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Application Proof of

BeBeBus

BUTONG GROUP
不同集團

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

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BeBeBus

BUTONG GROUP
不同集團

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

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Number of [REDACTED]	**:**	**[REDACTED] (subject to reallocation)**
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Nominal value	**:**	**US$0.0001 per [REDACTED]**
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The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, where considered appropriate and with our consent, reduce the number of [REDACTED] and/or the [REDACTED] below that stated in this document at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notice of the reduction in the number of [REDACTED] and/or the [REDACTED] will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.butong.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For more details, see "Structure of the [REDACTED]" and "How to Apply for [REDACTED]."

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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

CONTENTS

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Page

CONTENTS

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

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

OVERVIEW

Who We Are

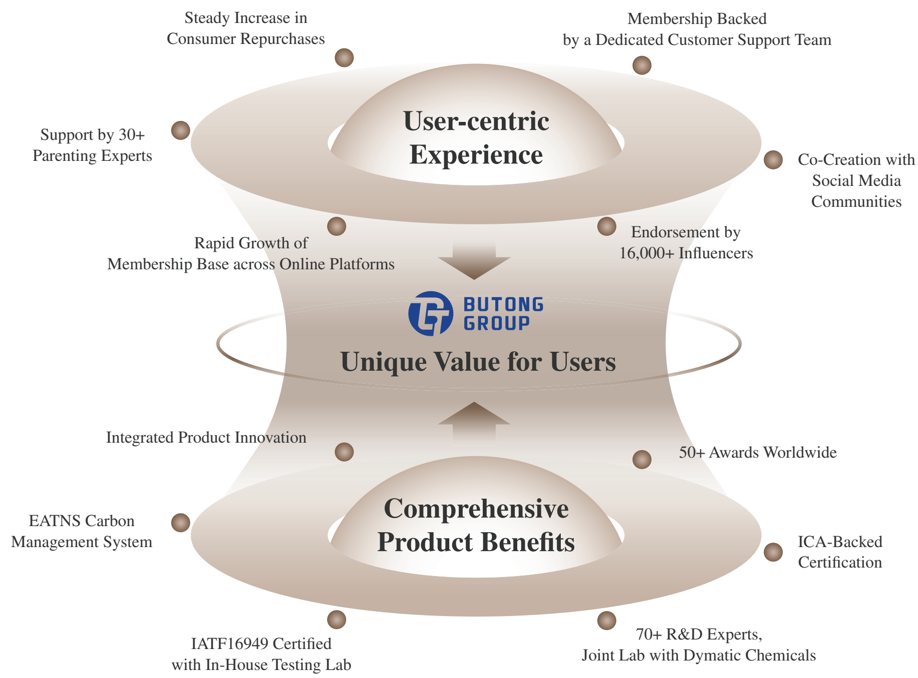
We are an emerging technology company focused on family lifestyle products. We are committed to creating products that offer unique value for users across diverse family lifestyle scenarios through forward-looking insights into user needs and innovative application of advanced materials, craftsmanship and technologies.

In 2019, we launched our first brand, BeBeBus, with a strategic focus on the premium nursery product market aiming to define what quality parenting truly means. Anchored by the savoir-faire of *"Create for Kids,"* BeBeBus reimagines nursery products with original designs that unite a passion for quality, an eye for beauty, expert craftsmanship, and innovative technology. Each creation radiates timeless sophistication, bringing long-lasting joy to children and their families around the globe. In just five years, BeBeBus has become a leading brand in China's premium nursery product market. Our achievements have earned widespread recognition, including being named a "High-Growth New Consumer Brand" by 36Kr in 2022, inclusion in Forbes China's New Emerging Brand Top 100 in 2023, and receiving the Consumer 50 Award from KPMG China in 2024.

Starting with our "Big Four" core products — strollers, car seats, cribs and highchairs — BeBeBus has grown to meet the needs of essential parenting scenarios, from traveling and sleeping to feeding and caring. Many of our products have achieved top-ranking sales in their categories, reflecting their strong reception among consumers. According to Frost & Sullivan, BeBeBus was the best-selling premium durable nursery product brand in China measured by GMV in 2023, affirming our strong foothold and performance in the industry.

To date, we are taking BeBeBus to the global stage, extending our footprint into major international markets such as Europe, Southeast Asia, and North America. At the same time, we are working to broaden our portfolio by exploring new family lifestyle scenarios that resonate with modern households. Inspired by our user insights, product innovation and supply chain capabilities, we are laying the groundwork for sustained growth and an exciting future ahead.

Our *Butong* Approach



Butong **(不同)** strives to turn compelling product experiences into an everyday way of life. Our ***Butong*** approach commits to investments that sustain growth over time, rooted in the belief that true success comes from delivering unique value to users by enriching our products and elevating the experiences they offer. By tapping into user insights, conducting forward-thinking research and development through cross-industry perspectives and upholding strict quality standards, we create products that consistently exceed user expectations and deliver distinctive value that speaks to the heart of modern families.

Comprehensive Product Benefits

Our product development focuses not only on the products themselves but on how they are integrated into and support the daily lives of families. That is why we invest in research and development, using user insights to drive every step of the product development and delivering innovative products backed by a robust manufacturing and supply chain infrastructure. Our R&D team, consisting of over 70 members with expertise from industries such as automotive, consumer electronics, industrial design and aerospace, brings diverse perspectives to designing the next generation of nursery products — products that anticipate and cater to the evolving needs of modern families. Our designs have garnered recognition worldwide, earning over 50 prestigious awards, including the China Excellent Industrial Design Award and the Red Dot Award.

We place utmost focus on the well-being of families. Our strollers and pillows have earned certifications from the International Chiropractors Association for their spinal protection features. In addition, our collaboration with Dymatic Chemicals focuses on the development of high-quality cotton-based products such as pajamas and pillows. Our advanced production facility integrates precision manufacturing with static testing, driving forward our product innovation. With IATF16949 certification, a key benchmark in the automotive supply chain, we expanded our capabilities to collaborate with automakers, opening up new growth opportunities. Furthermore, our EATNS carbon management system enables us to meet the sustainability standards that define the industry today.

User-centric Experience

Users are at the core of everything we do. Supported by a dedicated customer service team, we gain a granular understanding of user preferences, purchasing behaviors and expectations. These insights enable us to refine our marketing strategies and deliver product recommendations that drive deeper engagement and higher repurchase rates. We also offer one-on-one parenting consultations, where parenting experts provide personalized guidance, fostering trust and long-term relationships.

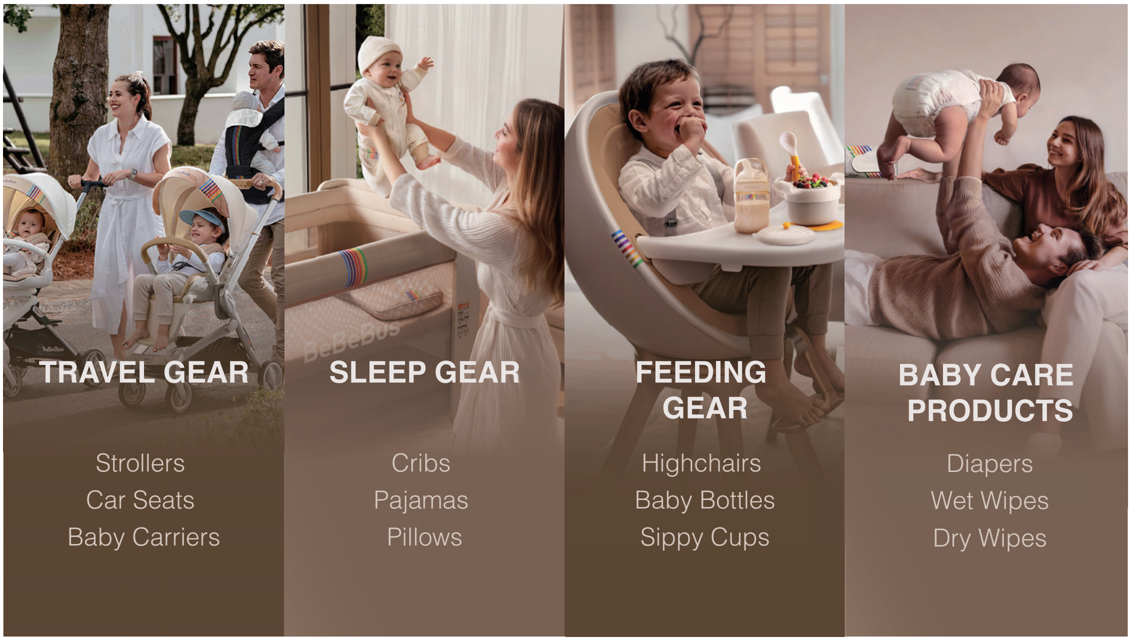
Our active presence on social media platforms such as *Xiaohongshu* (小紅書) and *Douyin* (抖音) has significantly expanded our reach and brand influence. We collaborate with over 16,000 influencers who test our products and share their experiences through creative vlogs and content. Over the period from March 2023 to September 2024, our brand content across social media platforms sparked more than 830,000 posts and original videos, which demonstrate the power of our digital marketing strategy in engaging and connecting with a wide user base. Our membership base across online platforms has grown to over 2.0 million as of September 30, 2024. The repurchase rate across our private domain platforms rose from 45.7% in 2022 to 47.5% in 2023, and further to 53.6% in the nine months ended September 30, 2024, clearly indicating the strong loyalty and competitive edge we have built.

Our ***Butong*** approach combines product innovation with a focus on user satisfaction, all grounded in our commitment to quality, creativity and understanding of user needs. By offering users products that truly add value, we aim to become an integral part of their daily routines.

Our Premium Nursery Product Portfolio

We embark on our journey with nursery products, an essential category for the well-being of families. BeBeBus caters to new generations of parents who embrace independence, thoughtful design and practical functionality. Through focusing on their preferences and priorities, we develop innovative products that enhance everyday parenting moments shared with their beloved little ones. By blending innovative design and cross-industry expertise into distinctive aesthetics and quality, BeBeBus creates nursery products that redefine user experience, setting itself apart from competitors in the industry.

The diagram below illustrates the product portfolio of BeBeBus:



Each BeBeBus product is infused with the brand's defining characteristics, designed to provide families with a thoughtful and user-centric experience.

- ***Innovative designs.*** Our collection of award-winning products, conceptualized and developed entirely in-house, prioritize user needs and reflect a forward-looking approach to design. BeBeBus is among the first in the world to launch intelligent car seats for children, according to Frost & Sullivan. This car seat incorporates a smart system that rotates automatically when the car door opens, making it easier for parents to place their little ones in and out of the seat. With 360° intelligent sensing, the car seat automatically adjusts its angle when a child falls asleep, minimizing stress on the neck and head to safe levels. The smart alert feature, connected via a mobile app, reminds parents if a child remains in the vehicle. Additionally, our *Art+* stroller and *Soft+* pillow have been certified by the International Chiropractors Association for their effective spine protection designs. These are just few examples of our commitment to innovation, which is further evidenced by the number of patents we secured. As of September 30, 2024, we had 173 registered patents in China and 13 internationally. We believe our product design and development capabilities are our core competitive edge that will drive our future growth.

- ***Cross-industry expertise.*** Our product development team consists of a group of diversified design specialists unified by an interdisciplinary mindset to add value through innovation. They draw inspirations from various sectors, including automotive, consumer electronics, industrial, aviation and beyond. For instance, we utilize a diverse array of raw materials that go beyond the standard options found in nursery products. Our car seats feature Cobra memory cotton — typically found in automotive seating — providing enhanced shock resistance, responsive support and long-lasting durability. We also employ waterproof, easy-care fabrics that are seen in automotive industry for quick and effortless cleanup. Similarly, our stroller frames crafted from aviation-grade magnesium alloy offer strength without adding weight.

- ***Distinctive aesthetics.*** We combine a vibrant, colorful stripe logo with a minimalist design to create a striking visual identity that makes our products distinctive and memorable. The colorful stripe logo evokes a colorful childhood filled with joy and creativity. Together, these elements form the unique BeBeBus aesthetic, promoting a vision of a modern family lifestyle characterized by harmony, playfulness and effortless chic. Our designs have earned a number of recognitions worldwide, including the Red Dot Award in 2021 and the Contemporary Good Design Winner Award in 2020.

- ***Premium positioning.*** We strategically position BeBeBus as a premium brand, primarily captivating families who value quality, functionality and aesthetics over cost. Through deep understanding of our target users, we design, develop and produce products that meet their high expectations in every detail. For each year/period during the Track Record Period, the average transaction value for orders of at least one core product remained above RMB2,400.

Our Growth Model and Strong Financial Performance

We have established a proven growth model by initially entering into high-barrier markets, such as strollers, car seats, cribs and highchairs, that are characterized by product complexity, strong demand, and high transaction value. This strategy allows us to rapidly gain recognition from our target users for both our product excellence and premium brand image, setting the stage for expansion into a wider range of product categories. Following the successful launch of our "Big Four" core products, we evolved from a product-driven growth model to one rooted in brand identity, placing a thoughtful focus on identifying parenting scenarios that matter most to families. By introducing additional product types that align with various parenting needs, we have diversified our revenue streams while further cementing the strength of our brand. We believe our established growth model provides a robust foundation for our sustained success in the future, allowing us to adapt and thrive in an ever-evolving marketplace.

Our rapid growth validates our compelling business model, as evidenced by our financial success throughout the Track Record Period. We recorded revenue of RMB507.2 million, RMB852.1 million, and RMB884.3 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Our gross profit was RMB241.8 million, RMB427.3 million and RMB437.8 million, respectively, with a gross profit margin of 47.7%, 50.2% and 49.5% in the same periods. Our adjusted net profit for the year/period (non-HKFRS measure) was RMB9.8 million, RMB59.2 million, and RMB73.6 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Additionally, our adjusted EBITDA (non-HKFRS measure) was RMB39.3 million, RMB117.1 million and RMB134.3 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Building on our current success, we are confident to further solidify our market leadership and brand equity within the premium nursery product industry.

Our Market Opportunities

China's nursery product industry is undergoing continuous growth and transformation with ample headroom for expansion. According to Frost & Sullivan, the estimated average spending on durable nursery products in China for each newborn in 2023 from birth to five years old is 31.3% of the spending level observed in the United States. In 2023, the average annual spending on consumable nursery products per child aged zero to five in China accounted for 36.9% of the level in the United States, according to the same source. This gap, combined with a growing preference for premium nursery products and a more sophisticated approach to parenting, is driving new opportunities in China's premium nursery product market. According to Frost & Sullivan, China's premium nursery product market grew from RMB25.4 billion in 2019 to RMB31.0 billion in 2023 and is projected to reach RMB45.8 billion in 2028. As Chinese families increasingly seek high-quality and innovative parenting solutions, BeBeBus is well positioned to lead this transformation. Our focus on design, functionality and innovation aligns with the increasing preferences of modern families, enabling us to solidify our position as a leading brand in China's premium nursery product market.

Beyond reinforcing our market position in China, we are actively pursuing expansion into major international markets such as Europe, Southeast Asia, and North America. Our goal is to build strong distribution networks in these markets to connect BeBeBus with families around the world. By drawing on our reputation for quality and innovation, we aim to meet the needs of global consumers seeking premium nursery products, establishing our presence in the international arena.

OUR STRENGTHS

We believe the following competitive strengths contribute to our success and propel us into the future:

- we lead premium nursery product market with our BeBeBus brand, the best-selling premium durable nursery product brand in China;
- we redefine conventional nursery products through insight and innovation;
- we cultivate user loyalty through a user-centric marketing strategy;
- we fuel growth through our comprehensive sales network that meld digital with physical;
- we advance innovation through robust manufacturing and supply chain management capabilities; and

- we propel sustainable success with a visionary management team and an innovative culture.

See "Business — Competitive Strengths" for details.

OUR STRATEGIES

We believe the following strategies pave the way for our sustained success in the future:

- expand globally to strengthen leadership in premium nursery products;
- continue innovation to upgrade and expand product offerings;
- strengthen brand image and enhance user engagement;
- expand and optimize domestic online and offline sales channels;
- strengthen digital operations and expand in-house production capacity to meet rising demand; and
- strategic investment in and acquisition of brands and/or assets.

See "Business — Growth Strategies" for details.

OUR SALES NETWORK

We sell our products through an extensive and diverse sales network integrating offline and online channels to reach a wide range of consumers. Our online channels cover (i) major e-commerce platforms through self-operated and platform-operated online stores, and (ii) private domain platforms. Our offline channels mainly comprise (i) distributors, and (ii) key accounts.

The following table sets forth a breakdown of revenue by sales channel both in an absolute amount and as a percentage of total revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Online Channels								
– E-commerce platforms	408,118	80.5	596,474	70.0	379,626	67.7	572,594	64.8
– Private domain	8,759	1.7	40,027	4.7	24,113	4.3	66,375	7.5
Subtotal	416,877	82.2	636,501	74.7	403,739	72.0	638,969	72.3
Offline Channels								
– Distributors	55,800	11.0	132,398	15.5	100,193	17.9	161,809	18.3
– Key accounts	34,525	6.8	83,204	9.8	57,073	10.1	83,495	9.4
Subtotal	90,325	17.8	215,602	25.3	157,266	28.0	245,304	27.7
Total	**507,202**	**100.0**	**852,103**	**100.0**	**561,005**	**100.0**	**884,273**	**100.0**

OUR CUSTOMERS AND SUPPLIERS

Our customers consist of consumers and business customers. For our online business, we sell products through e-commerce platforms such as *Tmall*, *JD.com* and *Douyin*, and private domain platforms such as Weixin mini program and Weixin channels. For our offline sales, we partner with a network of distributors and key accounts to distribute our products. Additionally, we operate a physical interactive store which serves as a touchpoint with consumers. In 2022, 2023 and the nine months ended September 30, 2024, our top five customers accounted for 25.0%, 31.7% and 34.2% of our total revenue for each period, respectively. See "Business — Customers" for details.

Our suppliers consist primarily of e-commerce platforms, raw material suppliers and third-party manufacturers. In 2022, 2023 and the nine months ended September 30, 2024, our aggregate purchases from our five largest suppliers accounted for 52.0%, 44.6% and 43.8% of our total purchases for the same periods, respectively. See "Business — Suppliers and Supply Chain Management" for details.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors." You should carefully read that section in its entirety before you decide to [**REDACTED**] in our [**REDACTED**]. Some of the major risks we face include:

- we face fierce industry competition. Failure to compete with other market players may adversely affect our business, financial condition, results of operations and prospects;

- our success depends on market recognition of our brands. Any damage to our brands or reputation may materially and adversely affect our business, financial condition, results of operations and prospects;

- we have a limited operating history, which makes it challenging to evaluate our current business and predict our future prospects;

- if we are unable to manage our growth or execute our strategies effectively, our expansion may not be successful and our business, financial condition, results of operations and prospects may be materially and adversely affected;

- if we fail to grow or retain our customer base, or if we fail to anticipate or respond to changes in consumer tastes and behavioral patterns in a timely manner, our business, financial condition, results of operations and prospects may be materially and adversely affected;

- our business model may not be viable if we are not successful in introducing new designs and products or in making innovations in our existing products;

- our launch of new products and/or expansion into different business sectors may not be successful and may expose us to new challenges and increased risks;

- our marketing activities may not be effective in attracting consumers, or we may incur significant costs on a variety of sales and marketing efforts through multiple channels. Any failure to execute effective sales and marketing strategies or adjust such strategies to the latest market trend timely may materially and adversely affect our business, financial condition, results of operations and prospects;

- we mainly rely on e-commerce platforms to market and sell our products online. If these platforms experience interruption or if our cooperation with such platforms terminates, deteriorates or becomes more costly, our business, financial condition, results of operations and prospects may be materially and adversely affected; and

- we depend in part on our distributor network for the sale of our products. We may encounter challenges in efficiently expanding our distributor network. Our limited control over our distributors exposes us to significant risks.

See "Risk Factors" for details.

OUR CONTROLLING SHAREHOLDERS

Immediately upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options), WANGBOYAN will hold approximately [**REDACTED**]% of our total issued Shares. WANGBOYAN is owned by Boyan Holdings as to 65% and WWANG as to 35%. Boyan Holdings is indirectly controlled by the Boyan Family Trust with Mr. Wang as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and WWANG as the beneficiary. WWANG is wholly owned by Mr. Wang. Accordingly, WANGBOYAN, Boyan Holdings, WWANG, and Mr. Wang constitute a group of controlling Shareholders after the [**REDACTED**]. See "Relationship with Our Controlling Shareholders" for details.

OUR [REDACTED] INVESTORS

Since the establishment of our Group, we have received [**REDACTED**] Investments from a number of [**REDACTED**] Investors, including Tiantu Capital, Gaorong Ventures, MPC, and Taikang Life. For the principal terms of the [**REDACTED**] Investments and background information of the [**REDACTED**] Investors, see "History, Reorganization and Corporate Structure — [**REDACTED**] Investments" for details.

