group
State Grid E-Commerce Yunfeng Logistics Technology (Tianjin) Co., Ltd.	Associates of the Group prior to January 2025
Beijing Wulian Shuntong Technology Co., Ltd. and its subsidiaries	A joint venture of the Group
CR-SF International Express Co., Ltd.	A joint venture of the Group
Hubei International Logistics Airport Co., Ltd.	A joint venture of the Group
ZBHA Group Co., Ltd.	A joint venture of the Group
Fengsu Yitong (Suzhou) Technology Co., Ltd.	A joint venture of the Group prior to September 2025
Shenzhen Yizhan Renewal Service Technology Co., Ltd. and its subsidiaries	A joint venture of the Group
Shenzhen Shenghai Information Service Co., Ltd.	A joint venture of the Group
Smarcle (Zhuhai) Limited.	A joint venture of the Group
Ezhou CCCC SF Airport Industrial Park Investment and Development Co., Ltd.	A joint venture of the Group
Global Connect Holding Limited	A joint venture of the Group
Guangzhou Xuehang Logistics Co., Ltd and its subsidiaries	A joint venture of the Group subsequent to September 2025

(c) Transactions with related parties

The following significant transactions were carried out between the Group and its related parties for the years ended December 31, 2025 and 2024. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Sales of goods and services:		
Controlling shareholder	539	535
Entities controlled by the ultimate controlling person of the Company	1,550,401	1,593,016
Associates of controlling shareholder	–	7,162
Joint ventures of the Group	37,112	50,983
Associates of the Group	62,177	88,148
	1,650,229	1,739,844

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

38. Related Party Transactions (Continued)

(c) Transactions with related parties (Continued)

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Purchases of goods and services:		
Entities controlled by the ultimate controlling person of the Company	689,006	750,259
Associates of controlling shareholder	–	190
Joint ventures of the Group	1,440,771	1,079,710
Associates of the Group	868,266	895,553
	2,998,043	2,725,712
Disposal of equity:		
Associates of the Group	2,083,358	–
Acquisition of assets through acquisition of subsidiaries:		
Joint ventures of the Group	–	559,289
Depreciation and interest expenses borne by the Group as the lessee:		
Entities controlled by the ultimate controlling person of the Company	5,562	11,393
Associates of the Group	370,369	226,248
	375,931	237,641
Additions of right-of-use assets:		
Entities controlled by the ultimate controlling person of the Company	24,620	3,639
Joint ventures of the Group	–	2,866
Associates of the Group	331,576	3,320
	356,196	9,825
Other transactions:		
Controlling shareholder	685	684
Entities controlled by the ultimate controlling person of the Company	6,302	4,219
Associates of controlling shareholder	–	1,391
Joint ventures of the Group	760	756
Associates of the Group	88,214	14,441
	95,961	21,491

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

38. Related Party Transactions (Continued)

(d) Balances with related parties

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Amounts due from related parties:		
Controlling shareholder	45	365
Entities controlled by the ultimate controlling person of the Company	634,358	662,119
Joint ventures of the Group	18,738	5,717
Associates of the Group	319,280	188,480
	972,421	856,681
Amounts due to related parties:		
Controlling shareholder	131	320
Entities controlled by the ultimate controlling person of the Company	171,288	113,289
Joint ventures of the Group	304,134	193,763
Associates of the Group	260,877	170,522
	736,430	477,894
Lease Liabilities:		
Entities controlled by the ultimate controlling person of the Company	53,156	86,838
Associates of the Group	411,879	360,194
	465,035	447,032

(e) Guarantee to related parties

(i) Guarantee provided

	As at December 31, 2025		
	Guaranteed amount RMB'000	Guaranteed period	Whether the guarantee has been fulfilled
Guaranteed entities:			
Joint ventures of the Group	805,000	September 29, 2021 to April 29, 2055	No

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

38. Related Party Transactions (Continued)

(e) Guarantee to related parties (Continued)

(i) Guarantee provided (Continued)

Guaranteed entities:	As at December 31, 2024		
	Guaranteed amount <i>RMB'000</i>	Guaranteed period	Whether the guarantee has been fulfilled
Joint ventures of the Group	782,000	September 29, 2021 to April 29, 2055	No