SHARE INCENTIVE PLAN

We adopted the Share Incentive Plan on September 26, 2024. For the summary of the principal terms of the Share Incentive Plan and the dilution impact resulting from full exercise of all outstanding Share Options granted thereunder, see "Appendix IV — Statutory and General Information — D. Share Incentive Plan" for details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountants' Report. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants' Report, including the accompanying notes, and the information set forth in "Financial Information." Our historical financial information was prepared in accordance with HKFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statement of profit or loss with line items in absolute amount and as a percentage of our revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Revenue	507,202	100.0	852,103	100.0	561,005	100.0	884,273	100.0
Cost of sales	(265,421)	(52.3)	(424,764)	(49.8)	(280,609)	(50.0)	(446,472)	(50.5)
Gross profit	**241,781**	**47.7**	**427,339**	**50.2**	**280,396**	**50.0**	**437,801**	**49.5**
Other income and net gain	5,691	1.1	12,145	1.4	10,635	1.9	16,424	1.9
Selling and distribution expenses	(188,869)	(37.2)	(285,738)	(33.5)	(184,581)	(32.9)	(270,495)	(30.6)
Administrative and other expenses	(27,560)	(5.5)	(41,630)	(5.0)	(27,684)	(4.9)	(58,592)	(6.6)
Research and development expenses	(16,247)	(3.2)	(23,845)	(2.8)	(15,654)	(2.8)	(15,861)	(1.8)
(Provision)/reversal of impairment loss on trade receivables	(4)	0.0	(69)	0.0	(3)	0.0	16	0.0
Profit from operations	**14,792**	**2.9**	**88,202**	**10.3**	**63,109**	**11.3**	**109,293**	**12.4**
Finance costs	(27,222)	(5.4)	(27,500)	(3.2)	(20,725)	(3.7)	(21,669)	(2.5)
(Loss)/profit before taxation	**(12,430)**	**(2.5)**	**60,702**	**7.1**	**42,384**	**7.6**	**87,624**	**9.9**
Income tax	(8,799)	(1.7)	(33,478)	(3.9)	(20,709)	(3.7)	(41,203)	(4.7)
(Loss)/profit for the year/period	**(21,229)**	**(4.2)**	**27,224**	**3.2**	**21,675**	**3.9**	**46,421**	**5.2**

NON-HKFRS MEASURES

In order to supplement our consolidated statement of profit or loss and other comprehensive income, which is presented in accordance with HKFRS, we use adjusted net profit for the year/period (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with HKFRS to evaluate our operating performance.

We believe that these non-HKFRS measures help identify underlying trends in our business and provide useful information for [**REDACTED**] and others to understand and evaluate our results of operation. However, adjusted net profit for the year/period (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) have material limitations as analytical tools. When assessing our operating and financial performance, you should not consider these non-HKFRS measures in isolation from or as substitutes for financial performance metrics that is calculated in accordance with HKFRS. The term "adjusted net profit for the year/period (non-HKFRS measure)" and "adjusted EBITDA (non-HKFRS measure)" are not defined under HKFRS and may not be comparable to other similarly named measures used by other companies.

We define adjusted net profit for the year/period (non-HKFRS measure) as profit for the year/period adjusted for (i) [**REDACTED**], (ii) equity-settled share-based payment expenses, and (iii) interest on redeemable Preferred Shares. [**REDACTED**] primarily include professional fees incurred in connection with the [**REDACTED**] and the [**REDACTED**]. Equity-settled share-based payment expenses represent non-cash expenses related to the granting of Share Options to eligible individuals under the Share Incentive Plan. See Note 27 to the Accountants' Report for details. Interest on redeemable Preferred Shares pertains to the preferential rights associated with certain investors' subscriptions to our Company's Shares. See Note 26 to the Accountants' Report for details. We define adjusted EBITDA (non-HKFRS measure) as profit from operations adjusted for (i) depreciation of property, plant and equipment, (ii) depreciation of right-of-use assets, (iii) amortization of intangible assets, (iv) [**REDACTED**], and (v) equity-settled share-based payment expenses.

	Year ended December 31,		Nine months ended September 30,	
	2022	**2023**	**2023**	**2024**
	(RMB in thousands)			
			(Unaudited)	*(Unaudited)*
(Loss)/Profit for the year/period	**(21,229)**	**27,224**	**21,675**	**46,421**
Add:				
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equity-settled share-based payment expenses	5,418	5,418	4,052	1,555
Interest on redeemable Preferred Shares	25,585	25,585	19,136	19,004
Adjusted net profit for the year/period (non-HKFRS measure)	**9,774**	**59,247**	**45,043**	**73,572**

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(Unaudited)	*(Unaudited)*
Profit from operations	**14,792**	**88,202**	**63,109**	**109,293**
Add:				
Depreciation of property, plant and equipment	7,912	9,896	7,149	7,482
Depreciation of right-of-use assets	5,425	6,210	4,695	4,683
Amortization of intangible assets	5,758	6,305	4,736	4,706
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equity-settled share-based payment expenses	5,418	5,418	4,052	1,555
Adjusted EBITDA (non-HKFRS measure)	**39,305**	**117,051**	**83,921**	**134,311**

Selected Items from the Consolidated Statement of Financial Position

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
			(Unaudited)
Total current assets	215,944	272,713	437,916
Total non-current assets	103,679	123,681	145,493
Total assets	**319,623**	**396,394**	**583,409**
Total current liabilities	162,287	174,992	298,374
Total non-current liabilities	302,180	333,643	348,170
Total liabilities	**464,467**	**508,635**	**646,544**
Net current assets	**53,657**	**97,721**	**139,542**
Net liabilities	**(144,844)**	**(112,241)**	**(63,135)**
Capital and reserves			
Paid-in capital/share capital	1,259	1,220	39
Reserves	(146,103)	(113,461)	(63,174)
Total deficit	**(144,844)**	**(112,241)**	**(63,135)**

Our net current assets increased from RMB97.7 million as of December 31, 2023 to RMB139.5 million as of September 30, 2024, due to the increase of our inventories, financial assets measured at fair value through profit and loss ("**FVTPL**"), and cash and cash equivalents, which was partially offset by the increase of our bank loans and trade and other payables. Our current assets increased from RMB272.7 million as of December 31, 2023 to RMB437.9 million as of September 30, 2024, primarily due to the increase of our inventories, financial assets measured at FVTPL, and cash and cash equivalents. Our current liabilities increased from RMB175.0 million as of December 31, 2023 to RMB298.4 million as of September 30, 2024, primarily due to the increase of our bank loans and trade and other payables.

Our net current assets increased from RMB53.7 million as of December 31, 2022 to RMB97.7 million as of December 31, 2023, due to the increase of our inventories, trade and other receivables, and cash and cash equivalents and decrease of our bank loans, which was partially offset by the decrease in our financial assets measured at FVTPL, and increase of our trade and other payables and income tax payables. Our current assets increased from RMB215.9 million as of December 31, 2022 to RMB272.7 million as of December 31, 2023, primarily due to the increase of inventories, trade and other receivables, and cash and cash equivalents, which was partially offset by the decrease in our financial assets measured at FVTPL. Our current liabilities increased from RMB162.3 million as of December 31, 2022 to RMB175.0 million as of December 31, 2023, primarily due to the increase of our trade and other payables and income tax payables, which was partially offset by the decrease of bank loans.

As of December 31, 2022, December 31, 2023 and September 30, 2024, we recorded a total deficit, primarily attributable to the recognition of the financial liabilities for the redeemable Preferred Shares that we issued to certain investors as shown in Note 26 to the Accountants' Report. Upon the [**REDACTED**] and completion of the [**REDACTED**], all special rights of the Preferred Shares will be terminated and the redeemable Preferred Shares will be converted into the ordinary shares on a one-to-one basis by way of re-designation and re-classification from the liabilities to equity. Our total deficit decreased from RMB144.8 million as of December 31, 2022 to RMB112.2 million as of December 31, 2023, which further decreased to RMB63.1 million as of September 30, 2024, primarily due to the increase of our profit recorded in 2023 and the nine months ended September 30, 2024.

Summary of the Consolidated Statements of Cash Flow

The following table sets forth a summary of our consolidated statement of cash flows for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(Unaudited)	
Net cash generated from operating activities	29,543	96,467	47,792	127,243
Net cash (used in)/generated from investing activities	(63,779)	11,048	34,736	(56,218)
Net cash generated from/(used in) financing activities	52,330	(38,535)	(31,365)	29,125
Net increase in cash and cash equivalents	18,094	68,980	51,163	100,150
Cash and cash equivalents at the end of the year/period	**49,715**	**118,686**	**100,880**	**216,380**

Selected Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	As of/for year ended December 31,		As of/for nine months ended September 30,
	2022	2023	2024
Revenue growth	N/A	68.0%	57.6%
Gross profit margin(1)	47.7%	50.2%	49.5%
Current ratio(2) (times)	1.3	1.6	1.5
Quick ratio(3) (times)	1.0	1.2	1.1
Debt ratio(4)	18.7%	7.4%	12.0%
Adjusted return on total assets(5)	3.4%	16.5%	20.0%*
Adjusted return on invested capital(6)	4.5%	24.4%	28.1%*

Notes:

* The rate is annualized to reflect a yearly rate.

(1) Calculated by dividing gross profit by revenue for the year or period.

(2) Calculated by dividing total current assets by total current liabilities as of the end of the year or period.

(3) Calculated by dividing total current assets (excluding inventories) by total current liabilities as of the end of the year or period.

(4) Calculated by dividing total bank loans by total assets as of the end of the year or period.

(5) Calculated by dividing adjusted net profit (non-HKFRS measure) of the respective year or period by arithmetic mean of the opening and closing balances of total assets.

(6) Calculated by dividing adjusted net profit (non-HKFRS measure) of the respective year or period by the sum of equity, bank loans and redeemable Preferred Shares as of the end of the year or period.

DIVIDENDS

During the Track Record Period, we did not declare or distribute any dividend. We have no present plan to pay any dividends on our Shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any future determination to pay dividends will be made at the discretion of our Board of Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

In the fourth quarter of 2024, we undertook a number of initiatives to advance our global expansion. On October 4, 2024, we established BeBeBus USA, followed by the incorporation of BeBeBus Indonesia on December 3, 2024, as part of our strategy to enter North America and Southeast Asia. In October 2024, we launched a new website to facilitate international sales online. In addition, in partnership with a local distributor, we are in the process of establishing an interactive store in Hong Kong, scheduled to open in the first quarter of 2025. These are our initial efforts to bring BeBeBus to new markets, extending our reach to a broader user community worldwide.

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial and trading positions or prospects since September 30, 2024, being the date on which our latest unaudited consolidated financial statements were prepared, and there has been no event since September 30, 2024 which would materially affect the information in the Accountants' Report.

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

We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, the Shares in issue (including the Shares outstanding and to be converted from the Preferred Shares) and to be issued pursuant to (i) the [**REDACTED**], (ii) the exercise of the [**REDACTED**], and (iii) the exercise of Share Options.

[**REDACTED**]

[REDACTED]

Our [**REDACTED**] mainly include [**REDACTED**]-related expenses, professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] (based on the mid-point of our [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, excluding any discretionary incentive fee which may be payable by us) for the [**REDACTED**] are approximately RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]), representing [**REDACTED**]% of the gross [**REDACTED**]. During the

Track Record Period, we incurred [**REDACTED**] of RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]), which has been charged to our consolidated statements of profit and loss. We expect to incur additional [**REDACTED**] of approximately RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]), of which RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]) is expected to be charged to our consolidated statements of profit and loss and RMB[**REDACTED**] (equivalent to approximately HK$[**REDACTED**]) will be capitalized expenses. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting estimated [**REDACTED**], fees and expenses payable by us in connection with the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised.

We currently intend to apply the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used to enhance our production capabilities;
- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for expanding our presence in overseas markets;
- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], will be used for our branding activities and the expansion of our sales network;
- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for the research and development of new products;
- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**], is expected to be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]" for details.

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

"Accountants' Report"	the accountants' report of our Group set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, means any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the second amended and restated articles of association of our Company adopted by special resolution on [●] with effect from the [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws"
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	audit committee of our Board
"BeBeBus E-commerce"	BeBeBus E-commerce (Guangdong Hengqin) Co., Ltd. (布童電子商務(廣東橫琴)有限公司), a company established in the PRC with limited liability on October 24, 2024 and an indirect wholly-owned subsidiary of our Company
"BeBeBus Electronic"	BeBeBus Electronic Information Technology (Ningbo) Co., Ltd. (布童電子信息科技(寧波)有限公司), a company established in the PRC with limited liability on September 5, 2023 and an indirect wholly-owned subsidiary of our Company
"BeBeBus Indonesia"	PT BEBEBUS INTERNATIONAL INDONESIA, a company established in Indonesia with limited liability on December 3, 2024 and an indirect wholly-owned subsidiary of our Company

"BeBeBus International HK"	BeBeBus International Limited, a company incorporated in Hong Kong with limited liability on November 22, 2024 and an indirect wholly-owned subsidiary of our Company
"BeBeBus Kunshan"	BeBeBus Network Technology (Kunshan) Co., Ltd. (布童網絡科技(昆山)有限公司), a company established in the PRC with limited liability on July 2, 2020 and an indirect wholly-owned subsidiary of our Company
"BeBeBus Ningbo"	Ningbo BeBeBus Network Technology Co., Ltd. (寧波布童網絡科技有限公司), a company established in the PRC with limited liability on September 27, 2019 and an indirect wholly-owned subsidiary of our Company
"BeBeBus Real Estate"	BeBeBus Real Estate (Shanghai) Co., Ltd. (布童置業(上海)有限公司), a company established in the PRC with limited liability on February 23, 2023 and an indirect wholly-owned subsidiary of our Company
"BeBeBus Safety"	BeBeBus Safety Technology (Ningbo) Co., Ltd. (布童安全科技(寧波)有限公司), a company established in the PRC with limited liability on August 6, 2021 and an indirect wholly-owned subsidiary of our Company
"BeBeBus Shanghai"	BeBeBus Network Technology (Shanghai) Co., Ltd. (布童網絡科技(上海)有限公司), a company established in the PRC with limited liability on February 22, 2023 and an indirect wholly-owned subsidiary of our Company
"BeBeBus Technology"	BeBeBus IOT Technology (Shanghai) Co., Ltd. (布童物聯網科技(上海)有限公司), a company established in the PRC with limited liability on November 14, 2018 and an indirect wholly-owned subsidiary of our Company
"BeBeBus USA"	BEBEBUS GROUP USA INC., a company incorporated in the United States on October 4, 2024 and an indirect wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	board of Directors of our Company
"Boyan Holdings"	Boyan Holdings Limited, a company incorporated in the BVI with limited liability on May 21, 2024 and one of our controlling Shareholders

"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
"Butong BVI"	BUTONG GROUP HOLDING INC, a company incorporated in the BVI with limited liability on August 10, 2023 and a direct wholly-owned subsidiary of our Company
"Butong International HK"	BUTONG GROUP INTERNATIONAL LIMITED (不同集團國際有限公司), a company incorporated in Hong Kong with limited liability on March 13, 2024 and an indirect wholly-owned subsidiary of our Company
"Butong Investment HK"	BUTONG GROUP INVESTMENT LIMITED (不同集團投資有限公司), a company incorporated in Hong Kong with limited liability on August 24, 2023 and an indirect wholly-owned subsidiary of our Company
"BVI"	British Virgin Islands

[**REDACTED**]

"Cayman Companies Act"	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"CEO"	the chief executive officer of our Group
"CFO"	the chief financial officer of our Group
"China" or "PRC"	the People's Republic of China and for the purpose of this document and for geographical reference only, unless the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules

"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	BUTONG GROUP 不同集團, an exempted company incorporated in the Cayman Islands with limited liability on August 2, 2023
"Compliance Advisor"	Somerley Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, shall include WANGBOYAN, Boyan Holdings, WWANG, and Mr. Wang
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Create Butong Ningbo"	Create Butong Holdings (Ningbo) Co., Ltd. (創造不同控股(寧波)有限公司), a company established in the PRC with limited liability on September 27, 2023 and an indirect wholly-owned subsidiary of our Company
"Create Butong Technology"	Create Butong Technology (Ningbo) Co., Ltd. (創造不同科技(寧波)有限公司), a company established in the PRC with limited liability on October 30, 2023 and an indirect wholly-owned subsidiary of our Company
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)

"Director(s)"	director(s) of our Company
"EIT Law"	Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong

[**REDACTED**]

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company and an independent third party
"Frost & Sullivan Report"	the report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set out in "Industry Overview"
"Gaorong Ventures"	Gaorong Ventures (高榕創投), a leading venture capital firm focused on early and growth-stage investments, with a specialty in internet and new consumption, new technology and healthcare and biotech sectors
"General Rules of HKSCC"	General Rules of HKSCC, as amended, supplemented or otherwise modified from time to time, and where the context so permits, shall include the HKSCC Operational Procedures

[**REDACTED**]

"Group," "we" or "us"	our Company and our subsidiaries from time to time
"Guide"	Guide for New Listing Applications issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"HK$" or "HK dollar"	Hong Kong dollar, the lawful currency of Hong Kong

"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

[**REDACTED**]

"independent third party(ies)"	entity(ies) or person(s) who is/are not connected person(s) of our Company or our subsidiaries within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	the joint sponsors named in "Directors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	[December 27, 2024], being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Memorandum of Association" or "Memorandum"	the second amended and restated memorandum of association of our Company adopted by special resolution on [●] with effect from the [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws"
"MOF"	Ministry of Finance of the PRC (中華人民共和國財務部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"MPC"	MPC (經緯創投), a leading venture capital firm focused on investments in various new economy, deep technology, industrial digitalization, healthcare, frontier technology and new consumer brands
"Mr. Wang"	Mr. Wang Wei (汪蔚), our founder, chairman of our Board, executive Director, and one of our controlling Shareholders
"Ms. Shen"	Ms. Shen Ling (沈凌), our co-founder, executive Director, and CEO
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	nomination committee of our Board

[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Commerce & Finance Law Offices, our legal advisor as to PRC laws
"[**REDACTED**] Investment(s)"	the investment(s) in our Company by the [**REDACTED**] Investor(s) pursuant to the relevant investment agreement(s), the details of which are set out in "History, Reorganization and Corporate Structure"
"[**REDACTED**] Investor(s)"	the investor(s) from whom our Company obtained investment(s), the details of which are set out in "History, Reorganization and Corporate Structure"
"Preferred Share(s)"	convertible preferred share(s) in the share capital of our Company, including Series A Preferred Share(s), Series A+ Preferred Share(s), and Series B Preferred Share(s)

[**REDACTED**]

[**REDACTED**]

"QIB(s)"	qualified institutional buyer(s) within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	remuneration committee of our Board
"Reorganization"	the reorganization arrangements undertaken by our Group in preparation for the [**REDACTED**], the details of which are set out in "History, Reorganization and Corporate Structure — Reorganization"
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR" (formerly known as "SAIC")	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理局) (formerly known as State Administration for Industry and Commerce of the PRC (中華人民共和國工商行政管理局))
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"Series A Financing"	the investment in our Company by the Series A Investors, the details of which are set out in "History, Reorganization and Corporate Structure"
"Series A Investor(s)"	the investor(s) of the Series A Financing
"Series A Preferred Share(s)"	series A convertible preferred share(s) in the share capital of our Company with a nominal value of US$0.0001 each

"Series A+ Financing"	the investment in our Company by the Series A+ Investors, the details of which are set out in "History, Reorganization and Corporate Structure"
"Series A+ Investor(s)"	the investor(s) of the Series A+ Financing
"Series A+ Preferred Share(s)"	series A+ convertible preferred share(s) in the share capital of our Company with a nominal value of US$0.0001 each
"Series B Financing"	the investment in our Company by the Series B Investors, the details of which are set out in "History, Reorganization and Corporate Structure"
"Series B Investor(s)"	the investor(s) of the Series B Financing
"Series B Preferred Share(s)"	series B convertible preferred share(s) in the share capital of our Company with a nominal value of US$0.0001 each
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of US$0.0001 each
"Share Incentive Plan"	share incentive plan adopted by our Shareholders on September 26, 2024, a summary of the principal terms of which is set out in "Appendix IV — Statutory and General Information — D. Share Incentive Plan"
"Share Option(s)"	share option(s) granted under the Share Incentive Plan
"Shareholder(s)"	holder(s) of the Share(s)
"SLING"	SLING HOLDING INC, a company incorporated in the BVI with limited liability on July 28, 2023 and ultimately controlled by Ms. Shen

[**REDACTED**]

"STA"	State Taxation Administration of the PRC (中華人民共和國國國家税務總局)

[**REDACTED**]

"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Taikang Life"	Taikang Life Insurance Co., Ltd. (泰康人壽保險有限責任公司), a limited liability company established in the PRC on November 28, 2016 and one of our [**REDACTED**] Investors
"Takeovers Code"	Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tiantu Capital"	Tian Tu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司), a joint stock company with limited liability established in the PRC on January 11, 2010 whose shares are listed on the Stock Exchange (stock code: 01973) and its subsidiaries and affiliates
"Track Record Period"	the period comprising the two financial years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules

[**REDACTED**]

"U.S." or "United States"	the United States of America, its territories, possessions and all areas subject to its jurisdiction

"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"WANGBOYAN"	WANGBOYAN HOLDING INC, a company incorporated in the BVI with limited liability on July 28, 2023 and one of our controlling Shareholders
"WEILING"	WEILING HOLDING INC, a company incorporated in the BVI with limited on July 28, 2023 and one of our Shareholders

[**REDACTED**]

"WWANG"	WWANG HOLDING INC, a company incorporated in the BVI with limited liability on July 25, 2023 and one of our controlling Shareholders
"Zhepu Technology"	Zhepu Technology (Shanghai) Co., Ltd. (哲普科技(上海)有限公司), a company established in the PRC with limited liability on March 6, 2024 and an indirect wholly-owned subsidiary of our Company
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similarly terms adopted by other companies.

"618 Shopping Festival"	an annual online sales event in China on or around June 18
"affluent households"	households with assets of RMB6 million or above
"CAGR"	compound annual growth rate
"car seat"	a portable seat for a baby or young child, designed to be secured to a passenger seat in a car
"Cobra memory cotton"	a memory foam, which is a material known for its slow-recovery viscoelastic nature and cushioning effect
"co-branded product"	a type of products branded under third-party licensed intellectual properties and our BeBeBus brand
"co-sleeper"	a crib that attaches to the side of a parent's bed to facilitate feeding and comforting of an infant at night
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"Double 11 Shopping Festival"	an annual online sales event in China on or around November 11
"*Douyin*"	a social media and e-commerce platform in China for creating and sharing short-form videos
"e-commerce platform"	a software solution that enables businesses to conduct commercial transactions online
"ERP"	enterprise resource planning
"FitGo button"	a part of a fast-lacing system developed by Shenzhen FitGo Technology Co., Ltd. (深圳市菲特奥科技有限公司), applicable in footwear, clothing and helmets. It allows for convenient adjustment of laces, making it easier to achieve a secure fit

"GMV"	gross merchandise volume
"highchair"	a type of chairs with long legs, specifically designed for young children, to raise them to a suitable height for feeding and other activities
"IATF16949"	the quality management system requirements for the design and development, production and, when relevant, installation and service of automotive-related products, throughout the automotive supply chain
"baby care product"	a category of items designed for the hygiene and care of infants and young children, including diapers and wipes
"IsoFix"	International Standards Organization FIX, an internationally standardized car seat fitting system that automatically locks a car seat onto two metal clips between the vehicle seat of a car, eliminating the need for a seat belt
"ISO9001"	an international standard that specifies the requirements for a quality management system
"IT"	information technology
"*JD*" or "*JD.com*"	a third-party e-commerce platform which offers a wide range of products in China
"nursery product"	a category of products intended for the use of infants and young children, typically under five years old
"key account"	a type of business customers we collaborate with to distribute our products, including but not limited to, major baby and kids retailers, typically those operating nationwide retail networks
"KOL"	key opinion leader
"nano-coated fabric"	textiles that have been treated with a coating of nanoparticles that repels dry particles, water, oil and dirt
"playpen"	a small portable enclosure in which infants and young children can play safely

"private domain"	proprietary channels where businesses directly engage with and retain consumers without relying on third-party intermediaries, including Weixin mini program and Weixin channels
"R&D"	research and development
"repurchase rate"	calculated by dividing the number of consumers who made two or more purchases of our products through online channels during the Track Record Period, with at least one purchase occurring within the specified year or period, by the total number of consumers who made at least one purchase within the specified year or period
"SKU"	stock keeping unit
"sq.m."	square meter
"*Tmall*"	a third-party business-to-consumer e-commerce platform in China
"*VIP.com*"	a Chinese e-commerce platform that specializes in offering branded products at discounted prices
"Weixin mini program"	an application program that can be used on the Weixin platform without downloading and installing
"Weixin channels"	a feature within the Weixin mobile app that allows users, influencers and brands to create and share short-form videos
"*Xiaohongshu*"	a social media and e-commerce platform, where consumers can post, discover and share life experiences and product reviews

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information," and "Future Plans and Use of [**REDACTED**]." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to," or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our operations and business prospects;
- our financial condition and performance;
- our capital expenditure plan;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- our ability to defend our intellectual rights and protect confidentiality;
- the effectiveness of our quality control systems; and
- capital market developments.

These forward-looking statements are subject to risks, uncertainties, and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors."

The forward-looking statements contained in this document relate only to events or information as of the date on which the statements are made. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document completely and with the understanding that our actual future results or performance may be materially different from what we expect.

In this document, statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any of these intentions may change in light of future development.

An [**REDACTED**] *in the Shares involves various risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in the Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, results of operations and prospects. The* [**REDACTED**] *of the Shares could significantly decrease due to any of these risks, and you may lose all or part of your* [**REDACTED**].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We face fierce industry competition. Failure to compete with other market players may adversely affect our business, financial condition, results of operations and prospects.

China's premium nursery product market is highly competitive and has experienced consistent growth in recent years. In 2023, the top five brands collectively held approximately 18.4% of the market share as measured by GMV, according to Frost & Sullivan. Some of our competitors may have better brand recognition, R&D capabilities and production capabilities than ours. We cannot assure you that our leading position in China's premium nursery product industry will remain unchallenged by competitors, including both international and domestic companies that may possess greater financial and human resources. Consequently, we may face difficulties competing effectively, which could impact our market share and profit margins. Additionally, we cannot ensure that we will continue to differentiate ourselves from other nursery product companies or successfully market the products needed to retain existing customers and attract new ones. Failure to maintain our competitive position may materially adversely affect our business, financial condition, results of operations and prospects.

Our success depends on market recognition of our brands. Any damage to our brands or reputation may materially and adversely affect our business, financial condition, results of operations and prospects.

We have achieved our market-leading position and a broad consumer base through our brand in premium nursery product industry. Our primary focus has been on continually enhancing our brand awareness among consumers. Since our inception, we are dedicated to building our flagship brand, BeBeBus. Maintaining and strengthening the reputation and market recognition of our brand is crucial to our business performance as it fosters confidence in our brand and encourages more consumers to choose our products.

Our brands and reputation may be affected by various factors, such as:

- the quality and design of our products;
- consumer satisfaction with our products and services;
- our ability to communicate promptly and effectively and respond to consumers' questions or complaints;
- our ability to protect our trademarks and patents;
- our relationships with suppliers, customers and other business partners, especially e-commerce platforms, distributors and key accounts; and
- public and media coverage about us, whether substantiated or not.

Any complaint, claim or negative publicity about us or our products, even if meritless or immaterial to our operations, could damage our brand and reputation. If we fail to maintain and strengthen the recognition and reputation of our brands, or to mitigate the risks associated with our brand image and reputation, the value of our brands may be compromised, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We have a limited operating history, which makes it challenging to evaluate our current business and predict our future prospects.

We began operations in 2018. Our relatively short operating history makes it challenging to assess our future prospects or forecast our future results. Our customers and business partners may not fully understand or recognize the value of our products, and the potential new customers and business partners may have difficulty in distinguishing our products and services from those of our competitors. If we fail to demonstrate the value of our products and services, the markets for our products do not continue to develop as we expect or we fail to effectively address the needs of the dynamic and evolving industries in which we operate, our business may be materially and adversely affected.

If we are unable to manage our growth or execute our strategies effectively, our expansion may not be successful and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business has grown substantially since our inception, and we expect continued growth in our operations, revenue and workforce. As we expand our product offerings, we will need to collaborate with a larger number of partners efficiently and maintain and expand mutually beneficial relationship with our existing and new partners. We also need to continuously enhance and upgrade our infrastructure and technology, improve control over our operational, financial and management processes, strengthen our supplier and distributor management, refine our reporting systems and procedures, and expand, train and manage our growing employee base. All these initiatives require significant managerial, financial and human resources. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures, and controls — or any new measures introduced to enhance them — will be sufficient or effective in supporting our expanding operations, or that our strategies and new business initiatives will be successfully executed. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we fail to grow or retain our consumer base, or if we fail to anticipate or respond to changes in consumer tastes and behavioral patterns in a timely manner, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The size of our consumer base and the level of their engagement are critical to our success. If consumers no longer perceive our products as attractive as compared to competing offerings, we may not be able to increase or maintain our consumer base and the level of their engagement. Consumer demand may shift away from our products due to a number of factors, including consumer preferences, income, spending patterns, perception of the safety and quality of our products and changes in economic and social conditions, such as aging demographic. Therefore, our ability to compete successfully requires us to effectively anticipate, gauge and respond to changing consumer demands and tastes for our product lines and to provide consumers with a range of nursery products. A successful strategy requires us to respond promptly to shifts in consumer preferences and behavior in a timely manner. We cannot assure you that we will be successful in anticipating changing consumer preferences and behavioral patterns or developing new products to meet shifts in demand. Our failure to successfully translate market trends into attractive product offerings would have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business model may not be viable if we are not successful in introducing new designs and products or in making innovations in our existing products.

Our continued success depends on our ability to consistently improve existing products and develop new ones through research and development for commercialization. We introduce and upgrade new products and innovations to existing products from time to time and leverage on our established market reputation to attract customers and, in some cases, enabling us to price our products at a premium. If we fail to introduce new designs, develop innovative products, or enhance existing offerings, we may lose our competitive edge. We believe our ability to maintain success and leadership in the industry is closely tied to the strength of our R&D capabilities. A significant decline in these capabilities, due to the loss of key R&D personnel, reduced funding for research and development, or other factors, could result in a substantial loss of market share to competitors.

Our launch of new products and/or expansion into different business sectors may not be successful and may expose us to new challenges and increased risks.

The success of our business expansion and sustained growth depends on our ability to broaden our range of product offerings, set competitive pricing for our products, and maintain cost efficiency in our R&D and manufacturing processes. In addition, we may decide to enter into new sectors and launch new products other than nursery products. We may have limited or no experience in the new industries, which have cultures and customs, legal and regulatory frameworks, competitive landscapes and consumer preferences different from the nursery product industry. Although we have been successful in launching new products in the past, there is no assurance that we will be able to continue our success in our promulgation of new products in the future.

Launch of new products will require us to invest heavily in identifying the right markets and developing new products. It may also require us to obtain additional permits, certificates or other regulatory approval. We cannot assure you that our efforts will translate into commercial success. Expanding into new markets or launching new products involves significant risks and uncertainties. We may fail to accurately estimate market opportunities, understand competitive landscape, or identify hidden risks in these new markets. If our new products or services are unsuccessful or fail to attract enough consumers to achieve profitability, our business, financial condition and results of operations could be adversely affected.

Our marketing activities may not be effective in attracting consumers, or we may incur significant costs on a variety of sales and marketing efforts through multiple channels. Any failure to execute effective sales and marketing strategies or adjust such strategies to the latest market trend timely may materially and adversely affect our business, financial condition and results of operations and prospects.

We conduct various marketing activities to promote our products, such as livestreaming events, online promotional campaigns and content marketing, and offline marketing events. Through these marketing activities, we intend to enhance our brand awareness in the market, expand our consumer base and promote sales of our products. We strive to understand consumer preferences and enhance our brand awareness through various strategies. In 2022, 2023 and the nine months ended September 30, 2024, our selling and distribution expenses were RMB188.9 million, RMB285.7 million, and RMB270.5 million, respectively, accounting for 37.2%, 33.5%, and 30.6% of our revenue during the same periods.

Although we endeavor to plan our investment in sales and marketing efficiently while achieving expected marketing results, we cannot guarantee that the marketing strategies we apply will be cost-effective. In addition, we also may not be able to retain or recruit experienced sales and marketing staff, or to efficiently train junior sales and marketing staff. If the sales and marketing activities to which we devote significant resources are ineffective, our business, financial condition and results of operations may be materially and adversely affected. Additionally, as technology evolves rapidly and the ways people access and share information continue to change, we have to adapt our marketing strategies and diversify our product offerings to cater to consumers with varying preferences and characteristics. We cannot assure you that our marketing activities will precisely capture the consumer behavioral pattern so that purchases of our products will increase, or that our sales and marketing strategies apply effectively to the new brands that we may launch, and the failure of any of these may materially and adversely affect our results of operations.

Moreover, as consumer preferences change over time and new sales channels emerge, we may not always be able to quickly identify or capitalize on these market opportunities. Failure to maintain strong relationships with suppliers, customers, and other business partners, effectively execute our marketing strategies, or promptly adapt to market trends could lead to a loss of market share, reduced revenue, and harm to our business. In particular, our relationships with third parties such as distributors, key accounts and e-commerce platforms are vital for our sales and marketing efforts as they provide us with extensive market access and insights that help enhance our brand awareness. Nonetheless, we cannot guarantee the continuation or strengthening of these relationships, as they may be affected by potential market exits, changes in strategic priorities, or partnerships with competitors. If we fail to maintain these relationships, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We mainly rely on e-commerce platforms to market and sell our products online. If these platforms experience interruption or if our cooperation with such platforms terminates, deteriorates or becomes more costly, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We rely on online e-commerce platforms to increase our brand exposure and extend our reach to consumers. We also sell products directly to consumers through our self-operated stores on e-commerce platforms. During the Track Record Period, we generated the majority of our revenue from sales on e-commerce platforms. In 2022, 2023 and the nine months ended September 30, 2024, we generated revenue of RMB408.1 million, RMB596.5 million, and RMB572.6 million from e-commerce platforms, respectively, representing 80.5%, 70.0%, and 64.8% of our revenue during the same periods. See "Business — Our Sales Network" for details.

At the same time, we are also exploring development opportunities on emerging e-commerce platforms. To better connect with consumers, we regularly conduct themed marketing activities on e-commerce platforms and in our online stores to attract consumers' attention. Though we have established close collaboration with leading platforms, we cannot assure you that we will be able to maintain leading position due to various factors beyond our control, such as increased competition, evolving sales channels and changing consumer behaviors, all of which may adversely affect our cooperation with the platforms. Changes in the platforms themselves or our cooperation with the platforms may materially and adversely affect our consumer base, and in turn affect our business, financial condition, results of operations and prospects, including:

- the platforms are subject to negative publicity not attributable to us, such as their selling counterfeit or defective goods;

- the platforms fail to generate consumer traffic;

- our cooperation with the platforms is interrupted, terminates, deteriorates or becomes more costly;

- changes in the policies of the platforms, such as restricting some of our marketing initiatives or the performance of certain influencers we partner with; and

- the platforms are damaged or interrupted by power failure, computer viruses, acts of hacking and vandalism.

In China, sales channels have undergone significant changes and may continue to evolve in the future. We must continue to monitor trends in product distribution and to make necessary changes in order to optimize our current sales network as well as exploit new channels. As such changes are beyond our control, we cannot assure you that our relationship with the e-commerce platforms will maintain stable or platforms will constantly attract consumers for us. We cannot assure you that the cost of cooperating with e-commerce platforms will not increase. We also cannot assure you that we are able to respond effectively to changes of consumer behavior with the rise of new platforms or new sales models, especially given the leading position of some of the e-commerce platforms we have collaborated with. Establishing relationships with new business partners can be time-consuming and may incur additional costs. If we fail to expand into new sales channels, we may lose our competitive advantages to competitors or experience consumer attrition, thereby limiting the scale of our development in the future. Our ability to successfully integrate the new channels into our existing multichannel sales network is subject to various factors such as (i) the availability of adequate management and financial resources; (ii) our ability to hire, train and retain skilled personnel; and (iii) our capabilities to adjust our supply chain and other operational and management systems to adapt to an expanded sales network. Failure to successfully expand our sales network could limit the scale of our future growth and, in turn, materially and adversely affect our business prospects.

We depend in part on our distributor network for the sale of our products. We may encounter challenges in efficiently expanding our distributor network. Our limited control over our distributors exposes us to significant risks.

We distribute our products through various channels, including distributors. In 2022, 2023 and the nine months ended September 30, 2024, our revenue generated from sales to distributors amounted to RMB55.8 million, RMB132.4 million, and RMB161.8 million, respectively, contributing to 11.0%, 15.5% and 18.3% of our revenue, respectively. We rely on the extensive market reach and established relationships that our distributors have with consumers. However, we cannot assure you that we shall be able to integrate and maintain long-term, in-depth cooperation with our existing sales channels. Furthermore, we cannot assure the successful establishment of partnerships with new distributors and the renewal of contracts with our existing distributors upon their expiration. If we are unable to meet their requirements, or are expected to incur commercially unreasonable performance costs, our cooperation may be terminated, which could have a material adverse impact on our reach to consumers, business, financial condition and results of operations.

We maintain limited control over the actions and business plans of our distributors. These parties may engage in various forms of misconduct, even if we prohibit them from doing so in our agreements with them, including but not limited to, unauthorized sales of products or distribution into regions that violate exclusive distribution rights, unauthorized sales of products on any e-commerce platform, unauthorized or improper use of our brand name, inadequate promotion of our products, and violating the anti-corruption laws in the PRC. Any misconduct by our distributors could have a material adverse effect on our business, results of operations, reputation, brand recognition and market position.

Failure of our distributors to comply with our agreements or relevant legal and regulatory requirements could tarnish our brand image and disrupt our sales. If we become aware of any distributor failing to fulfill its obligations under our agreements or violating laws, regulations or standards, to the extent that we are involved in negative publicity, legal actions or administrative penalties, our ability to effectively market and sell our products may be adversely affected.

In addition, we face risks associated with managing our multichannel sales network. We have implemented measures to prevent risks relating to channel stuffing and cannibalization. See "Business — Our Sales Network — Offline Channels — Distributors" for details. However, our multiple sales channels might compete with each other and we cannot guarantee that our measures will be completely effective, which could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We may not be able to maintain our revenue growth and profitability or realize revenue increase and good profitability continuously, and our historical results of operations and financial performance may not be indicative of future performance.

We experienced significant growth during the Track Record Period. Our revenue increased by 68.0% from RMB507.2 million in 2022 to RMB852.1 million in 2023, and increased by 57.6% from RMB561.0 million for the nine months ended September 30, 2023 to RMB884.3 million for the nine months ended September 30, 2024. Our gross profit increased by 76.7% from RMB241.8 million in 2022 to RMB427.3 million in 2023, and increased by 56.1% from RMB280.4 million for the nine months ended September 30, 2023 to RMB437.8 million for the nine months ended September 30, 2024. Although our revenue and gross profit experienced a significant increase during the Track Record Period, there is no assurance that we will be able to maintain our product sales and our historical growth rate, or achieve a higher growth rate in the future. We face a number of risks in terms of achieving our future plans, such as:

- integrating more channels into our sales network;
- expanding our production facilities;
- controlling costs and operating expenses in anticipation of expanded operations;
- recruiting and retaining suitable and professional employees;
- implementing and enhancing our internal control systems and other systems or processes; and
- addressing new market opportunities and foreseeing challenges as they arise.

If some factors beyond our control emerge, such as decreased consumer spending, intensified competition, a slowdown in China's nursery product industry, or changes in the regulatory environment or general economic conditions, our revenue growth may become slow, and our revenue and gross profit may be negatively affected.

Our dependence on a small number of customers exposes us to revenue fluctuations and potential financial instability.

The performance of our business has been, and will continue to be, dependent on a small group of major customers. In 2022, 2023, and the nine months ended September 30, 2024, revenue from our five largest customers amounted to RMB126.9 million, RMB269.7 million and RMB302.4 million, respectively, accounting for 25.0%, 31.7% and 34.2% of our total revenue for the corresponding period. Our largest customer contributed RMB58.3 million, RMB97.7 million and RMB106.8 million, respectively, accounting for 11.5%, 11.5% and 12.1% of our total revenue for the corresponding period. See "Business — Customers" for details.

We typically enter into one-year contracts with our major customers, which include provisions allowing termination in the event of a material breach on our part. Given the short-term nature of these agreements, we cannot guarantee the continuation of business relationships at the same level or under the same terms. Our ability to negotiate favorable terms is limited, and we cannot assure that payments will be made in accordance with the agreed-upon credit terms, or that they will be made in full.

The loss of, or a reduction in purchases from, any of these major customers could significantly impact our operations. Finding replacement customers in a timely manner, if at all, may prove difficult. As a result, any disruption to our relationships with these major customers could materially and adversely affect our business, financial condition, and results of operations.

Depending on a limited number of suppliers, we produce our products through in-house manufacturing and outsourcing to few third-party manufacturers, which may subject us to supplier concentration risks. Any decline in our production capacity and any disruption to, or material unfavorable changes in our outsourcing cooperation with third-party manufacturers, will have a material adverse effect on our business, financial condition, results of operations and prospects.

Our production capacity is integral to our production control and supply chain management system, which depends on our ability to manage the key factors affecting our production capacity, namely, raw materials, labor and energy. The demand and sales of our certain products may sharply increase during our marketing campaigns and peak production seasons, which in turn may cause production capacity to be unable to satisfy sales needs.