(ii) Contracted not yet provided

	As at December 31,	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Joint ventures of the Group	2,361,180	2,384,180

(f) Key management compensation

	Year ended December 31,	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Key management compensation	40,044	42,188

39. Commitments

(a) Capital Commitments

	As at December 31,	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contracted, but not provided for purchase of property, plant and equipment	3,556,117	1,515,674
Investment to be paid	39,723	121,043
	3,595,840	1,636,717

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

40. Statement of Financial Position and Reserves Movement of the Company

(a) Financial position of the Company

	As at December 31,	
	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	601,095	335,012
Right-of-use assets	328,293	341,498
Intangible assets	–	17
Deferred tax assets	–	112
Prepayments, other receivables and other assets	907	1,755
Investments in a subsidiary	70,032,862	69,994,648
Total non-current assets	70,963,157	70,673,042
Current assets		
Prepayments, other receivables and other assets	17,044,603	13,824,762
Cash and cash equivalents	10,208	4,077,541
Total current assets	17,054,811	17,902,303
Total assets	88,017,968	88,575,345
LIABILITIES		
Current liabilities		
Income tax payable	–	10,911
Other payables and accruals	231,156	90,091
Total current liabilities	231,156	101,002
Total liabilities	231,156	101,002
Net assets	87,786,812	88,474,343
EQUITY		
Share capital	5,039,430	4,986,187
Less: Treasury shares	(1,542,636)	(758,081)
Reserves	78,148,036	76,058,993
Retained earnings	6,141,982	8,187,244
Total equity	87,786,812	88,474,343

WANG Wei
Chairman

HO Chit
Director

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

40. Statement of Financial Position and Reserves Movement of the Company (Continued)

(b) Reserves movement of the Company

	Reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2025	76,058,993	8,187,244	84,246,237
Comprehensive income:			
Profit for the year	–	2,485,583	2,485,583
Transactions with owners			
Net proceeds from share option exercising	255,328	–	255,328
Issue of shares	2,604,162	–	2,604,162
Cancellation of shares	(835,795)	–	(835,795)
Share-based payment	38,726	–	38,726
Profit appropriations to statutory reserve	26,622	(26,622)	–
Dividends	–	(4,504,223)	(4,504,223)
As at December 31, 2025	78,148,036	6,141,982	84,290,018

	Reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2024	74,151,381	12,991,294	87,142,675
Comprehensive income:			
Profit for the year	–	5,031,094	5,031,094
Transactions with owners			
Net proceeds from Global Offering	5,076,004	–	5,076,004
Net proceeds from share option exercising	11,194	–	11,194
Share-based payment	84,316	–	84,316
Cancellation of shares	(3,496,254)	–	(3,496,254)
Profit appropriations to statutory reserve	232,352	(232,352)	–
Dividends	–	(9,602,792)	(9,602,792)
As at December 31, 2024	76,058,993	8,187,244	84,246,237

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

41. Subsequent Event

- (a) The final dividend in respect of the year ended December 31, 2025 of RMB4.3 cents per ordinary share (tax inclusive) was approved by the Board on March 30, 2026. The proposal is subject to the approval of the shareholders at the Annual General Meeting. The dividend was not recognized as a liability as at December 31, 2025.
- (b) On January 15, 2026, the Company entered into a subscription agreement with J&T Express Global Limited (hereinafter as "J&T Express"). Pursuant to which, subject to the fulfillment of relevant conditions and terms, the Company planned to subscribe for J&T Class B shares at a price of HK\$10.10 per share and planned to issue 225,877,669 H shares of the Company (allocated and issued under the general mandate) at a price of HK\$36.74 per share to J&T Express. Upon completion of the H share issuance, the total net proceeds are expected to be approximately HK\$8,298.75 million.
- As at the approval date of these financial statements, the above transactions have not been completed.
- (c) As approved by the resolutions of the Company's A share repurchase plan in the board meeting on October 30, 2025, the Company had repurchased a total of 11,998,800 A shares in the period from January 1, 2026 to March 3, 2026, the last announcement date of repurchase progress before the approval date of these financial statements.