Our material costs constituted 17.5%, 17.3%, and 11.9% of our cost of sales for the years ended December 31, 2022, 2023 and for the nine months ended September 30, 2024, respectively. We work closely with a network of reliable suppliers to maintain a steady and sufficient supply and directly source specific raw materials through third-party manufacturers as needed, such as plastic, steel, paper, cotton and fabrics. We may face challenges in obtaining adequate supplies in the necessary quantities, quality and at a reasonable cost. If there are significant disruptions or reductions in the supply of raw materials, or if prices increase substantially, we could incur additional costs to secure sufficient quantities to meet production schedules and fulfill customer commitments. Moreover, if we are unable to identify alternative sources or obtain the necessary raw materials in a timely manner, any resulting production shortfalls could lead to inventory shortages at our retail outlets. Any of the foregoing could impair our ability to meet customer demand and may have an adverse effect on our reputation, business, financial condition, results of operations and prospects.

During the Track Record Period, we relied on a limited number of suppliers, especially third-party manufacturers and e-commerce platforms. In 2022, 2023 and the nine months ended September 30, 2024, our purchases from our five largest suppliers in aggregate in each period amounted to RMB204.5 million, RMB271.9 million and RMB285.5 million, respectively, accounted for 52.0%, 44.6% and 43.8% of our total purchases for the corresponding periods. Our purchases from our largest supplier in each period amounted to RMB77.0 million, RMB93.1 million and RMB89.6 million, respectively, accounted for 19.6%, 15.3% and 13.7% of our total purchases for the corresponding periods. See "Business — Suppliers and Supply Chain Management" for details. This dependence creates a concentration risk that could have a material adverse effect on our supply chain and operations. Third-party manufacturers may not be able to provide us with products of sufficiently high quality either in a timely manner or at a competitive price. We may, from time to time, need to reject products that do not meet our specifications, which could result in a stock shortage or potential delays in delivering products to our customers. In addition, if there are significant increases in the prices quoted by our third-party manufacturers, we may not be able to pass these increases on to our customers due to competitive pricing pressures. In such cases, we may have to seek alternative third-party manufacturers with comparable prices and products or develop similar manufacturing capabilities internally which may result in delivery delays to our customers. If we are unable to locate suitable substitutes or manufacture these products internally, we may have to cease sales of such items, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The manufacturing process for products in our industry is complex and any failure to adhere to quality and safety standards may adversely affect our business, financial condition, results of operations and prospects.

The nursery product industry is subject to quality and safety standards in jurisdictions where we operate. In addition, such standards are generally higher than those stipulated in many other industries, in large part due to the need to protect infants and children from harm arising from defective products. For example, strollers and car seats may be subject to mass recalls if there are incidents of such models allegedly resulting in injury or death to infants or children. We did not incur any material recalls during the Track Record Period. We cannot assure you that future instances of product recalls will not have a material adverse effect on our business, financial condition, results of operations and prospects. We believe that consumers value nursery product companies that have a reputation for high quality and safety. If we fail to adhere to quality and safety standards that meet the expectations of consumers when manufacturing our products, our reputation may be harmed, we may lose critical customer orders, or our products may be recalled and we face product liability claims.

Our production may be disrupted by events beyond our control, including operational hazards or natural calamities.

Our manufacturing equipment includes potentially dangerous equipment, such as flammables and chemicals. Any significant accident or fire could interrupt our operations and result in legal and regulatory liabilities. Our insurance coverage for accidents resulting from the proper or improper use of such equipment, and our fire insurance, may be inadequate to offset losses arising from claims related to accidents or fires. Moreover, any equipment involved in an accident, malfunction or fire may be damaged or destroyed, and we may need to devote time and resources to repair or restore it, thereby adversely impacting our business, financial condition, results of operations and prospects. The operation of our manufacturing equipment may be disrupted for reasons that are beyond our control, including natural disasters, industrial accidents, fires, arson, terrorist attacks, technical failures and labor disputes.

Our delivery, return and exchange policies may subject us to additional costs and expenses, which may adversely impact our business, financial condition, results of operations and prospects.

We have adopted shipping policies that do not necessarily pass the full cost of shipping on to our customers. Our product return policy allows products with defects to be returned and exchanged by our customers within a specified period. If we experience any deterioration in the quality of our products, we will incur higher costs associated with returns, exchanges and warranties. We have also adopted customer-friendly return and exchange policies that make it convenient and easy for customers to change their minds within seven days after completing direct online purchases from us. See "Business — Customers Support" for details. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve customer experience and promote customer loyalty, which may in turn help us acquire and retain customers, they also subject us to additional costs and expenses which we may not recoup through increased revenue. We cannot assure you that our return, exchange and warranty policy will not be misused by our customers, which may significantly increase our costs and may materially and adversely affect our business, financial condition, results of operations and prospects. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new customers at a desirable pace, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to various environmental and safety laws and regulations that may potentially result in costs for compliance or, in the case of non-compliance, could lead to monetary damages, fines, other liabilities, and harm to our brand and reputation.

We are subject to multiple environmental and safety laws and regulations related to the manufacturing of our products in the manufacturing process and the operation of our production facilities. Such laws and regulations govern the use, storage, discharge and disposal of hazardous materials during the manufacturing process. Developing in these laws or other new environmental and safety laws and regulations may require us to change our operations, potentially resulting in a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. These laws can give rise to administrative oversight costs, cleanup costs, property damage, liability for bodily injury, fines and penalties. Violations of these laws and regulations could result in substantial fines and penalties, third-party damages, suspension of production, remedial actions or a cessation of our operations. Contamination at properties we own or operate, may result in liability for us under environmental laws and regulations.

In addition, Chinese government may issue new regulations that may require us to take additional actions to ensure compliance in the future. If our plants or any of our other future constructions fail to comply with applicable regulations, we could be subject to substantial liability for clean-up efforts, personal injury or fines or be forced to close or temporarily cease the operations of our production facilities or other relevant constructions, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our operations are also subject to workplace safety laws and regulations, which require compliance with various workplace safety requirements, including requirements related to environmental safety. These laws and regulations can give rise to oversight costs, compliance costs, liability for bodily injury (including workers' compensation), fines, and penalties. Additionally, non-compliance could result in delay or suspension of production or cessation of operations. The costs required to comply with workplace safety laws can be significant, and non-compliance could adversely affect our production or other operations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are also subject to applicable fire safety laws in the PRC. In accordance with the Fire Prevention Law of the PRC (《中華人民共和國消防法》) adopted on April 29, 1998, amended and taking effect on April 29, 2021, a special construction project as provided in the Interim Provisions on the Examination and Acceptance of Fire Control and Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) adopted on June 1, 2020, amended and taking effect on October 30, 2023, shall be subject to fire protection design review before such project commence construction and shall be subject to fire protection inspection before such project was put into use. Other construction projects shall be subject to fire protection inspection filing, and the competent department of housing and urban-rural development shall conduct a random fire protection inspection thereof. The constructor or user entity shall apply to the fire and rescue department of the local government at or above county level for a fire safety inspection before a public gathering place is put into use or opens for business.

Moreover, there is a growing focus on the environmental practices of manufacturers. Additionally, more stringent social responsibility laws and regulations may be adopted in the future, which may result in an increase in our cost of compliance. Compliance with such regulations is considered costly industry-wide. As we expand into new markets, we will become subject to additional environmental and safety laws and regulations. We may incur additional costs to ensure compliance with such laws and regulations, as well as to manage local labor practices.

We may encounter cost increases or disruptions in the supply of raw materials or other components used in our products.

We incur substantial cost of purchases associated with the procurement of raw materials and components necessary for manufacturing and assembling our products. The prices of these raw materials and components are subject to fluctuations and influenced by factors beyond our control, including market conditions, inflation, supply chain shortages, and global demand for these materials and components, all of which could adversely affect our business, financial condition, results of operation and prospects.

Furthermore, currency fluctuations, tariffs, along with other economic or political conditions, may lead to significant increases in shipping costs and the prices of raw materials or components. Any substantial increase in these costs would raise our operating expenses and could potentially reduce our profit margins.

Any issues or delays in scaling and maintaining operations at our existing production facility or establishing new production facilities could negatively affect the production of our products.

We manufacture our car seats and highchairs products at our own production facility in Ningbo, Zhejiang. We also plan to build another production facility in Ningbo, which is expected to commence operations in 2026. Maintaining and expanding our production facilities, as well as establishing new ones, will require substantial capital resources and might incur associated depreciation costs. There is no guarantee that we can complete these constructions in a cost-effective manner or recoup these investments through our production and sales. Any construction delays or budget overruns could adversely affect our business, financial condition, results of operation and prospects.

Our production facilities, filled with production machines, raw materials and components, exposes both employees and visitors to heightened risks of bodily injury. These risks arise from interactions with heavy equipment, the complex nature of mechanical operations, and potential exposure to hazardous materials. Moreover, the conditions within these plants can lead to accidents unless safety protocols are strictly enforced and updated on a regular basis. Any resulting bodily injuries at our production facility, regardless of our fault, could have a material adverse effect on our business, financial condition, results of operation and prospects.

Additionally, in accordance with PRC laws and regulations, construction projects are subject to extensive government oversight and approval processes, including but not limited to project approvals and filings, approvals for construction land and project planning, environmental protection permits, pollution discharge licenses, drainage permits, work safety approvals, fire protection clearances, and inspections and acceptance by relevant authorities. Any failure to abide by these approval processes may lead to fines or project use suspensions, any of which would materially and adversely affect our business, financial condition, results of operation and prospects.

Our leased property interests may be defective or subject to other non-compliance and our right to lease the properties may be affected, which could cause disruption to our business.

As of the Latest Practicable Date, we maintained eight leased properties in the PRC with an aggregate gross floor area of approximately 18,323.93 square meters from third parties, mainly used as stores, production facilities, and offices purposes. Our leases may be terminated unexpectedly due to various reasons, such as the landlord opting to repurpose the property, financial disputes, or breaches of lease terms. Such terminations could force us to find alternative premises quickly, potentially at higher costs or less favorable locations, impacting our operational efficiency and increasing costs. When leases on critical properties come up for renewal, there may be challenges in renegotiating terms that are as favorable as the original lease. Landlords may demand higher rent, more stringent lease conditions, or shorter lease durations. Inflationary pressures or changes in the real estate market could also exacerbate this issue, leading to increased operational costs and potentially limiting our flexibility in business operations.

Pursuant to the applicable PRC laws and regulations, both lessors and lessees are required to file the lease agreements with relevant authorities for record and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, three of the above-mentioned leases have been registered and filed with the relevant PRC authorities. The failure to file and obtain property leasing filing certificates for the other five leases, as required under PRC laws, may be ordered by relevant authorities to make correction within a stipulated period. Failure to make correction within the stipulated period may subject us to a fine ranging from RMB1,000 to RMB10,000 for each agreement not filed. If such fines are imposed, the maximum penalty we may be required to pay would be approximately RMB50,000 for the above five leased properties.

In addition, as of the Latest Practicable Date, two of our leased properties were mortgaged to independent third parties before entering into the lease agreements, and two of these leased properties were subject to judicial attachments. According to our PRC Legal Advisor, we would not be subject to any fines or penalties but that we may not be able to lease, occupy and use such leased properties if the lease was challenged by a third-party rights holder, and the attachment to these properties will not materially adversely affect our business, financial condition, or results of operations. See "Business — Properties — Leased Properties" for details. However, our use of these leased properties may still be adversely affected. As a result, we may need to close or relocate the current properties mainly used as stores, production facilities, and offices purposes by us. Although we may receive liquidated damages or compensation if our leases are terminated unexpectedly, we may be forced to divert management attention, time and costs to find new sites and relocate these properties mainly used as stores, production facilities, and offices purposes by us.

Warehousing and logistics capabilities are key to our operations. We are subject to risks relating to the warehousing and logistics of the products we sell. Any interruption or delay of delivery or improper handling of goods may affect our efficiency and customer satisfaction, which may result in a negative effect on our business.

We store our products in the warehouses of third-party warehousing service suppliers before delivery. If accidents such as fires occur, our ability to perform the contracts with our customers could be adversely affected.

During the Track Record Period, we have relied primarily on third-party logistics service providers for our distribution needs. While we actively plan and monitor the logistics process through our Enterprise Resource Planning ("**ERP**") system and maintain close communication with our logistics partners, we cannot guarantee that our products will always be delivered within the agreed timeframe. Since we do not have direct control over these outsourced logistics providers, we cannot assure the quality of the delivery process. Improper handling of products could lead to customer dissatisfaction and damage our brand reputation. Any delay or disruption in delivery, or mishandling of goods, could materially and adversely affect our business, financial condition, results of operation and prospects.

We are required to obtain and maintain necessary licenses, approvals and permits for our operations, the failure to obtain or renew any of which may have a material adverse effect on us.

Our business operations require us to obtain and periodically renew various approvals, licenses, registrations, and permits. For instance, in addition to business licenses, we must secure Registration of Emissions from Stationary Sources permits (固定污染源排污登記) for our production activities, which are granted upon demonstrating compliance with relevant laws and regulations, including the Classification Management Catalogue to Pollutant Emission Permit for Stationary Sources of Pollution (《固定污染源排污許可分類管理名錄》). These approvals, licenses and permits are subject to examination or verification by relevant authorities and are valid for a fixed period of time subject to renewal and accreditation. We cannot guarantee that we will be able to renew in a timely manner all of the licenses upon their expiration.

In addition, we may increase our business lines or make acquisitions in the future, which may expose us to the risk of being unable to obtain the required licenses, approvals or permits. Further, the approvals, licenses, registrations and permits issued to us may be suspended or revoked in the event of noncompliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action.

Our new production facility in Ningbo, which is expected to commence operations in 2026, is under construction. As of the Latest Practicable Date, we obtained the necessary permits and approvals for the new production facility. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, as well as any noncompliance incidents, may increase our operational costs and impede our operations.

We rely on an integrated information management infrastructure to manage our operations.

We depend on our integrated information management infrastructure, particularly our ERP system, to effectively manage our production control and supply chain. The ERP system holds critical data for various business functions, such as quotas, inventory, and financials. To ensure the system's secure operation, we have implemented a range of internal management policies, including regulations for IT system account and access management, as well as IT system change control. Any failure or disruption to our ERP system, whether due to technical issues, design defects, or human error, could hinder our ability to manage production control and supply chain operations. Such a disruption may result in inaccurate cost estimates, supply chain disruptions, or, in extreme cases, material financial losses and operational setbacks.

Furthermore, our ERP system operates on a SaaS subscription model, with the flexibility to upgrade versions or implement custom developments to align with our evolving business needs. However, as our business grows, we may encounter limitations if the ERP system cannot be modified or upgraded to support the increasing demands of our expanding and diversifying operations.

In addition, we track key operating metrics, such as industrial design, visual aesthetics and structural integrity to assess business performance, which are calculated using internal project management software. If any material inaccuracies are found in the metrics we use, or if they are perceived as unreliable, our reputation could suffer, and our evaluation methods may be called into question. Furthermore, if [**REDACTED**] base their decisions on inaccurate operating metrics, we could face potential legal actions or disputes. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

Our future performance is dependent on our ability to attract and retain key personnel.

Our future performance depends to a significant extent upon our ability to continue to attract, retain and motivate key personnel, including members of our senior management team and our skilled technical and market research, product development and design, and marketing and sales personnel. We expect the demand for skilled and experienced personnel to increase as the nursery product industry expands. In addition, we will require an increasing number of experienced executives and other skilled employees to implement our growth plans. If we lose the services of any of these key personnel without suitable replacement, such loss may limit our competitiveness, interrupt our production processes, reduce our manufacturing quality or cause consumer dissatisfaction, any of which would adversely affect our business, financial condition, results of operations and prospects. Moreover, we do not maintain "key personnel" insurance for the loss of any key personnel. If we are unable to retain or replace our existing personnel or attract, retain and motivate experienced personnel in the future, our operations may be disrupted, and the growth of our business may be delayed or restricted.

We may not be able to further penetrate into existing markets or expand into other geographical markets.

To date, we are taking BeBeBus to the global stage, extending our footprint into major international markets such as Europe, Southeast Asia, and North America. If we are unable to find suitable or reliable customers, our overseas expansion strategy would be significantly affected. In addition, expansion may require a significant amount of capital investment and divert the resources and time of our management. We cannot assure you that we will be able to leverage our experience to expand into other new geographical markets. Our failure to expand into other new markets may have a material adverse effect on our business, financial condition, results of operations and prospects, and we may not have the same degree of success in these new markets that we have had to date.

Successful entry into international markets exposes our business operations to a variety of risks, including unfavorable regulatory environments, political instability, currency fluctuations, taxation challenges and labor conditions, which could materially and adversely affect our business, financial condition, results of operations and prospects. Operating in international markets requires the compliance with diverse legal, political, regulatory, quality and safety standards, and societal requirements, as well as adapting to varying economic conditions within these jurisdictions.

Moreover, international expansion demands extensive coordination across various jurisdictions and time zones, placing significant requirements on our management resources. We will be subject to numerous risks associated with international business activities that may increase costs, affect our capacity to market our products, and require substantial managerial attention, including but not limited to:

- ensuring that our products and services meet evolving international regulatory requirements, complying with quality and safety standards, international regulatory requirements and standards, especially any trade restrictions, tariffs, and price or exchange controls imposed by both the PRC and foreign governments;

- managing complexities related to staffing and foreign operations, establishing and maintaining relationships with international suppliers while addressing potential supply chain disruptions, adapting to foreign laws, regulations and restrictions;

- attracting customers in new international markets, operating within legal frameworks and business practices that may favor local companies over international competitors;

- complying with foreign government tax, regulatory, and permit requirements, including foreign taxes that may not be offset against taxes imposed on us in the PRC, as well as foreign tax and other laws limiting our ability to repatriate funds to the PRC;

- managing fluctuations in foreign currency exchange rates and interest rates, adjusting to changes in diplomatic and trade relationships;

- protecting or procuring intellectual property rights internationally, incurring expenses related to legal actions and liabilities in foreign jurisdictions; and

- addressing geopolitical factors, natural disasters, conflicts, terrorism, health epidemics, and their potential impacts, and evaluating the resilience of international economies.

If we fail to effectively mitigate these risks, our business, financial condition, results of operations, prospects, and cash flows could be materially impacted.

Negative publicity about us or our peers, regardless of its accuracy, could materially and adversely affect our business, brand image or reputation.

Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control. Any malicious or negative publicity about our Company, implicating the quality of our products and services, the integrity of our business practices, compliance with laws, and financial condition or prospects, whether with merit or not, could severely harm our business, financial condition, results of operation and prospects. Furthermore, negative developments in the nursery product industry, such as regulatory actions against other players or adoption of new laws or regulations that restrict the provision of nursery products, may result in a negative perception of the industry as a whole and undermine the brand recognition we have established. In addition, we are exposed to detrimental conducts against us, including complaints, anonymous or otherwise, to regulatory agencies regarding our operations, accounting, revenue, and regulatory compliance. Moreover, any actual or perceived illegal acts, misbehavior, or unsatisfactory performance by our employees, or any players in our industry may undermine consumers' perception of the industry as a whole and adversely affect our business and results of operations. Allegations against us may also be posted on the internet by any person or entity that identifies itself or remains anonymous. Defense against the allegations may incur significant time and divert management's attention, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Our reputation may also be negatively affected as a result of public dissemination of allegations or malicious statements about us or our industry, which in turn may materially and adversely affect our stock price.

In addition to traditional media, there has been increasing use of social media platforms and similar media in China that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on instant messaging applications and social media platforms is virtually immediate without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our Company, Shareholders, affiliates, Directors, officers and other employees may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our business, financial condition, results of operation and prospects.

We may be subject to complaints, disputes and lawsuits in the ordinary course of our business.

We may be subject to complaints, disputes and lawsuits in the ordinary course of our business, which may be associated with issues such as breach of contract, employment or labor disputes, intellectual property infringement and environmental matters. Any complaints, disputes and lawsuits filed by or against us, whether or not meritorious, could result in significant costs and diversion of resources, and could cause serious damage to our reputation. In addition, complaints, disputes and lawsuits filed against us may result from improper supplies to us, while our suppliers may not compensate us for any costs incurred by us as a result of such complaints, disputes and lawsuits in a timely manner, or at all. In that case our business and financial condition may be negatively affected.

We may face product liability claims if our products are defective or are unfit for their intended use.

If our products are unfit for their intended use or contain design or manufacturing defects, we may face product liability claims from our customers or end users of our products. Currently, PRC law does not require us to purchase product liability insurance in China. As of the Latest Practicable Date, we had not maintained any product liability insurance for products that we sell in China. We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were held liable for uninsured losses or amounts, our business, financial condition, results of operations and prospects may be adversely affected. We may also have to allocate significant resources and time to defend ourselves if legal proceedings for product liability are instituted against us. If any such claims are made, our reputation may also be adversely affected, which may lead to loss of future business and our business, financial condition, results of operations and prospects could be materially adversely affected.

Any misconduct by our employees or by business partners and/or their employees, could potentially expose us to significant legal liabilities, reputational harm, and other damages that may adversely affect our business.

We rely on our employees to maintain and operate our business and have implemented an internal code of conduct to guide the actions of our employees. However, we do not have control over the actions of our employees, and any misbehavior of our employees could materially and adversely affect our reputation and business.

We also rely on our business partners, including suppliers and third-party manufacturers. Although we have implemented measures to select business partners, we may not be able to successfully monitor, maintain and improve the quality of their products and services. In the event of any unsatisfactory performance by our business partners and/or their employees, our business, financial condition, results of operations, prospects and cash flows may be materially and adversely affected.

In addition, we collaborate with a number of influencers, including KOLs, for our branding and marketing. Influencers' reputation are important to our brand image as our consumers may associate the performance of influencers with our brands. Our reputation could therefore be potentially damaged from the inappropriate actions or online posts of influencers which are beyond our control. In addition, with the expansion of influencers in China, the government may issue stricter laws and regulations to encourage a healthy and orderly development of such market. If the influencers fail to comply with the relevant laws, regulations, rules and policies they may negatively impact our and our customers' reputations and may cause loss to us and our customers.

During the Track Record Period, we were not aware of any incidents caused by our employees and/or business partners that may materially and adversely affect our reputation and brand image. However, we cannot assure you that there would not be any incident in the future, in which case, our reputation, business and prospects may be materially and adversely affected.

Our insurance coverage may not completely cover the risks related to our business and operations.

Natural disasters, acts of war, terrorist acts, political unrest and epidemics, or other events which are beyond our control, may adversely affect our business, financial condition and results of operations. We may bear the risk of loss of raw materials or finished products in transit. We may also face the risk of loss or damage to our properties, machinery and inventories due to the occurrence of any of the above events. Furthermore, we are subject to hazards and risks that are normally associated with our operations. Our production activities are conducted primarily at our production facilities located in Ningbo. Our operations are subject to interruption or damage by fire, power failure and power shortages, hardware and software failure, floods, natural disasters and other events beyond our control at our production facility. As a result, any interruption could seriously compromise our production activities, and our business, financial condition and results of operations may be materially and adversely affected. We cannot assure you that our insurance policies are sufficient to cover all the risks associated with our operations. Losses incurred for liabilities not sufficiently covered by our insurance policies may have a material and adverse effect on our business, financial condition and results of operations.

Unauthorized use of our trademarks and patents and the sale of counterfeit products carrying our brands could result in an erosion of intangible assets, and our business, financial condition, results of operations and prospects may be adversely affected.

Our trademarks and patents are key to our success and competitive positioning. We actively register and protect these intellectual properties in the jurisdictions where we currently operate and plan to expand, including China, North America, Southeast Asia, and Europe. In addition to the trademarks already registered in our name, we have submitted applications for registration in several regions, including the PRC, Hong Kong, Southeast Asia, Europe, and the United States. We have also applied for patents in the PRC and Internationally. Details of our intellectual property rights are set out in Appendix VI to this document under the heading "Further Information about the Business — Intellectual Property Rights." We cannot assure you that such applications will be successful and should any of them be challenged, rejected or become unsuccessful for any other reason, we may be unable to use such trademarks and patents, and it may be difficult for us to establish any claim against any infringement of those trademarks or patents.

We cannot assure you that the actions we take to protect our trademarks and patents will prove to be sufficient. The unauthorized use of our trademarks on or patents in counterfeit products could harm our market image and reputation, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We cannot assure you that there will not be future acts of infringement of our trademarks and patents by other parties, nor can we assure you that we will be able to defend ourselves successfully against such acts, as we had done in the past.

In addition, our brand names, or names similar to our brand names, may be registered or in use by third parties in markets we may wish to enter. As a result, we may have to incur significant expenses to acquire the right to use our brand names in such markets. If we are unable to do so, we may be prevented from entering such markets or may only be able to do so using a different brand name.

Third parties may assert or claim that we have infringed their intellectual property rights.

Our competitors or other third parties may have intellectual property rights and interests which could potentially come into conflict with ours. If any trademark or patent infringement or other intellectual property claim against us is successful, we may have to pay damages to the claimant for losses they have or might have suffered. Furthermore, we may not have a legal right to continue to develop, produce, use or sell products that are adjudicated to have infringed third parties' intellectual property rights. We may be legally required to expend significant resources to redesign our products so that they do not infringe third parties' intellectual property rights or we may be required to obtain relevant licenses to avoid further infringements. Intellectual property litigation against us could significantly disrupt our business, divert our management's attention or consume much of our financial resources. As a result, any intellectual property dispute could have a material adverse effect on our business, financial condition and results of operations. To the best knowledge of our Directors, as of the Latest Practicable Date, there had been no material incident relating to our infringement of third parties' intellectual property rights.

Laws and regulations related to e-commerce activities may impose additional requirements and obligations on our online operations.

The e-commerce activities we conduct on the e-commerce platforms with which we collaborate are critical to us. With the consistent development of the e-commerce industry, activities related to e-commerce are subject to stricter regulations in areas such as data privacy. For example, the E-Commerce Law of the PRC (《中華人民共和國電子商務法》), promulgated by the Standing Committee of the National People's Congress of the PRC on August 31, 2018 and implemented on January 1, 2019, requires all e-commerce operators, broadly defined to include natural persons, legal persons and unincorporated organizations that engage in business activities of selling commodities or offering services through the internet and other information networks, to abide by the principles of voluntariness, equality, equity and good faith, observe the law and business ethics, participate fairly in market competition, perform obligations in aspects including protection of consumer rights and interests, environment, intellectual property rights, cybersecurity and individual information, assume responsibility for the quality of products or services, and accept supervision by the government and the public. Although we are not operator of e-commerce platforms, we may still need to change our online sales models to comply with the evolving laws and regulations, which may subject us to high costs in our online channels. We cannot assure you that we will be able to meet all the regulatory requirements in a timely manner.

Any failure or perceived failure to comply with laws or regulations related to network and data security and personal information protection may materially and adversely affect our business and financial condition and results of operations.

We collect certain information from our consumers for operation and transportation purposes. Our business is subject to various laws and regulations in China associated with data processing, such as the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), the PRC Data Security Law (《中華人民共和國數據安全法》) and the Measures for Cybersecurity Review (《網絡安全審查辦法》). See "Regulatory Overview — Regulations Relating to Cybersecurity, Data Security, and Privacy Protection" for details. Although we have implemented stringent internal control policies, we cannot ensure that our data may not be abused by our employees or leaked by intention or negligence to third parties, which may cause damage to our consumers. Any failure or perceived failure to comply with laws or regulations related to network and data security and personal information protection with respect to the collection, use, storage, retention, transmit, disclose and other processing of data, may result in negative publicity, claims, litigation or investigations imposed by applicable authorities, and materially and adversely affect our business, financial condition and results of operations. See "Business — Information Technology — Data Privacy and Security" for details.

Our results of operations may fluctuate due to seasonality, and the results for any period in a year are not necessarily indicative of full-year results.

We have experienced, and we expect to continue to experience, seasonal fluctuations in our business. E-commerce platforms where we sell our products host major shopping events, such as the 618 Shopping Festival (618購物節) and the Double 11 Shopping Festival (雙十一購物節), which significantly influence market demand. Consequently, during the Track Record Period, we typically recorded higher sales in the second and fourth quarters of the calendar year. In light of such seasonal pattern of the demand for our nursery products, our revenue and results of operations are likely to continue to fluctuate due to seasonality, and thus the results for any period in a year are not necessarily meaningful, nor can these comparisons be relied upon in assessing or predicting our future financial performance in a particular year or period.

If we fail to effectively manage our inventory, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are exposed to inventory risks due to various factors such as heightened competition, new product launches, potential product defects, changes in consumer demand and shifts in consumer spending patterns. Effective business operation requires maintaining optimal inventory levels to ensure timely deliveries and mitigate risks associated with excess or insufficient stock.

To manage our inventory effectively, we implement inventory control policies and use a vendor-managed inventory model to handle stock levels and orders. See "Business — Production and Supply Chain Management — Inventory Control" for details. However, demand forecasting is inherently uncertain, and significant changes in demand can occur after orders are placed but before delivery. Incorrect demand forecasts can lead to inventory obsolescence and shortages, resulting in inventory write-downs or sales at reduced prices, which would adversely impact our profitability. Moreover, underestimating product demand may cause production delays if manufacturers cannot scale up production quickly, potentially causing delays in product delivery and damaging our reputation. Further, wide assortment of products may affect the inventory turnover.

Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects. As we plan to expand our product lineups, we may continue to face challenges in effectively managing our inventory.

We are subject to credit risk relating to the collection of trade receivables from our customers.

Our trade receivables represent the amounts due from customers for products sold in the ordinary course of business. Generally, we extend credit terms ranging from 30 to 90 days from the billing date. A substantial majority of our outstanding accounts receivables are not secured by collateral, third-party bank guarantees, financing arrangements, or credit insurance. As of December 31, 2022 and 2023 and September 30, 2024, our trade receivables amounted to RMB12.9 million, RMB26.7 million and RMB23.5 million, respectively. We cannot assure you that we will be able to recover all or any part of our trade receivables due from our customers within the agreed credit terms or at all. Furthermore, to the extent we expand our business to international markets, our exposure to credit and collectability risk on our accounts receivable may be higher in certain international markets and our ability to mitigate such risks may be limited. Failure to collect any overdue trade receivables may have an adverse effect on our business, financial condition, results of operations and prospects.

We are subject to payment-related risks that may result in higher operating costs or the inability to process payments, either of which could harm our business, financial condition, results of operations and prospects.

Orders placed by customers on our platforms are processed through debit cards, credit cards and third-party payment channels. Although we utilize advanced technologies to detect fraudulent transactions, these systems may not always be fully effective due to technical glitches or human error. Any failure to identify or prevent payment fraud could damage our reputation and result in lost sales and revenue.

In addition, our business depends on the billing, payment, and escrow systems of the third-party payment service providers to maintain accurate records of payments by customers and collect such payments. If any of our third-party payment service providers terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find alternative payment service providers and may not be able to secure similar terms or replace such payment service providers in an acceptable timeframe. Further, the software and services provided by our third-party payment service providers may fail to meet our expectations, contain errors or vulnerabilities, encounter disruption or compromise, or experience outages. Our third-party payment service providers may also be penalized or suspended if they fail to protect personal information in compliance with relevant laws and regulations. If the quality, utility, convenience, or attractiveness of these payment processing and escrow services declines, or if we have to change the pattern of using these payment services for any reason, the attractiveness of our Company could be materially and adversely affected.

We are also subject to various rules, regulations, and requirements, regulatory or otherwise, governing electronic funds transfers that could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and become unable to accept the current online payment solutions from our customers, and our business, financial condition, and results of operations could be materially and adversely affected. Business involving online payment services is subject to a number of risks that could materially and adversely affect third-party online payment service providers' ability to provide payment processing and escrow services to us, including:

- dissatisfaction with these online payment services or decreased use of their services;

- increasing competition, including from other established Chinese internet companies, payment service providers, and companies engaged in other financial technology services;

- changes to rules or practices applicable to payment systems that link to third-party online payment service providers;

- breach of customers' personal information and concerns over the use and security of information collected from buyers;

- service outages, system failures, or failures to effectively scale the system to handle large and growing transaction volumes;

- increasing costs to third-party online payment service providers, including fees charged by banks to process transactions through online payment channels, which would also increase our costs of revenue; and

- failure to manage funds accurately or loss of funds, whether due to employee fraud, security breaches, technical errors, or otherwise.

We are subject to certain risks relating to third-party payment arrangements.

During the Track Record Period, we accepted payments made by third parties to settle the amounts that several customers owed to us in connection with their purchases of our products. In 2022, 2023 and the nine months ended September 30, 2024, the aggregate amount settled through such third-party payments was RMB45.3 million, RMB100.1 million and RMB58.9 million, respectively, accounted for 8.2%, 10.8% and 6.1% of our total amount received from our customers during the corresponding periods. In 2022, 2023 and the nine months ended September 30, 2024, the number of distributors who settled payments through third-party payment arrangements was 46, 56 and 86, respectively. We have ceased to accept any third-party payment starting from December 15, 2024. See "Business — Third-party Payment Arrangements" for details. We are subject to the risks relating to such third-party payments, including potential claims from third-party payors seeking reimbursement of funds as they may not have been contractually obligated to us, and possible claims from liquidators representing these third-party payers. In the event of any claims or legal actions, whether civil or criminal, initiated against us by third-party payers or their liquidators regarding third-party payments or for violation or noncompliance of laws and regulations, we would need to allocate significant financial and managerial resources to defend ourselves, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided, and our business, prospects, financial condition, results of operations, and cash flows may be adversely affected.

Changes to the PRC tax laws may have an adverse effect on our financial condition and results of operations.

Under the EIT Law, foreign-invested enterprises and domestic companies are subject to a uniform tax rate of 25%. If we no longer enjoy the preferential income tax treatment in the future, or there are further developments in the PRC taxation laws, rules and regulations, comparisons between our past post-tax financial results may not be meaningful and should not be relied upon as indicators of our future performance. Furthermore, there can be no assurance that there will be no further changes to the PRC tax laws that could adversely affect us. In addition, any increase in our EIT rate in the future due to the introduction of the EIT Law could have an adverse effect on our financial condition and results of operations.

Our recognition of deferred income tax asset is subject to significant management judgment, and we cannot guarantee we will generate sufficient taxable profits in the future to fully utilize the deferred income tax assets.

A deferred income tax asset is recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available to utilize the asset. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognized based upon the likely timing and the level of future taxable profits of the individual entities together with tax planning strategies. Although we estimate and recognize the deferred income tax asset in good faith, we cannot assure you that we will generate sufficient taxable profits in the future to fully utilize the deferred income tax assets. If we cannot utilize the deferred income tax assets, our financial conditions will be adversely affected.

We may need to withhold tax on dividends received from our PRC subsidiaries or dividends payable by our Company to our foreign investors.

Under the EIT Law, the profits of a foreign invested enterprise arising in 2008 and onwards which are distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10.0%. Pursuant to a special arrangement between Hong Kong and the PRC, the profits distributed by a PRC company to a Hong Kong resident enterprise will be taxed at a rate of no more than 5.0% if the Hong Kong resident enterprise owns over 25% of the PRC company. Approvals from competent local tax authorities are required before an enterprise can enjoy the relevant tax treatments relating to dividends under relevant taxation treaties. However, according to a tax circular issued by the SAT in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate enjoyed by the relevant offshore entity. We cannot assure you that the PRC tax authorities will not levy a higher withholding tax rate to dividends received by our subsidiaries in Hong Kong from our PRC subsidiaries.

In addition, under the EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises" (and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Similarly, any gain realized on the transfer of Shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty otherwise provides. The 10% income tax rate applicable to dividends or gain realized on the transfer of Shares may be subject to a reduced rate of tax based on an available tax treaty between the PRC and the government of the jurisdiction of which the recipient is a tax resident. If our Company is considered a PRC "resident enterprise," for those non-PRC Shareholders, it is unclear whether the dividends our Company pays with respect to our Company's Shares or the gain the investors may realize from the transfer of the Shares would be treated as income derived from sources within the PRC and be subject to PRC tax. If our Company is required under the EIT Law to withhold PRC income tax on dividends payable to our foreign Shareholders, the value of your [**REDACTED**] in our Company's Shares may be materially and adversely affected.

Increase in labor costs enforcement of stricter worker protection laws and regulations in the PRC may adversely affect our business and profitability.

China's overall economy and the average wage in China have increased in recent years and are expected to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will increase. Unless we are able to pass on these increased labor costs to our consumers, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits to designated government agencies and are encouraged to take out worker-related insurances. See "Regulatory Overview — Regulations Relating to Employment, Social Insurance and Housing Fund" for details. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

As the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practices may violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations.

We may be subject to additional contributions of social insurance and housing provident fund and late payments and fines imposed by relevant governmental authorities.

In accordance with the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Fund (《住房公積金管理條例》) and other relevant laws and regulations, China has established a social insurance system, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing fund system. An employer is required to make contributions for the statutory social insurance and housing fund for its employees in accordance with the rates provided under relevant regulations and withhold the contribution amounts to be paid by the employees themselves. During the Track Record Period, we had not made social insurance and housing provident fund contributions for our employees in full. As of the Latest Practicable Date, we were not aware of any employee complaints or material labor disputes concerning social insurance or housing provident funds. See "Business — Employees — Social Insurance and Housing Provident Funds" for details.

However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount and impose late fees or fines on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, prospects, results of operations, financial condition, and cash flows may be adversely affected.

Non-compliance with labor-related laws and regulations of the PRC may have an adverse impact on our business, financial condition, results of operation and prospects.

We may subject to non-compliance issues with labor-related laws and regulations of the PRC. For example, we engage dispatched workers from third-party employment agencies from time to time. According to the PRC Labor Contract Law and its amendments, dispatched workers can only be employed for temporary, ancillary, or substitute roles. We cannot assure you that the relevant governmental authorities will classify our dispatched workers as such. The Interim Provisions on Labor Dispatch, effective from March 1, 2014, stipulate that dispatched workers must not exceed 10% of an employer's total workforce. If a company violates these provisions, the labor department will require the company to rectify the violation. Failure to do so within the prescribed period will result in a fine of RMB5,000 to RMB10,000 for each dispatched worker exceeding the limit. Non-compliance with these labor dispatch laws could lead to penalties, which would have a material and adverse impact on our business, financial condition, results of operations and prospects. See "Business — Employees" for details.

Our equity-settled share-based compensation expenses may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted equity-settled share-based payment arrangements of share awards for the benefit of our Directors, officers and employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to our success. In 2022, 2023 and the nine months ended September 30, 2024, we incurred equity-settled share-based payment expenses of RMB5.4 million, RMB5.4 million, and RMB1.6 million, respectively. To further incentivize our employees, we may grant additional Option Shares in the future. Issuance of Shares with respect to such share-based compensation may dilute the shareholding to our existing Shareholders. Expenses associated with equity-settled share-based compensation may also increase substantially, which may have an adverse effect on our financial performance.

We may be unable to obtain financing on favorable terms, or at all, to meet our funding requirements.

We currently fund our operations principally by the proceeds from sales of our products and the extension of existing bank financing. To finance our ongoing operations, existing and future capital expenditure requirements, acquisition and investment plans and other funding requirements, we may need to obtain adequate financing from external sources to supplement our internal sources of liquidity in the future. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including, among other things:

- regulatory approvals to raise financing in the domestic or international markets;
- our financial condition, results of operations, cash flows and credit history;
- the condition of the global and domestic financial markets; and
- changes in the PRC monetary policy with respect to bank interest rates and lending practices and conditions.

We cannot assure you that we will be able to secure sufficient cash flow from our operations or additional bank financing in the future on favorable terms or at all or that any fluctuation in interest rates will not affect our ability to fund our operations and planned developments. If adequate funding is not available to us on favorable terms, or at all, we may not be able to fund our existing operations and develop or expand our business and, therefore, our business, financial condition and results of operations may be materially and adversely affected.

Our business, financial condition, results of operations and prospects may be adversely affected by fair value changes of financial assets at FVTPL and valuation uncertainty.

We had financial assets at FVTPL of RMB73.6 million, RMB36.6 million and RMB60.1 million as of December 31, 2022, 2023 and September 30, 2024, respectively, which primarily consist of wealth management products purchased from reputable, licensed commercial banks in China. Although these investments are generally considered low-risk, we cannot guarantee that in the future, our financial assets at FVTPL will not be measured using unobservable inputs, which could introduce additional risks. We are exposed to the risk that our counterparties, such as the banks issuing these wealth management products, may fail to meet their contractual obligations. This could occur in the event of a counterparty's bankruptcy or insolvency, potentially leading to a material adverse impact on our financial position and cash flow. Furthermore, these wealth management products are subject to market conditions, including fluctuations in capital markets and interest rates. Volatility in the market or changes in interest rates could negatively affect our financial position and cash flow, which in turn may have a material and adverse effect on our overall financial condition. Additionally, general economic and market conditions play a significant role in determining the fair value of these products, further adding to the potential risks. Any of the foregoing could impair our ability to meet consumer demand and may harm our reputation, business, financial condition, results of operations and prospects.

The acquisition of other companies or businesses, entering into joint ventures, or investing in financial products could result in operating difficulties and other harmful consequences.

To enhance our growth, we may acquire businesses, enter into joint ventures or invest in financial products that we believe would enhance our products and brands and/or our sales and distribution network. Our ability to grow through these strategies depends upon our ability to identify, negotiate successfully with and acquire suitable targets. Even if we successfully complete an acquisition, joint venture transaction or investment, we may experience:

- difficulties in integrating the acquired or joint venture business, its personnel or its products into our existing business;
- delays or failures in realizing the benefits of the acquired or joint venture business or its products;
- diversion of our management's time and attention from other business concerns;
- failures to generate returns from investments in financial products;
- higher costs of integration than we anticipated; or
- difficulties in retaining key employees of the acquired business who are necessary to manage the acquired business.