42. Group Structure – Principal Subsidiaries

As at December 31, 2025, the Company's principal subsidiaries are as follows:

Name	Place of Incorporation	Principal Activities and Place of Operation	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest	
				As at December 31,	
				2025	
				Direct	Indirect
Taisen Holding	Chinese Mainland	Investment holding in Chinese Mainland	RMB5,010,000	100.00%	-
S.F. Express Co., Ltd.	Chinese Mainland	International freight forwarding, domestic and international express services in Chinese Mainland	RMB1,000,000	-	100.00%
SF Technology Co., Ltd.	Chinese Mainland	Technical maintenance and development services in Chinese Mainland	RMB60,000	-	100.00%
Shenzhen Shunlu Logistics Co., Ltd.	Chinese Mainland	Cargo transportation, freight forwarding in Chinese Mainland	RMB160,000	-	100.00%
Anhui SF Communication Services Co., Ltd.	Chinese Mainland	Value-added telecommunications services in Chinese Mainland	RMB50,000	-	100.00%
Shenzhen Yuhui Management Consulting Co., Ltd.	Chinese Mainland	Consulting services in Chinese Mainland	RMB250,000	-	100.00%
Shenzhen SF Supply Chain Co., Ltd.	Chinese Mainland	Supply chain management services in Chinese Mainland	RMB1,500,000	-	100.00%
SF Airlines Company Limited	Chinese Mainland	Air cargo and mail transportation services in Chinese Mainland	RMB1,510,000	-	100.00%
Shenzhen Fengtai E-commerce Industrial Park Assets Management Co., Ltd.	Chinese Mainland	E-commerce park management in Chinese Mainland	RMB9,530,010	-	100.00%
Shenzhen Fengtai Industrial Park Management Service Co., Ltd.	Chinese Mainland	Management consulting in Chinese Mainland	RMB58,000	-	100.00%
Shenzhen SF Airport Investment Co., Ltd.	Chinese Mainland	Investment in industry in Chinese Mainland	RMB100,000	-	100.00%
SF Holding (HK) Limited	Hong Kong	Investment holding in Hong Kong	HKD10,912,717	-	100.00%
SF Holdings Group Finance Co., Ltd.	Chinese Mainland	Financing, wealth management, and consulting in Chinese Mainland	RMB2,500,000	-	100.00%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