Any of the above factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business benefits from certain government grants, financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our business, financial condition, results of operation and prospects.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries or consolidated affiliated entities as part of their efforts to encourage the development of local businesses. In 2022 and 2023 and for the nine months ended September 30, 2024, we recorded RMB3.8 million, RMB10.3 million and RMB14.4 million of government grants respectively. However, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives in future to adapt to a constantly developing society. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or consolidated affiliated entities. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

Our risk management and internal control systems may not be adequate or effective.

We are dedicated to the establishment and maintenance of robust risk management and internal control systems. We have adopted and continually improve our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. See "Business — Risk Management and Internal Control" for details. Since these systems depend on implementation by our employees, and even though we provide relevant internal training in this regard, we cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations, and noncompliance with such laws and regulations can subject us to administrative, civil, and criminal penalties, collateral consequences, remedial measures, and legal expenses, all of which could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which we conduct activities, including the United States Foreign Corrupt Practices Act ("**FCPA**"), and other anti-corruption laws and regulations. The FCPA prohibits us and our officers, Directors, employees, and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing, or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records, and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. A violation of these laws or regulations could adversely affect our business, financial condition, results of operations, prospects and prospects.

We are also in the process of implementing policies and procedures designed to ensure compliance by us and our Directors, officers, employees, representatives, consultants, agents, and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations. However, our policies and procedures may not be sufficient and our Directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering, or financial and economic sanctions laws and regulations could subject us to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures, and legal expenses, all of which could materially and adversely affect our business, financial condition, results of operations, prospects and cash flows.

Certain countries or organizations, including the United States, the European Union, the United Nation, the United Kingdom, and Australia, have, through executive order, legislations or other government means, implemented measures that impose economic sanctions against certain countries, regions or targeted industry sectors, groups of companies or persons, and/or organizations within such countries and regions. Sanctions laws and regulations are continually evolving, with new individuals and entities regularly being added to the list of sanctioned persons. Moreover, new requirements or restrictions may come into effect, potentially intensifying scrutiny on our business, particularly concerning our international expansion plans, or resulting in one or more of our business activities being deemed to have violated sanctions. Our business and reputation could be adversely affected if the authorities of relevant jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose.

Global or regional economic, political and social conditions, as well as changes in demographic structure, could adversely affect our industry.

External factors such as potential terrorist attacks, acts of war, financial crises, changes in demographic structure, economic recessions or geopolitical and social turmoil in those parts of the world that serve as markets for our products, could adversely affect our business, financial condition, results of operations and prospects in ways that we cannot predict. As such, uncertainties relating to economic, political and social conditions, as well as changes in demographic structure, could make it difficult for our customers and us to accurately plan future business activities. More generally, these geopolitical, social and economic conditions, as well as changes in demographic structure, could result in increased volatility in worldwide financial markets and economies that could adversely impact our revenue. We are not insured for losses and interruptions caused by terrorist attacks or acts of war. Therefore, any of these events or circumstances could adversely affect our business, financial condition, results of operations and prospects.

Changes to international trade regulations, quotas, tariffs and duties may affect prices of and demand for our products.

The countries into which our products plan to import or the countries to which our products will be exported, may from time to time impose additional new quotas, duties, tariffs and requirements regarding where raw materials must be purchased, additional workplace regulations or other restrictions on our imports, including adversely modifying existing restrictions. Adverse changes in these costs and restrictions could harm our business. During the Track Record Period and up to the Latest Practicable Date, to the extent that we are subject to anti-dumping measures in the relevant overseas jurisdictions in which we have operations, we were not aware of any non-compliance with such anti-dumping measures. We cannot assure you that future international trade regulations, quotas, tariffs and duties will not increase our costs or provide our competitors with an advantage over us, either of which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Unanticipated regulatory changes may have an adverse impact on our business, financial condition, results of operation and prospects.

We operate in a highly regulated industry both in China and overseas. We seek to adhere strictly to regulations in all the jurisdictions in which we operate, particularly those regulations pertaining to safety and quality. Nevertheless, changes in regulations may have an adverse impact on our business, financial condition, results of operation and prospects if we are unable to respond timely to such changes by, for example, not being able to produce sufficient quantities of a product that adhere to such new regulations. We may also be negatively affected by regulations on the sourcing of raw materials or components, to the extent we are unable to procure such materials or components on a cost-effective basis, if at all.

We face risks related to health epidemics, natural disaster, terrorist activities, political unrest, financial or economic crisis and other force majeure events, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of health epidemics. In recent years, there have been outbreaks of COVID-19 pandemic in China and globally. In response to COVID-19 pandemic, various nations have adopted, among other measures, restrictions on mobility and travel, cancellation of public activities and temporary suspension on public transportation which may lead to delays or disruption in our operations, including but not limited to, business activities and R&D activities. A recurrence of an outbreak of COVID-19 and other health epidemics could restrict the level of economic activities generally and/or slow down or disrupt our business activities, which could in turn adversely affect our business, financial condition, results of operations and prospects.

In addition to the impact of health pandemics as described above, our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in the countries and regions where we have operations could materially disrupt our business and operations. Such events could also significantly affect our industry and cause a temporary closure of the facilities we use for our operations, which would severely disrupt our operations and have a material and adverse effect on our business, financial condition, results of operations and prospects.

Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, financial condition and results of operations. With a deteriorating worldwide economy, consumer spendings and consumption of non-essential items may diminish, which in turn will affect the demand for our sales and marketing services. It is unclear whether these challenges will be contained and what effects they each may have. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the economies where we operate our businesses, include China. To the extent any fluctuations in the global economy significantly and adversely affect consumers' demand for our products, our business, financial condition, results of operations and prospects may be materially and adversely affected.

RISKS RELATING TO GOVERNMENT REGULATIONS

Changes in the political and economic policies, may affect our business, financial condition, results of operations and prospects.

Our operations are mainly conducted in China. Accordingly, our business, financial condition, results of operations and prospects are subject to political, economic and social developments in China. Our business has been and will continue to be affected by the PRC's economy, which in turn is continuously influenced by the global economy. Uncertainties in the global economy and the political environment around the world would also affect China's economic growth. It may be difficult for us to predict all the risks that we could face as a result of the current economic, political and social developments and many of these risks are beyond our control. Failure to respond to such development and risks could materially affect our business operations and financial performance.

The PRC legal system is evolving, and failure to respond to such evolvement could affect us.

We conduct our business primarily through our subsidiaries in China. Our operations in China are governed by PRC laws and regulations. The legislation in China and the PRC legal system has continued to evolve over the past few decades and the PRC government has made significant progress in promulgating laws and regulations related to economic affairs and matters, for example, such laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, many of these laws and regulations are relatively new, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and impact on our business. Any failure to respond to evolvement in the regulatory environment in China could materially affect our business and impede our ability to continue our operations.

We may be subject to filing procedure and other requirements of the CSRC or other PRC governmental authorities in connection with the [REDACTED], future capital raising activities and future major events.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions enhanced administration and supervision on overseas listing by the PRC-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by The PRC based overseas-listed companies.

On February 17, 2023, the CSRC released the Overseas Listing Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improved and reformed the prior regulatory regime for overseas listing of securities of PRC domestic companies, and had regulated both direct and indirect overseas listing of PRC domestic companies' securities by adopting a filing based regulatory regime. Pursuant to the Overseas Listing Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC, and in the event of subsequent offering and occurrence of certain major events, domestic companies shall also fulfill relevant filing procedures and report information to the CSRC. If a domestic company fails to complete the filing procedure, omits any material fact, falsifies any content or contains any misleading statement in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. See "Regulatory Overview — the PRC — Regulations Relating to Mergers and Acquisitions and Overseas Listings" for details. With the implementation of the Overseas Listing Trial Measures, the interpretation, application and enforcement of Overseas Listing Trial Measures are subject to further clarification.

If it is determined that we are subject to any filing or other authorization or requirements of the CSRC or other PRC governmental authorities for future fund-raising activities or other major events, and we fail to complete such filing or meet such requirements in a timely manner or at all, we could be subject to sanctions by the CSRC or other PRC regulators authorities. If we are determined not in compliance with the requirements under the Overseas Listing Trial Measures, and thus are unable to complete the filing with the CSRC, we may need to postpone or terminate our future fund-raising activities if any. Any uncertainties or negative publicity regarding such filing or other requirements stated above could materially and adversely affect our reputation, business, financial condition, results of operations and [**REDACTED**] and [**REDACTED**] of the Shares.

Any failure to comply with PRC regulations regarding the registration requirements for employee share incentive plans may subject us to fines and other legal or administrative sanctions, which could adversely affect our business, financial condition and results of operations.

In February 2012, the SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Companies (the "**SAFE Circular 7**", 《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》). Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with the SAFE or its local branches or commercial banks and complete certain other procedures.

Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by a PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to manage matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend its SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

We and our PRC employees who may be granted options and/or restricted share units will be subject to these regulations upon the completion of this [**REDACTED**]. Failure to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, as well as legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially and adversely affect our business.

In addition, SAT and MOFCOM have issued certain circulars with respect to employee share option. Under these circulars, our employees working in China will be subject to PRC individual income tax if they exercise Share Options. Our PRC subsidiaries have the obligation to file documents relating to the Share Options with the relevant tax authorities and may be required to withhold individual income tax for those employees. If our employees fail to pay income tax, or if we fail to make the filing according to the relevant laws and regulations or withhold income tax in any case as required, we may face sanctions imposed by the relevant tax authorities.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your [REDACTED].

Under the EIT Law, an enterprise established outside of the PRC with a "de facto management body" within China is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over, and overall management of, the business, production, personnel, accounts and properties of an enterprise. On April 22, 2009, the SAT issued the Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), known as Circular 82, which was last amended on December 29, 2017. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seal, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to whether we would be deemed as an entity having our "de facto management body" in China. As a majority of our management members are based in mainland China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that our Company or any of our subsidiaries outside of the PRC is a PRC resident enterprise for PRC enterprise income tax purposes, our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide income, which could materially reduce our net profit. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our Shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC Shareholders of our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [**REDACTED**] in our Company.

We principally rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or our financial condition.

We are a holding company, and we principally rely on dividends and other distributions on equity that may be paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our Shares and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their retained earnings as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory surplus reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. At the discretion of shareholders of the wholly foreign-owned enterprise, it may make further contribution to the surplus reserve using its after-tax profits based on PRC accounting standards. These surplus reserve funds are not distributable as cash dividends. Any limitation on the ability of our wholly-owned PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Governmental regulations on currency exchange may limit our ability to utilize our revenue effectively. If our PRC resident Shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations, business, financial condition, results of operations and prospects may also be materially affected.

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China are subject to PRC foreign exchange regulations. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

The PRC government may regulate cross-border transactions falling under capital account. We receive substantially all of our revenue in RMB, and if we fail to meet the requirements of foreign exchange regulations in the PRC, our ability to pay dividends in foreign currencies to our Shareholders, including holders of our Shares, may be limited. PRC regulations relating to offshore investment activities by PRC residents may establish regulatory procedural requirements on PRC subsidiaries for increasing their registered capital or distribute profits to us or otherwise exposing us or our PRC resident beneficial owners to liability and penalties under PRC law.

Pursuant to the Circular on Relevant Issues Concerning Foreign Exchange Administration for Financing and Round-trip Investments by Domestic Residents through Offshore Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 75**"), promulgated by the SAFE and effective on November 1, 2005, a PRC resident must register with the local SAFE branch prior to establishing or controlling an overseas special purpose vehicle. SAFE issued the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Roundtrip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"), effective on July 4, 2014 and replaced the SAFE Circular 75. SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as changes of the offshore special purpose vehicle's name and operational term, or any significant changes with respect to the PRC individual shareholder, such as the increase or decrease of capital contributions, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our Shareholders who are PRC residents.

If our Shareholders who are PRC residents fail to make the required registration or to update the previously filed registration, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) ("**Notice 13**"), effective from June 2015, and further amended by SAFE on December 30, 2019. Under Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

As of the Latest Practicable Date, to the best of our knowledge, our Shareholders had complied with the requirements as stipulated under SAFE Circular 37 in all material aspects. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under SAFE Circular 37 or other related rules. In addition, we cannot provide any assurance that all of our Shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by SAFE Circular 37 or other related rules in a timely manner. Even if our Shareholders and beneficial owners who are PRC residents comply with such request, we cannot provide any assurance that they will successfully obtain or update any registration required by SAFE Circular 37 or other related rules in a timely manner due to many factors, including those beyond our and their control. The failure or inability of the relevant Shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

Fluctuations in the value of the Renminbi and other currencies may have a material adverse impact on your [REDACTED].

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi, while the net [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi terms of the [**REDACTED**] from the [**REDACTED**]. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by us.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the Renminbi and other currencies in the future.

As of the Latest Practicable Date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

Policies on foreign investment in the PRC may adversely affect business, financial condition, results of operations and prospects.

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Management Measures (Negative List) for the Access of Foreign

Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》, the "**Negative List**") issued by the NDRC and MOFCOM, which set out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our main business in China does not fall within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards.

PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may cause delay in using the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We may transfer funds to our PRC subsidiaries or finance our PRC subsidiaries by means of Shareholders' loans or capital contributions after completion of the [**REDACTED**]. Any loans to our PRC subsidiaries, which are foreign-invested enterprises ("**FIEs**") cannot exceed a statutory limit, and shall be filed with SAFE or its local counterparts after the loan agreement is signed.

Furthermore, any capital contributions we make to our PRC subsidiaries shall be subject to the requirement of making necessary filings or reports in the Foreign Investment Comprehensive Management Information System, and registration with a local bank authorized by SAFE. We may not be able to obtain these government registrations or approvals, or complete these government filings on a timely basis, if at all. If we fail to receive such registrations or approvals or complete such filings, our ability to provide loans or capital contributions to our PRC subsidiaries in a timely manner may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("**Circular 19**"). On June 9, 2016, SAFE further issued the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) ("**Circular 16**"), which, among other things, amended certain provisions of Circular 19. According to Circular 19 and Circular 16, FIEs are allowed to settle 100% of their foreign exchange capitals and foreign debts from foreign currency into Renminbi on a discretionary basis, and the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. The applicable foreign exchange circulars and rules may limit our ability to transfer the net [**REDACTED**] from the [**REDACTED**] to our PRC subsidiaries and convert the net [**REDACTED**] into Renminbi, which may adversely affect our business, financial condition and results of operations.

The M&A Rules and certain other PRC regulations establish various procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations, including the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) promulgated by MOFCOM on June 22, 2009 and effective from June 22, 2009, the Anti-monopoly Law (《中華人民共和國反壟斷法》) promulgated by the Standing Committee of the National People's Congress of the PRC on June 24, 2007 and effective from August 1, 2007, and the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by MOFCOM on August 25, 2011 and effective from September 1, 2011, have established procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming. These include requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise and that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review. Moreover, the Anti-Monopoly Law requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds be cleared by relevant government authorities before they can be completed. On February 7, 2021, the Anti-monopoly Commission of the State Council (國務院反壟斷委員會) issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) that specifies some of activities of internet platforms may be identified as monopolistic, and concentrations of undertakings involving variable interest entities are subject to anti-monopoly scrutiny as well. According to the Anti-monopoly Law most recently amended on June 24, 2022 and effective from August 1, 2022, business operators shall not abuse data, algorithms, technology, capital advantages and platform rules to exclude or limit competition. The Anti-monopoly Law also requires relevant government authorities strengthen the examination of concentration of undertakings in areas such as finance, media, science and technology, and enhances penalties for violation of the regulations regarding concentration of undertakings.

We may continue to grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts and other government authorities, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us, our executive Directors or senior management.

Most of our assets are situated in mainland China and most of our Directors and officers named in this document reside in mainland China. As a result, it may be difficult to effect service of process outside mainland China upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. Mainland China does not have treaties providing for the reciprocal recognition and enforcement of judgment of courts with the United States, the United Kingdom and many other countries and regions. Consequently, recognition and enforcement in the PRC of judgments of a court in these jurisdictions may be difficult, the outcomes of which are often unpredictable.

On July 14, 2006, Hong Kong and mainland China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2006 Arrangement**"), and promulgated on July 3, 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in mainland China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement.

The 2019 Arrangement became effective on January 29, 2024, both in mainland China and in Hong Kong and replaced the 2006 Arrangement. Under the 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant PRC court.

RISKS RELATING TO THE [REDACTED]

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

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] market for our Shares. There can be no guarantee that an active [**REDACTED**] market for our Shares will develop or be sustained after completion of the [**REDACTED**]. In addition, the [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the [**REDACTED**] at which our Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The [REDACTED] and [REDACTED] of our Shares may be volatile which could result in substantial losses for [REDACTED] purchasing our Shares in the [REDACTED].

The [**REDACTED**] of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the [**REDACTED**] of and [**REDACTED**] for our Shares. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] of our Shares. These broad market and industry factors may significantly affect the [**REDACTED**] and [**REDACTED**] of our Shares, regardless of our actual operating performance. In addition, short seller reports attacking us could also negatively impact the [**REDACTED**] of our Shares. Public companies that have substantially all of their operations in China have been the subject of short selling, and much of the scrutiny and negative publicity has centered on allegations in areas such as financial reporting, accounting and corporate governance. If we cannot respond timely to the allegations in the short seller reports, the [**REDACTED**] of our Shares will continue to fluctuate significantly after such attack. Further, regardless of whether such allegations are grounded, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves.

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

The [**REDACTED**] for our Shares will be influenced by research or reports that industry or securities analysts publish about our business. If research analysts do not establish and maintain adequate research coverage or if one or more analysts who cover us downgrade our Shares or publish inaccurate or unfavorable research about our business, the market price for our Shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] for our Shares to decline.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing [REDACTED] of our Shares.

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

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

The [**REDACTED**] of our Shares is higher than the net tangible book value per Share immediately prior to the [**REDACTED**]. Therefore, [**REDACTED**] of our Shares in the [**REDACTED**] will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the [**REDACTED**] may experience further dilution in their shareholding percentage.

We cannot assure you that the Shares will remain [REDACTED] on the [REDACTED].

Although it is currently intended that the Shares will remain [**REDACTED**] on the [**REDACTED**], there is no guarantee of the continued [**REDACTED**] of the Shares. Among other factors, our Company may not continue to satisfy [**REDACTED**] of the [**REDACTED**]. Holders of the Shares would not be able to sell their Shares through [**REDACTED**] on the [**REDACTED**] if the Shares were no longer [**REDACTED**] on the [**REDACTED**].

There will be a gap of two days between the [REDACTED] and [REDACTED] of our Shares, and the [REDACTED] of our Shares when [REDACTED] begins could be lower than the [REDACTED].

The [**REDACTED**] to the [**REDACTED**] of our Shares sold in the [**REDACTED**] is expected to be determined on the [**REDACTED**]. However, the Shares will not commence [**REDACTED**] on the [**REDACTED**] until they are delivered. As a result, there will be a gap of two days between [**REDACTED**] and [**REDACTED**] of our Shares, and [**REDACTED**] may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the Shares when [**REDACTED**] begins could be lower than the [**REDACTED**] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time [**REDACTED**] begins.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly "Industry Overview," contains information and statistics relating to the nursery product industry in China. Such information and statistics have been derived from various government publications, other third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, the information from official government sources has not been independently verified by us, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. Accordingly, the information from official government sources contained herein should not be unduly relied upon. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

We did not declare or distribute dividends to our Shareholders during the Track Record Period. We may pay cash dividends on our ordinary shares in the foreseeable future. There can be no assurance that we will declare and distribute any amount of dividends in the future. Therefore, you should not rely on an [**REDACTED**] in our Shares as a source for any future dividend income.

Our Board of Directors has complete discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. Moreover, our Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board of Directors. Even if our Board of Directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our Board of Directors. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any [**REDACTED**] of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your [**REDACTED**] in our Shares and you may even lose your entire [**REDACTED**] in our Shares.

We are a Cayman Islands company and, because judicial precedent regarding the rights of Shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting and enforcing your Shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws" for details. As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or our major Shareholders, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

Our controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interests of our other Shareholders.

Immediately upon the completion of the [**REDACTED**], without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and any Shares which may be allotted and issued pursuant to the exercise of Share Options, our controlling Shareholders will collectively control approximately [**REDACTED**]% of the voting power at general meetings of our Company. Our controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

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

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

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors." Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. The headquarters and business operations of our Group are primarily based, managed, and conducted in the PRC. Our executive Directors ordinarily reside in the PRC. Our senior management team is based in the PRC and manages our business operations in the PRC. Historically, our Directors typically met in the PRC. As our executive Directors and senior management team play very important roles in our business operations, we consider that it is in the best interest of our Company for them to be based in the place where our Group has significant operations. As such, our Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has] granted us, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) we have appointed Mr. Wang, and Ms. Au Wing Han (區泳嫻) ("**Ms. Au**"), our joint company secretary, as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. Our Authorized Representatives will act as our principal channel of communication with the Stock Exchange. Our Authorized Representatives will be readily contactable by phone, email, and/or facsimile to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, our Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any change in our Authorized Representatives. We have provided the Stock Exchange with the contact details of all Directors to facilitate communication with the Stock Exchange;

(c) all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

(d) we have appointed Somerley Capital Limited as our Compliance Advisor upon the [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Advisor will have access at all times to our Authorized Representatives, Directors and senior management team, and will act as an additional channel of communication with the Stock Exchange when our Authorized Representatives are not available; and

(e) we have provided the Stock Exchange with the names, mobile phone numbers, office phone numbers, facsimile numbers and email addresses of at least two of the Compliance Advisor's officers who will act as our Compliance Advisor's contact persons between the Stock Exchange and our Company.