42. Group Structure – Principal Subsidiaries (Continued)

Name	Place of Incorporation	Principal Activities and Place of Operation	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest	
				As at December 31,	
				2025	
				Direct	Indirect
Shenzhen SF Chuangxing Investment Co., Ltd.	Chinese Mainland	Investment in industry in Chinese Mainland	RMB330,000	-	100.00%
Shenzhen Fengnong Technology Co., Ltd.	Chinese Mainland	Retail in Chinese Mainland	RMB145,000	-	100.00%
Shenzhen Fenglang Supply Chain Co., Ltd.	Chinese Mainland	Supply chain management services in Chinese Mainland	RMB50,000	-	100.00%
Shunyuan Financial Lease (Tianjin) Co., Ltd.	Chinese Mainland	Leasing business in Chinese Mainland	RMB1,500,000	-	100.00%
SF Multimodal Transportation Co., Ltd.	Chinese Mainland	Cargo delivery services in Chinese Mainland	RMB242,000	-	100.00%
Dongguan SF Taisen Logistics Management Co., Ltd.	Chinese Mainland	Property management in Chinese Mainland	RMB30,010	-	100.00%
SF Innovation Technology Co., Ltd.	Chinese Mainland	Information technology services in Chinese Mainland	RMB450,000	-	100.00%
Shenzhen Shunheng Rongfeng Supply Chain Technology Co., Ltd.	Chinese Mainland	Consulting services in Chinese Mainland	RMB260,000	-	100.00%
Shenzhen Hengyi Logistics Supply Chain Co., Ltd.	Chinese Mainland	Freight forwarding services in Chinese Mainland	RMB100,000	-	100.00%
Shenzhen Shuncheng Lefeng Commercial Co., Ltd.	Chinese Mainland	Factoring business in Chinese Mainland	RMB92,500	-	100.00%
Hangzhou SF INTRA-CITY Industrial Co., Ltd.	Chinese Mainland	Supply chain management and other services in Chinese Mainland	RMB917,376	-	57.86%
SF Shared Precision Information Technology (Shenzhen) Co., Ltd.	Chinese Mainland	Information technology services in Chinese Mainland	RMB7,000	-	100.00%
Hangzhou Shuangjie Supply Chain Co., Ltd.	Chinese Mainland	Supply chain management and other services in Chinese Mainland	RMB50,000	-	100.00%
Huanggang Xiufeng Education Investment Co., Ltd.	Chinese Mainland	Business information consulting and enterprise management consulting in Chinese Mainland	RMB90,000	-	100.00%
Junhe Information Service Technology (Shenzhen) Co., Ltd.	Chinese Mainland	Information technology and development services in Chinese Mainland	RMB10,000	-	100.00%
SF Mathematical Technology (Shenzhen) Service Co., Ltd.	Chinese Mainland	technology services and consulting services in Chinese Mainland	RMB250,000	-	100.00%
Shenzhen SF International Industrial Co., Ltd.	Chinese Mainland	Information technology services and consulting services in Chinese Mainland	RMB15,010	-	100.00%
Shenzhen Shunfeng Investment Co., Ltd.	Chinese Mainland	Investment holding in Chinese Mainland	RMB1,100,000	-	100.00%
SF Cold Chain Logistics Co., Ltd.	Chinese Mainland	Cargo transportation and freight forwarding in Chinese Mainland	RMB100,000	-	100.00%
Zhejiang Shuangjie Supply Chain Technology Co., Ltd.	Chinese Mainland	Supply chain management and other services in Chinese Mainland	RMB192,444	-	100.00%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025
(All amounts in RMB unless otherwise stated)

42. Group Structure – Principal Subsidiaries (Continued)

Name	Place of Incorporation	Principal Activities and Place of Operation	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest	
				As at December 31,	
				2025	
				Direct	Indirect
Shanghai Shun Ru Feng Lai Technology Co., Ltd.	Chinese Mainland	Information technology services in Chinese Mainland	RMB72,873	-	100.00%
KLN	Bermuda	Provision of logistics and freight forwarding services in Hong Kong	HKD903,715	-	51.52%
Guangdong Shunhe Supply Chain Management Co., Ltd.	Chinese Mainland	Technology Development in Chinese Mainland	RMB150,000	-	100.00%
Shenzhen SF Express Freight Co., Ltd.	Chinese Mainland	Business Management, Supply Chain Management in Chinese Mainland	RMB1,230,000	-	100.00%
Shunying Holdings (Shenzhen) Co., Ltd.	Chinese Mainland	Leasing and Business Services in Chinese Mainland	RMB1,000,000	-	100.00%
Shenzhen Fengxiu Technology Co., Ltd.	Chinese Mainland	Information Transmission, Software, and Information Technology Services in Chinese Mainland	RMB90,917	-	100.00%
Ezhou Fengtu International Supply Chain Co., Ltd.	Chinese Mainland	Transportation, Warehousing, and Postal Services in Chinese Mainland	RMB3,000	-	100.00%

(i) The Company's investment in a subsidiary is as follow:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Taisen Holding	70,032,862	69,994,648

(ii) The English names of the subsidiaries represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

(iii) The above list included subsidiaries having material impact on the annual results or net assets of the Group.

Definitions

“active consumer(s)”	the number of unique consumer accounts that purchase a particular service at least once during the prescribed period
“active merchants”	the number of unique merchant accounts that purchase a particular service at least once during the prescribed period
“Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration”	Announcement of the Ministry of Finance and the State Taxation Administration on the Clarification of Value-Added Tax Reduction and Exemption for Small-Scale Value-Added Tax Taxpayers and Other Policies (Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration)
“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in RMB
“AEO”	Authorized Economic Operator, qualified enterprises certified by the World Customs Organization and provided with facilitation and preferential policies for customs clearance
“AFRC”	Accounting and Financial Reporting Council of Hong Kong
“AGV”	automated guided vehicle, a transport vehicle with handling function that can travel automatically along a prescribed path
“Articles of Association”	the articles of association of our Company adopted on August 17, 2023 with effect upon Listing (as amended from time to time)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules of SEHK
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“B2B”	business to business
“B2C”	business to customer
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“China” or “the PRC”	the People’s Republic of China, except where the content or context requires otherwise
“China Federation of Logistics & Purchasing”	China Federation of Logistics & Purchasing
“CG Code”	the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules of SEHK
“Cold Chain Logistics Committee of China Federation of Logistics & Purchasing”	Cold Chain Logistics Committee of China Federation of Logistics & Purchasing
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

Definitions

“Company” or “SF”	S.F. Holding Co., Ltd. (順豐控股股份有限公司), formerly registered under the name Maanshan Dingtai Rare Earth & New Materials Co., Ltd.* (馬鞍山鼎泰稀土新材料股份有限公司), a joint stock company with limited liability established in the PRC on May 22, 2003, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 002352.SZ) and the H Shares of which have been listed on the Hong Kong Stock Exchange (stock code: 6936.HK)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules of SEHK
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules of SEHK
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules of SEHK
“CSRC”	China Securities Regulatory Commission
“customers with active credit accounts”	customers that have a credit account with us and transacted with us within the most recent six-month period, among which substantially all are business accounts
“Director(s)”	the director(s) of our Company
“express logistics”	includes the Company’s time-definite express, economy express, freight delivery, cold chain and pharmaceuticals logistics, and intra-city on-demand delivery business
“Ezhou cargo hub”	the air cargo hub located in Ezhou, Hubei Province, which mainly comprises of Ezhou Huahu International Airport and our logistics complex
“Fenghao Supply Chain”	the business entities acquired by the Company from DHL that engage in supply chain business in Chinese Mainland, Hong Kong and Macau
“Fengyi Technology”	Fengyi Technology (Shenzhen) Co., Ltd. (豐翼科技(深圳)有限公司), an indirect non-wholly owned subsidiary of the Company
“Fengwang” or “Fengwang Express”	Shenzhen Fengwang Express Co., Ltd. (深圳豐網速運有限公司), which mainly engages in the economy express service under the franchise model. In June 2023, the Company completed the disposal of its Fengwang Express business by selling all the equity in its parent company
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
“F&S Report”	the industry report prepared by Frost & Sullivan, which the Company commissioned Frost & Sullivan to prepare on the global logistics market
“GDP”	gross domestic product
“Group”	our Company and its subsidiaries
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HKD
“H Share Registrar”	Tricor Investor Services Limited
“H Shares Listing Date”	November 27, 2024

Definitions

“HKFRS(s)”	Hong Kong Financial Reporting Standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “SEHK”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“IASB”	International Accounting Standards Board
“IFRS”	the IFRS Accounting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
“IVD”	abbreviation for in vitro diagnostics, products and services for obtaining clinical diagnostic information through testing on human samples
“J&T Express”	J&T Global Express Limited (極兔速遞環球有限公司), an exempted company incorporated in the Cayman Islands with limited liability on October 24, 2019, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 1519.HK)
“KA”	the type of customers that are defined as key accounts in the Company’s customer management system
“KEX”	KEX Express (Thailand) Public Company Limited, a company listed on the Stock Exchange of Thailand (stock code: KEX.BK), and a holding subsidiary of the Company
“KLN”	KLN Logistics Group Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0636.HK), and a holding subsidiary of the Company
“Listing Rules of SEHK”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“logistics and freight forwarding services”	includes the Company’s time-definite express, economy express, freight delivery, cold chain and pharmaceuticals logistics, intra-city on-demand delivery, and supply chain and international business
“lower-tier markets”	generally refers to the market in third- or lower-tier cities, counties, towns and rural areas, or the market where customers place greater emphasis on cost-effectiveness
“LTL”	less-than-truckload, the transportation of goods that do not require a full truckload
“Mingde Holding”	Shenzhen Mingde Holding Development Co., Ltd.* (深圳明德控股發展有限公司), a limited liability company established under the laws of the PRC on November 5, 1997, one of our Controlling Shareholders
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules of SEHK
“NAFR”	National Administration of Financial Regulation of the PRC (中華人民共和國國家金融監督管理總局) (which was established on the basis of the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會))
“Nomination Committee”	the nomination committee of the Board