WAIVER IN RELATION TO APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary of an issuer must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

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

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

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

(d) professional qualifications in other jurisdictions.

Our Company was incorporated in the Cayman Islands, and we primarily conduct business activities in the PRC. All our Directors and senior management who are familiar with our activities and have extensive experience in board and corporate management matters presently do not possess any of the qualifications under Rule 3.28 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules.

We propose to appoint Mr. Yan Dong (顏棟) ("**Mr. Yan**") and Ms. Au as our joint company secretaries. Although Mr. Yan does not possess the qualifications under Rule 3.28 of the Listing Rules, we would like to appoint him as a joint company secretary due to his experience in corporate finance and his familiarity with our business operations and internal management.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has] granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Yan as our joint company secretary. Pursuant to paragraphs 13 and 15 of Chapter 3.10 of the Guide, the waiver will be for a three-year period from the [**REDACTED**] (the "**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules (the "**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period, and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Ms. Au, a member of The Hong Kong Chartered Governance Institute, who is a Qualified Person, as a joint company secretary to provide assistance to Mr. Yan during the Waiver Period so as to enable Mr. Yan to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties. Given Ms. Au's professional qualifications and experience, she will be able to explain to both Mr. Yan and our Company the relevant requirements under the Listing Rules. Ms. Au will also assist Mr. Yan in organizing Board meetings and Shareholders' meetings as well as other matters which are incidental to the duties of a company secretary. She is expected to work closely with Mr. Yan, and will maintain regular contact with Mr. Yan, our Directors, and senior management. In addition, Mr. Yan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the Waiver Period. Mr. Yan will also be assisted by (a) the Compliance Advisor, particularly in relation to compliance with the Listing Rules, and (b) the Hong Kong legal advisor of our Company on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations. If and when Ms. Au ceases to be a joint company secretary before the end of the Waiver Period, our Company will appoint another Qualified Person as a replacement. Such a waiver can be revoked if there are material breaches of the Listing Rules by our Company.

We will liaise with the Stock Exchange before the end of the Waiver Period to enable it to assess whether Mr. Yan, having had the benefit of Ms. Au's and, if applicable, another Qualified Person's assistance for three years, has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

For further information regarding the qualifications and experience of Mr. Yan and Ms. Au, see "Directors and Senior Management."

[**REDACTED**]

[REDACTED]

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[**REDACTED**]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Wei (汪蔚)	Room 101, No. 79 Ganquanyi Village Putuo District Shanghai PRC	Chinese
Ms. Shen Ling (沈凌)	Room 405, No. 144, Lane 126 Changshou South Road Zhonghe Neighborhood Yinzhou District Ningbo Zhejiang Province PRC	Chinese
Mr. Yan Dong (顏棟)	No. 704, 7/F, Building No. 5 Lukou Dongli Fengtai District Beijing PRC	Chinese
Independent Non-executive Directors		
Mr. Yan Jianjun (嚴健軍)	Room 202, No. 2, Lane 125 Changningzhi Road Changning District Shanghai PRC	Chinese
Mr. Yu Chun Kau (余振球)	Unit E, 43/F L'Hiver (Tower 4) Les Saisons 28 Tai On Street Sai Wan Ho Hong Kong	Chinese
Ms. Chan Wing Ki (陳穎琪)	Flat B, 17/F, Tower 1A The Austin 8 Wui Cheung Road Kowloon Hong Kong	Chinese

For details of our Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
	Haitong International Capital Limited Suites 3001-3006 and 3015-3016 One International Finance Centre No. 1 Harbour View Street Central Hong Kong

[**REDACTED**]

[REDACTED]

Legal Advisors to Our Company	*As to Hong Kong and United States laws:* **Cooley HK** 35/F, Two Exchange Square 8 Connaught Place Central Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 12-15/F, China World Office 2 No. 1 Jianguomeiwai Avenue Chaoyang District Beijing PRC *As to Cayman Islands laws:* **Harney Westwood & Riegels** 3501 The Center 99 Queen's Road Central Hong Kong
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and United States laws:* **Ashurst Hong Kong** 43/F Jardine House 1 Connaught Place Central Hong Kong

	As to PRC laws: **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing PRC
Reporting Accountants and Independent Auditor	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square 1717 Nanjing West Road Jing'an District Shanghai PRC
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office	3-212 Governors Square 23 Lime Tree Bay Avenue P.O. Box 30746 Seven Mile Beach Grand Cayman KY1-1203 Cayman Islands
Headquarters and Principal Place of Business in the PRC	3-4/F, Building 10, Lane 28 Danba Road Putuo District Shanghai PRC
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**www.butong.com** *(The information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. Yan Dong (顏棟)** No. 704, 7/F, Building No. 5 Lukou Dongli Fengtai District Beijing PRC **Ms. Au Wing Han (區泳嫻)** *(ACG)* 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Mr. Wang Wei (汪蔚)** Room 101, No. 79, Ganquanyi Village Putuo District Shanghai PRC

	Ms. Au Wing Han (區泳嫻) 40th Floor, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. Yu Chun Kau (余振球) *(Chairperson)* Mr. Yan Jianjun (嚴健軍) Ms. Chan Wing Ki (陳穎琪)
Nomination Committee	Mr. Wang Wei (汪蔚) *(Chairperson)* Ms. Chan Wing Ki (陳穎琪) Mr. Yu Chun Kau (余振球)
Remuneration Committee	Mr. Yan Jianjun (嚴健軍) *(Chairperson)* Mr. Wang Wei (汪蔚) Mr. Yu Chun Kau (余振球)

[**REDACTED**]

Principal Bankers	**Industrial Bank Co., Ltd. Shanghai Shixi Branch** T2-101, Building 16 No. 1685 Jinshajiang Road Putuo District Shanghai PRC

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China CITIC Bank Shanghai Pent-Ox Metropolis Branch
Room 101, No. 1085 Pudong Avenue
Pudong New District
Shanghai
PRC

Bank of Ningbo Yinzhou Central Branch
No. 700 Ningnan South Road
Yinzhou District
Ningbo
Zhejiang Province
PRC

Bank of Ningbo Fenghua Branch
No. 16 Zhongshan Road
Fenghua District
Ningbo
Zhejiang Province
PRC

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

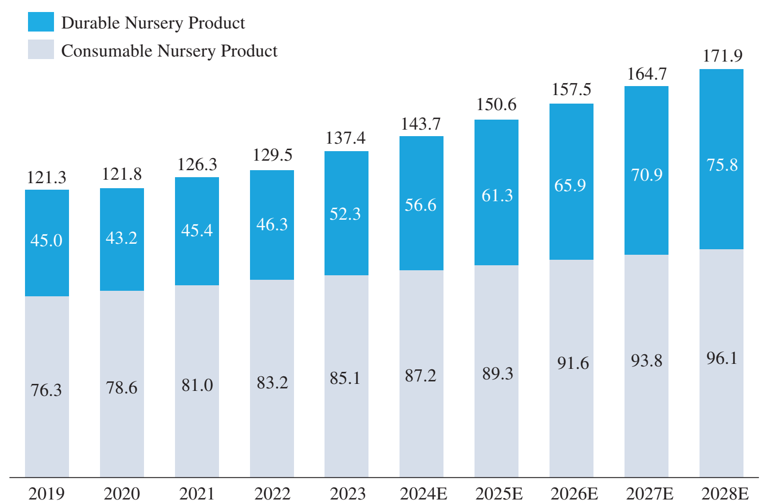
OVERVIEW OF CHINA'S NURSERY PRODUCT INDUSTRY

Nursery products refer to products intended for the use of infants and young children, typically under five years old, which serve fundamental needs in areas such as travel, sleep, feeding and caring. These products prioritize safety, functionality and comfort, featuring non-toxic materials, ergonomic designs and compliance with safety standards. With growing awareness of child well-being, the demand for nursery products has steadily increased worldwide. According to the Frost & Sullivan Report, the global nursery product market increased from US$76.4 billion in 2019 to US$93.6 billion in 2023, representing a CAGR of 5.2% from 2019 to 2023, and is estimated to reach US$119.5 billion in 2028, representing a CAGR of 5.0% from 2023 to 2028.

The nursery product market in China has experienced steady growth, driven by rising disposable income and increased household spending on children. Per capita disposable income increased from RMB30,733 in 2019 to RMB40,897 in 2023, representing a CAGR of 7.4% from 2019 to 2023, and is expected to reach RMB58,223 by 2028, with a CAGR of 7.3% from 2023 to 2028. As a result, China's nursery product market, encompassing both durable and consumable segments in terms of product category, expanded from RMB121.3 billion in 2019 to RMB137.4 billion in 2023, representing a CAGR of 3.2% from 2019 to 2023, and is expected to reach RMB171.9 billion in 2028, representing a CAGR of 4.6% from 2023 to 2028.

Market Size of China's Nursery Product Industry by Product Category, by GMV RMB (Billion), 2019-2028E

CAGR	2019-2023	2023-2028E
Total	**3.2%**	**4.6%**
Durable Nursery Product	3.8%	7.7%
Consumable Nursery Product	2.8%	2.5%



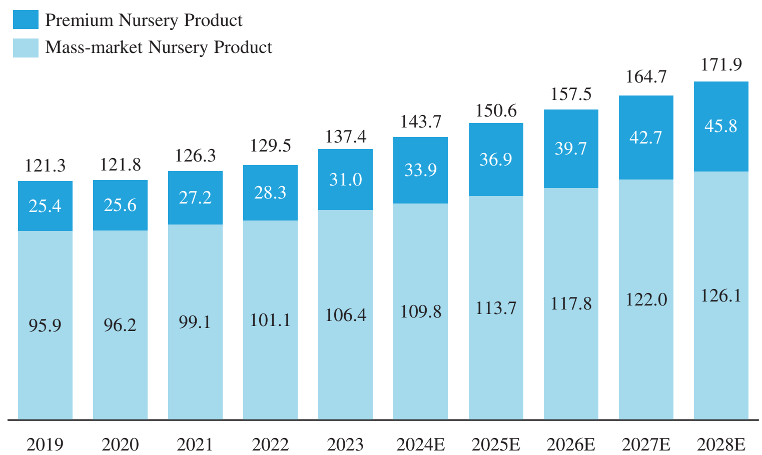
Source: Frost & Sullivan Report

The nursery product market comprises two main segments in terms of product positioning: premium and mass-market. Premium products generally with higher price points, emphasize superior quality and advanced features, catering to consumers seeking innovative and aesthetically refined designs. In contrast, the mass-market segment targets affordability and practical functionality, appealing to a wider demographic.

Recent years have seen steady growth in both segments, with the premium segment outpacing its counterpart. The size of the premium nursery product market in China increased from RMB25.4 billion in 2019 to RMB31.0 billion in 2023, with a CAGR of 5.1% from 2019 to 2023, compared to the CAGR of the mass-market at 2.6% over the same period. The premium nursery product market is expected to reach RMB45.8 billion in 2028, representing a CAGR of 8.1% from 2023 to 2028. In comparison, the mass-market segment is forecasted to grow at a slower rate, reaching RMB126.1 billion by 2028 at a CAGR of 3.5% during the same period.

Market Size of China's Nursery Product Industry by Product Positioning, by GMV RMB (Billion), 2019-2028E

CAGR	2019-2023	2023-2028E
Total	**3.2%**	**4.6%**
Premium Nursery Product	5.1%	8.1%
Mass-market Nursery Product	2.6%	3.5%



Source: Frost & Sullivan Report

Market Demand for Nursery Products in China

Market demand for nursery products is influenced by the number of children and broader economic conditions, which impact annual per-child spending on these products. In China, the newborn population declined from 14.7 million in 2019 to approximately 9.0 million in 2023, largely due to a reduction in the number of women of childbearing age and the increasing average age of marriage and childbirth.

Despite this decline, factors such as economic growth, improved social welfare (including enhancements in healthcare, education and childcare support) and the introduction of the third-child policy in 2021 may encourage families to have children, potentially mitigating the downward trend in the newborn population. From 2024 to 2028, the newborn population is expected to remain at around 8.0 million per year.

The rising number of affluent households in China has contributed to increasing demand for nursery products, as families with higher disposable income prioritize investing in high-quality goods for their children. This trend is expected to persist, with the number of affluent households projected to grow annually from 4.9 million in 2019 to 5.4 million in 2028. These demographic shifts are likely to drive greater willingness among parents to pay premium prices for nursery products that emphasize quality, safety and design, thereby boosting and diversifying market demand.

Drivers of China's Nursery Product Industry

The key growth drivers of China's nursery product industry include:

- ***Evolving Parenting Priorities and Expectations***. A new generation of parents is taking a more informed, thoughtful approach to childcare, focusing not just on functionality but also on quality of life. Such shift has driven demand for products that not only align with children's developmental milestones, but also resonate with their aesthetic preferences, as modern families seek premium, stylish and self-fulfilling solutions that enhance the overall parenting experience. To stay competitive, brands are using data and consumer insights to meet these evolving needs of today's parents.

- ***Expanded Selection of High-Quality Products***. In recent years, China's consumer market has seen a rise in high-quality nursery products that cater to individual preferences. In response to changing consumer demands, brands are increasingly focusing on innovative, high-quality solutions. These products often feature eco-friendly materials, multifunctional designs and unique attributes, reflecting the modern parents' priorities such as sustainability, convenience and advanced functionality.

- ***Improved Supply Chain and After-Sales Services***. Nursery product brands are placing greater emphasis on optimizing supply chain management and after-sales support to boost consumer satisfaction and foster loyalty. Streamlined logistics ensure that products reach consumers on time and meet their changing demands, while responsive after-sales services address any concerns and maintain consumer confidence. These improvements help improve product quality, increase repurchase rate, and strengthen a brand's position in the market.

- ***Strengthened Policy Support and Improved Business Environment***. The government is strengthening the childcare service infrastructure by advocating for inclusive, diverse and standardized childcare services, while actively supporting the production of safe and high-quality nursery products from domestic manufacturers. Policy measures, including the Strategic Plan for Expanding Domestic Demand (擴大內需戰略規劃綱要), aim to alleviate the financial and logistical challenges of raising children and align fertility strategies with broader economic and social development objectives. These efforts are fostering a favorable environment for business operations and propelling growth in the nursery product market.

- ***Enhanced Intellectual Property Protection***. Strengthened intellectual property protections are driving increased investment in product development, design innovation, and technological advancements among brands in the nursery product industry. This emphasis on innovation is translating into safer, more user-friendly products that align closely with consumer demands. By safeguarding proprietary designs and technologies, IP protections help brands establish unique identities and gain a competitive edge. Additionally, these measures reduce counterfeiting and promote fair competition, fostering an environment that encourages ongoing research and development. In turn, this builds consumer confidence and contributes to the sustainable growth of the market.

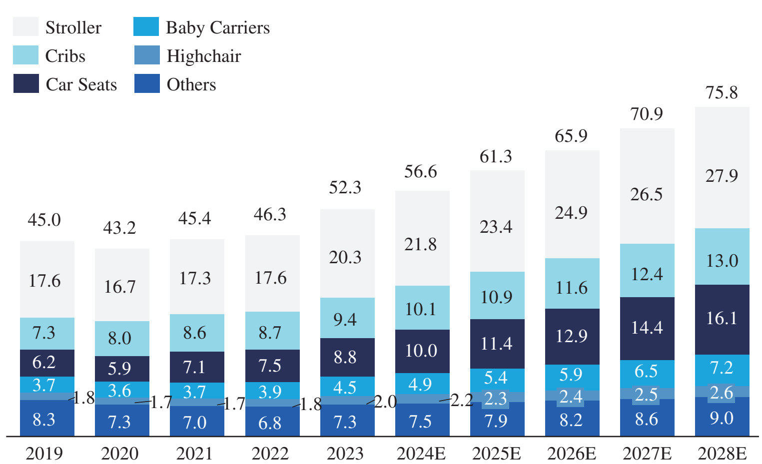
OVERVIEW OF CHINA'S DURABLE NURSERY PRODUCT INDUSTRY

Durable nursery products include key essentials for travel, sleep, and feeding, such as strollers, cribs, car seats, baby carriers and highchairs, along with other related products. China's market for durable nursery products has shown consistent growth, supported by steady consumer demand. The estimated average spending on durable nursery products in China for each newborn in 2023 from birth to five years old is RMB5,800, which is only 31.3% of the spending level observed in the United States.

Strollers, the largest segment within this category, expanded from RMB17.6 billion in 2019 to RMB20.3 billion in 2023 at a CAGR of 3.7% from 2019 to 2023, and is expected to reach RMB27.9 billion in 2028 at a CAGR of 6.6% from 2023 to 2028. Similarly, the sizes of the car seat and baby carrier segments grew from RMB6.2 billion and RMB3.7 billion in 2019 to RMB8.8 billion and RMB4.5 billion in 2023 at a CAGR of 9.2% and 4.7% from 2019 to 2023, respectively, and is expected to continue growing with a CAGR of 12.8% and 9.8% from 2023 to 2028, respectively.

Market Size of China's Durable Nursery Product Industry, by GMV RMB (Billion), 2019-2028E

CAGR	2019-2023	2023-2028E
Total	**3.8%**	**7.7%**
Stroller	3.7%	6.6%
Crib	6.5%	6.7%
Car Seat	9.2%	12.8%
Baby Carrier	4.7%	9.8%
Highchair	2.1%	5.2%
Others	-3.3%	4.3%



Source: Frost & Sullivan Report

Drivers and Future Trends of China's Durable Nursery Product Industry

- ***Focus on Children's Health, Comfort and Safety***. Early childhood is critical for spinal development, as natural spinal curves essential for posture and balance are formed during this period. Without proper support, children face risks of spinal deformities, scoliosis and chronic pain. These concerns have led parents to prioritize health, comfort and safety when selecting durable nursery products, with many demonstrating a high willingness to pay for premium brands that offer superior quality and design. Modern parents, particularly those of the new generation, are increasingly focused on their children's well-being, driving demand for high-quality products with features such as shock absorption, multifunctionality and smart monitoring.

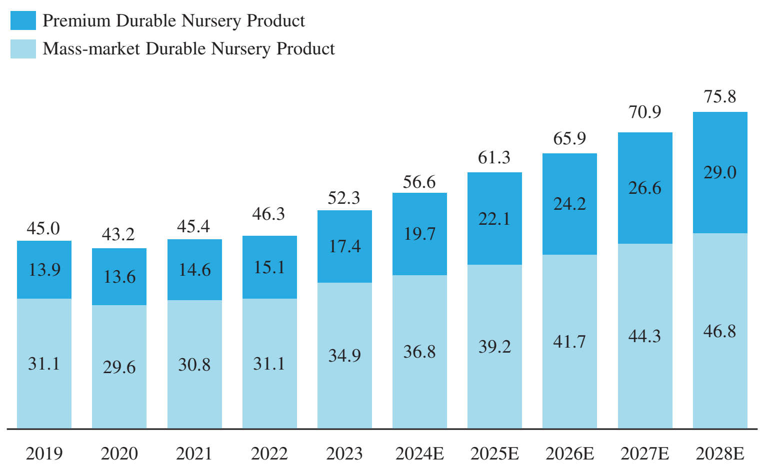
- ***Social Media as a Catalyst for Market Growth***. Social media has become a major force driving the durable nursery product market. Its ability to rapidly disseminate information, foster consumer trust, and provide interactive, personalized engagement has significantly boosted interest and sales, particularly within the premium nursery product segment. Many parents rely on social media or expert advice to inform purchasing decisions, contributing to the growth of this industry. As digital commerce continues to expand and social media platforms evolve, this trend is expected to further propel the expansion of premium durable nursery product market.

- ***Technological Innovation and Material Upgrading***. Advances in lightweight materials and ergonomic design are making durable nursery products more portable and comfortable. Ergonomic innovations provide better support for a child's spinal curve, reducing pressure and minimizing the risk of injury. These streamlined protective designs address parents' high standards for safety and comfort. At the same time, these technological and material advancements are not only meeting consumer demands but also driving product upgrades and technological progress across the industry.

China's premium durable nursery product market expanded from RMB13.9 billion in 2019 to RMB17.4 billion in 2023, achieving a CAGR of 5.8% from 2019 to 2023. This growth outpaced the mass-market segment, which grew at a slower CAGR of 2.9% over the same period. The premium durable nursery product market is projected to reach RMB29.0 billion by 2028 with a CAGR of 10.7% from 2023 to 2028. In contrast, the mass-market segment is expected to grow at a more moderate rate, reaching RMB46.8 billion by 2028 with a CAGR of 6.0% over the same period.