Definitions

“O2O”	online to offline, a business model or marketing strategy that guides consumers to a brick-and-mortar store (offline) for consumption or experience through the Internet (online)
“PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“PRC GAAP”	Generally accepted accounting principles of the PRC
“Prospectus”	the prospectus of the Company dated November 19, 2024
“PTL”	Partial Truckload, the transportation of goods that are relatively large in volume but still not sufficient for a full truckload, requiring consolidated shipping
“RCEP”	Regional Comprehensive Economic Partnership
“Reporting Period”	from January 1, 2025 to December 31, 2025
“reverse logistics”	logistics services that manage the movement of goods from consumers back to manufacturers or sellers, generally for purposes including returns, recycling, or repairs
“Risk Management Committee”	the risk management committee of the Board
“RPA”	Robotic Process Automation
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“SaaS”	abbreviation for Software as a Service, a business delivery model in which software is licensed on a subscription basis and is centrally hosted
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“standardized portfolio service”	standardized integrated logistics service solution created by combining a wide range of products and technological capabilities to meet the needs of customers in specific scenarios
“SF Express”	S.F. Express Co., Ltd.* (順豐速運有限公司), an indirect wholly-owned subsidiary of the Company
“SF Express (Group)”	SF Express (Group) Limited* (順豐速運(集團)有限公司), the predecessor of Mingde Holding
“SF Holding (Group)”	SF Holding (Group) Co., Limited* (順豐控股(集團)股份有限公司), the predecessor of SF Taisen
“SF Holding (HK)”	SF Holding (HK) Limited (順豐控股(香港)有限公司), an indirect wholly-owned subsidiary of the Company, formerly known as SF Holding Limited (順豐控股有限公司)
“SF Intra-city” or “Intra-city Industrial”	Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 9699.HK), an indirect non-wholly-owned subsidiary of the Company
“SF REIT”	SF Real Estate Investment Trust, a company listed on the Main Board of the Stock Exchange (stock code: 2191.HK), is an associate of the Company

Definitions

“SF Taisen”	Shenzhen S.F. Taisen Holding (Group) Co., Ltd.* (深圳順豐泰森控股(集團)有限公司), previously known as SF Holding (Group) Co., Limited* (順豐控股(集團)股份有限公司), a direct wholly-owned subsidiary of the Company
“SF Technology”	SF Technology Co., Ltd.* (順豐科技有限公司), an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SKA”	the type of customers that are defined as strategic key accounts in the Company’s customer management system
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“Shenzhen Weishun”	Shenzhen Weishun Enterprise Management Co., Ltd.*(深圳市瑋順企業管理有限公司), a limited liability company established under the laws of the PRC on January 31, 2023, one of our Controlling Shareholders and owned as to 100% by Mingde Holding as of the Latest Practicable Date
“SME”	the type of customers that are defined as small and medium enterprise customers in the Company’s customer management system
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules of SEHK
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules of SEHK
“Supervisor(s)”	member(s) of the Board of Supervisors
“supply chain and international business”	includes the Company’s international express, international cargo and freight forwarding business, and supply chain business
“SXH China Logistics”	the business entities acquired by the Company from HAVI China Holding LLC that engage in cold chain business in Chinese Mainland, Hong Kong and Macau
“TEU”	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet six inches and width of eight feet
“the e-commerce-driven distribution of agricultural products”	the process of various agricultural products produced in rural areas being delivered from the fields to urban consumers through modern information technologies, such as the Internet, and e-commerce platforms and other channels
“US dollar(s)” or “USD”	United States dollars, the lawful currency of the United States
“2022 Stock Option Incentive Plan”	the stock option incentive plan approved and adopted by the Company on April 28, 2022, selected participants including Directors and members of senior management team, key management members and key staff
“3C electronics”	computer, communication, and consumer electronics
“%”	per cent