Market Size of China's Durable Nursery Product by Product Positioning, by GMV RMB (Billion), 2019-2028E

CAGR	2019-2023	2023-2028E
Total	**3.8%**	**7.7%**
Premium Durable Nursery Product	5.8%	10.7%
Mass-market Durable Nursery Product	2.9%	6.0%



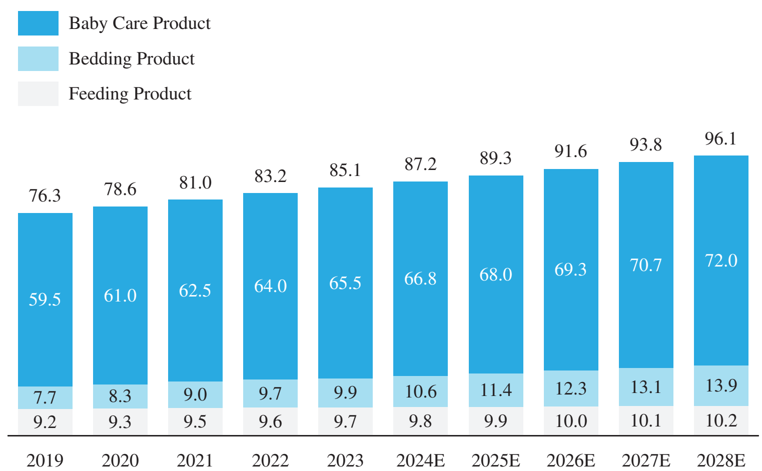
OVERVIEW OF CHINA'S CONSUMABLE NURSERY PRODUCT INDUSTRY

Consumable nursery products are items that are used regularly and need to be replenished frequently, including baby care products, feeding products and bedding products. Baby care products are items used for the daily hygiene and care of infants and young children, such as diapers and wipes. Feeding products, including baby bottles and sippy cups, are utensils specifically designed for infants and young children for feeding. Bedding products, such as sleep bag and bedding, are designed for use during sleep and rest. In 2023, the average annual expenditure on consumable nursery products per child from birth to five years old in China reached RMB1,523, accounting for 36.9% of the level in the United States.

In China's consumable nursery product market, baby care products, particularly diapers, lead the market due to their high frequency of use as daily essentials. The size of baby care product segment increased from RMB59.5 billion in 2019 to RMB65.5 billion in 2023 and is expected to reach RMB72.0 billion by 2028. Meanwhile, the size of bedding product segment saw the fastest growth, with a CAGR of 6.5% from 2019 to 2023, driven by ongoing product innovations, in contrast to the more modest growth rates of 2.4% for baby care products and 1.4% for feeding products in the same period.

Market Size of China's Consumable Nursery Product Industry by Product Type, by GMV RMB (Billion), 2019-2028E

CAGR	2019-2023	2023-2028E
Total	**2.8%**	**2.5%**
Baby Care Product	2.4%	1.9%
Bedding Product	6.5%	7.2%
Feeding Product	1.4%	0.9%



Source: Frost & Sullivan Report

Drivers and Future Trends of China's Consumable Nursery Product Industry

- ***Emphasis on Convenience***. In today's fast-paced society, convenience has become a crucial factor for consumers, particularly in the consumable nursery product industry. Young parents, balancing work and family life, favor products that simplify baby caring and save time. For example, daily disposable diapers in pouches offer ease of use without the need for organization, enhancing the user experience. This growing demand for convenience has led brands to invest in research and development for product and packaging optimization, attracting more consumers and fueling the continuous growth of the industry.

- ***Product Innovation***. As consumer demand for higher quality, comfort and sustainability rises, brands have introduced advancements such as ultra-thin diapers, high absorbency, antibacterial properties and eco-friendly materials. These innovations not only meet consumer expectations for premium consumable nursery products but also contribute to market premiumization and brand differentiation. As technology advances and consumer preferences evolve, continued innovation is expected to shape the future of the market.

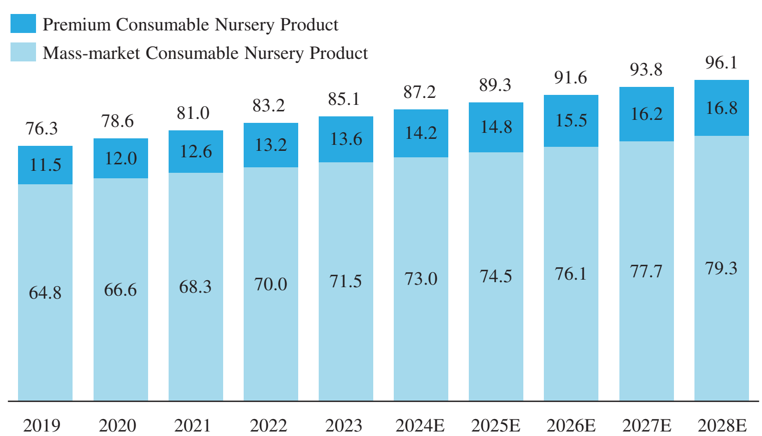
- ***Shifting Consumer Priorities***. Modern parents are placing greater importance on product quality when choosing consumable nursery products. This shift is driven by concerns for their children's health and comfort, with a growing focus on key attributes such as material quality, absorbency and breathability. In particular, products such as diapers that reduce skin irritation and rashes are in high demand, further pushing the market toward premium, branded options.

- ***Growth of Online Channels***. E-commerce has transformed the purchasing landscape for consumable nursery products, offering parents increased convenience and access to quality branded goods. Online platforms provide price advantages and personalized recommendations, which have further fueled demand for premium products. This shift to digital retail is expected to continue driving market growth in the coming years.

The premium consumable nursery product market grew from RMB11.5 billion in 2019 to RMB13.6 billion in 2023, achieving a CAGR of 4.3% from 2019 to 2023. This growth outpaced the mass-market segment, which recorded a slower CAGR of 2.5% over the same period. The premium consumable nursery product market is projected to continue its steady growth, reaching RMB16.8 billion by 2028, with a CAGR of 4.4% from 2023 to 2028. In contrast, the mass-market segment is expected to expand at a slower pace, reaching RMB79.3 billion by 2028, with a CAGR of 2.1% over the same period.

Market Size of China's Consumable Nursery Product Industry by Product Positioning, by GMV RMB (Billion), 2019-2028E

CAGR	2019-2023	2023-2028E
Total	**2.8%**	**2.5%**
Premium Consumable Nursery Product	4.3%	4.4%
Mass-market Consumable Nursery Product	2.5%	2.1%



COMPETITIVE LANDSCAPE OF CHINA'S NURSERY PRODUCT INDUSTRY

The nursery product industry in China is highly fragmented, primarily due to the wide range of product categories and the varying strategic focuses and sales priorities of different brands. Brands with different market positioning each has their own premium product lines, with the top five brands holding around 18.4% of the market share as measured by the GMV of premium nursery products in 2023.

The following table sets forth the ranking of China's nursery product brands in terms of GMV of premium nursery products in 2023.

Ranking	Brand	Country of Origin	GMV of Premium Nursery Products in China
			(RMB/billion)
1	Company A[(1)]	Japan	~2.30
2	The Company	China	~1.30
3	Company B[(2)]	Japan	~0.72
4	Company C[(3)]	China	~0.71
5	Company D[(4)]	China	~0.68

Source: Frost & Sullivan Report

Notes:

(1) Company A is a company established in Tokyo, Japan, in 1957, specializing in baby care products for infants, children and pregnant women.

(2) Company B is a company established in Ehime, Japan, in 1943, specializing in baby care consumables such as diapers and training pants.

(3) Company C is a company established in Guangdong, China, in 1995, specializing in products for infants, children and pregnant women.

(4) Company D is a company established in Zhejiang, China, in 2019, specializing in baby care products such as diapers, baby gear, wet and dry wipes and safety items.

The following table sets forth the ranking of China's nursery product brands in terms of GMV of premium durable nursery products in 2023.

Ranking	Brand	Country of Origin	GMV of Premium Durable Nursery Products in China
			(RMB/million)
1	The Company	China	~810.0
2	Company E[(1)]	Netherlands	~682.1
3	Company F[(2)]	England	~363.0
4	Company G[(3)]	Germany	~320.6
5	Company H[(4)]	China	~297.4

Source: Frost & Sullivan Report

Notes:

(1) Company E is a company established in the Netherlands in 1996, specializing in premium mobility solutions, with a focus on strollers.

(2) Company F is a company established in England in 1978, recognized as a leading manufacturer of child safety products, specializing in the design and production of high-quality car seats for children.

(3) Company G is a company established in Germany in 2005, specializing in the design and manufacture of car seats, strollers, baby carriers, and children's furniture.

(4) Company H is a company established in Shanghai, China, in 2004, specializing in premium car seats and travel gear.

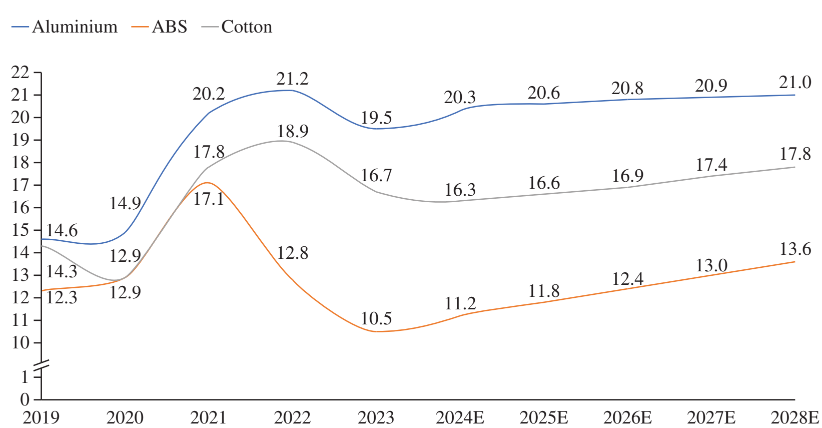
TRENDS IN KEY RAW MATERIAL PRICES

The nursery product industry relies heavily on key materials such as aluminum alloys, acrylonitrile-butadiene-styrene ("**ABS**"), and cotton, making price fluctuations in these inputs a critical factor in operational planning and product development. From 2019 to 2023, the price per ton of aluminum alloys and cotton increased from RMB14.6 thousand and RMB14.3 thousand to RMB19.5 thousand and RMB16.7 thousand, respectively, with a CAGR of 7.5% and 4.0%, respectively. In 2023, the price per ton of ABS was RMB10.5 thousand, with a CAGR of -3.9% from 2019 to 2023.

The key raw material prices of nursery products fluctuated from 2019 to 2023. The pandemic-induced downturn in demand during 2019-2020 led to a decline in prices, followed by a recovery in 2021 as production resumed post-pandemic. In 2022 and 2023, new production capacities coming online and ongoing supply chain pressures contributed to a renewed decrease in prices. However, with global conditions stabilizing in the aftermath of the pandemic, the sharp price fluctuations seen in recent years are unlikely to repeat. Moving forward, the costs of these essential materials are projected to grow at a steady and moderate pace between 2023 and 2028, reflecting a more balanced market environment.

Key Raw Materials Prices
RMB in Thousands per Ton, 2019-2028E

CAGR	2019-2023	2023-2028E
Aluminium	7.5%	1.5%
ABS	-3.9%	5.2%
Cotton	4.0%	1.2%



Source: Frost & Sullivan Report, Wind

SOURCE OF THE INDUSTRY INFORMATION

Frost & Sullivan was commissioned to conduct an analysis of, and to report China's nursery product market at a fee of approximately RMB0.6 million. The commissioned report has been prepared by Frost & Sullivan independent of the influence of the Company and other interested parties. Frost & Sullivan provides professional services including, among others, industry consulting, commercial due diligence, and strategic consulting.

Frost & Sullivan conducted both primary and secondary research using a variety of resources. Primary research involved consumer survey, interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the National Bureau of Statistics of China, information released by other Chinese government authorities, annual reports published by industry participants, industry organizations, as well as Frost & Sullivan's internal database.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period; (ii) China's economic and industrial development is likely to maintain a steady growth during the forecast period; (iii) the key industry drivers identified in the Frost & Sullivan Report are the factors that are likely to drive the growth of China's nursery product industry during the forecast period; and (iv) there is no extreme force majeure or significant changes in the regulatory regimes which may affect the industry in either a dramatic or fundamental way.

Our Directors confirm that, after making reasonable enquiries, there is no material adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

This section sets forth a summary of major laws, rules and regulations which may affect our business activities in China.

REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

The principal legal provisions governing product liability are set out in the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was issued on February 22, 1993 and latest amended on December 29, 2018 by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**"). According to the Product Quality Law of the PRC, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product sold does not possess the properties for use that it should possess, and no prior and clear indication is given of such a situation; (ii) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (iii) the product sold does not conform to the quality indicated by such means as a product description or physical sample. If a consumer incurs losses as a result of the purchased product, the seller shall compensate for such losses.

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**", effective from January 1, 2021) adopted by the National People's Congress on May 28, 2020, a manufacturer or a commercial seller is subject to liability for harm to persons or property caused by the product defects. The infringed may seek compensation from the manufacturer or the commercial seller. Where the infringed seeks compensation from the commercial seller, the commercial seller has the right to make a claim against the liable manufacturer after it has made compensation. Pursuant to the Civil Code, where the purpose of a contract cannot be achieved because the quality of the subject matter does not comply with the quality requirements, the buyer may refuse to accept the subject matter or terminate the contract. Where the buyer requests to return the subject matter or terminate the contract in accordance with PRC applicable laws, the seller shall bear the risk of return of the payment to buyer and liquidation damages to the subject matter. The seller shall deliver the subject matter according to the agreed quality requirements. In case that the seller provides the quality specifications concerning the subject matter, the delivered subject matter shall comply with the quality requirements in such specifications. If the terms in relation to quality are not met, the liability for breach of contract shall be borne by the seller in accordance with the agreement between the parties.

Pursuant to the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法》) (the "**Consumer Protection Law**"), promulgated by the SCNPC in October 1993, and last amended in October 2013, and became effective on March 15, 2014. The Consumer Protection Law regulates the obligations of business operators and the rights and interests of the consumers. Pursuant to the Consumer Protection Law, business operators shall ensure the quality, function, usage, validity period, personal or property safety requirement of the goods and services and provide authentic information about the goods and services to the consumers. A business operator may not provide goods or services through false advertising or other means of false marketing. Violations of state or industrial standards for health and safety and any other related violations may subject business operators to civil liabilities such as refunding purchase prices, exchange of commodities, repairing, ceasing damages, compensation, and restoring reputation, and even criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of consumers. The Consumer Protection Law further strengthens the protection of consumers and imposes more stringent requirements and obligations on business operators, especially on the business operators through the Internet. For instance, the consumers are entitled to return the goods (except for certain specific goods) within seven days after receiving their online purchases from business operators without any reason. Additionally, the consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online marketplace platforms may claim damages from sellers or service providers.

REGULATIONS RELATING TO E-COMMERCE

In accordance with the E-commerce Law of the PRC (《中華人民共和國電子商務法》) (the "**E-commerce Law**"), which was promulgated by the SCNPC and came into force on January 1, 2019, the e-commerce operators were defined as natural persons, legal persons, and other non-legal-person organizations that engaged in the business activities of selling goods or providing services through the Internet and other information networks, including e-commerce platform operators, business operators using the e-commerce platform, and e-commerce business operators engaging in the sale of goods or provision of services through their self-built website or other network services. E-commerce business operators shall display, prominently and continuously on their homepage, their business license information, administrative licensing information relating to their business operation, or hyperlinks of the aforesaid information. E-commerce business operators shall fully, accurately and promptly disclose the information of goods or services and protect consumers' right to know and right to choose. E-commerce operators are not allowed to use false transactions, fabricated user reviews, and other such methods to conduct deceptive or misleading business promotions that could defraud or mislead consumers.

The Measures for the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》) (the "**Online Trading Measures**") were promulgated by the SAMR on 15 March 2021, and came into effect on 1 May 2021. Pursuant to the Online Trading Measures, any business activity of selling goods or providing services through the Internet within the PRC Mainland shall abide by the PRC laws and the provisions of the Online Trading Measures. Operators engaged in online goods trading (the "**Online Trading Operators**") are required to go through the market entity registration in accordance with laws. The Online Trading Operators shall ensure that the goods sold or services they provide meet the requirements for safeguarding personal and property safety, as well as environmental protection standards. They are prohibited from selling or offering goods or services that are prohibited by laws or regulations, harm national interests and the public interest, or contravene public order and good morals.

REGULATIONS RELATING TO PRICING

Pursuant to the Pricing Law of the PRC (《中華人民共和國價格法》) (the "**Pricing Law**"), which was promulgated by the SCNPC on December 29, 1997, and became effective on May 1, 1998. Under the Pricing Law, business operators shall follow the principles of fairness, lawfulness and good faith in fixing prices. Operators may not commit unfair price acts such as manipulating market prices in collusion to the detriment of the lawful rights and interests of other operators or consumers. Any operator who commits any of the unfair price acts prescribed in the Price Law will be ordered to make rectification, have the illegal gains confiscated and may be imposed a fine of up to five times of the illegal gains; where the circumstances are serious, an order will be issued for the suspension of business operations for rectification, or the business license will be revoked by the SAMR. In addition, any operator who causes consumers or other operators to pay additional prices pursuant to illegal price acts must refund the portion overpaid; where damage has been caused, liability for compensation will be borne according to law.

REGULATIONS RELATING TO THE CONTROLLING OF THE IMPORT AND EXPORT

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, foreign trade operators are not required to register since December 30, 2022. The PRC government permits the free import and export of commodities and technologies, unless otherwise provided by laws and administrative regulations. Prior to December 30, 2022, under the pre-amended Foreign Trade Law, foreign trade operators engaged in the import and export of commodities or technologies shall apply for registration with the foreign trade authorities under the State Council or its delegated authorities for the record, unless otherwise provided by laws and administrative regulations and requirements of the foreign trade authorities under the State Council. If a foreign trade operator fails to register for the record in accordance with the provisions, the Customs Department shall not carry out customs clearance of imported or exported commodities.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) adopted by the SCNPC on January 22, 1987, most recently amended on April 29, 2021 and came into effect from the same date, the Customs of the PRC is the state's entry and exit customs supervision and administration authority. According to the relevant laws and administrative regulations, the Customs supervises the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and counters smuggling, compiles customs statistics and handles other customs operations.

Customs declaration units refer to the consignee or consignor of the imported and exported goods and the customs declaration enterprises filed with the customs in accordance with the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) adopted by the General Administration of Customs on November 19, 2021 and effective from January 1, 2022. If the consignees and consignors of import and export goods and customs declaration enterprises apply for filing, they shall obtain the qualification of market entities.

REGULATIONS RELATING TO ADVERTISING AND ONLINE LIVE-STREAMING MARKETING

The Advertising Law of the PRC (《中華人民共和國廣告法》) (the "**Advertising Law**") was promulgated by the SCNPC on October 27, 1994 and latest amended on April 29, 2021. The Advertising Law requires that advertisers, advertising operators, and advertisement publishers shall abide by the laws and administrative regulations, and by the principles of fairness and good faith while engaging in advertising activities. Administrative departments for market regulation at and above the county level are responsible for the supervision and administration of advertising.

On February 25, 2023, the SAMR promulgated the Measures for the Administration of Internet Advertising (《互聯網廣告管理辦法》) (the "**Administration of Internet Advertising**"), which became effective on May 1, 2023. According to the Administration of Internet Advertising, the responsibilities of advertisers, Internet advertising operators and publishers, and Internet information service providers have been clarified to conduct management of the design, production, agency, and publishing of Internet advertisements; and imposed special statutory obligations on behaviors including deception, misleading users to click and browse advertisements, as well as recommendation algorithm.

On November 5, 2020, the SAMR promulgated the Guiding Opinions of the State Administration for Market Regulation on Strengthening the Regulation of Online Live streaming Marketing Activities (《市場監管總局關於加強網絡直播營銷活動監管的指導意見》), (the "**Guiding Opinions**"). According to the Guiding Opinions, commodity operators selling commodities or providing services through online live-streaming shall abide by the relevant laws and regulations, and establish and implement system for inspection and acceptance of purchased goods. Pursuant to the Guiding Opinions, it is not allowed to use online live-streaming to sell goods or services whose production or sale is prohibited by laws and regulations; it is not allowed to use online live-streaming to release commercial advertisements whose publication in mass media is prohibited by laws and regulations; and it is not allowed to use online live-streaming to sell goods or services whose trading is prohibited on the Internet.

REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

The principal legal provisions governing the market competition are set out in the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), which was promulgated by the SCNPC on September 2, 1993, and effective from December 1, 1993, with the latest amendment taking effect on April 23, 2019, has established several measures to combat unfair competition and protect market order. These measures include prohibiting acts such as unfair prize promotions and dumping to exclude market competitors. Violations of the Anti-Unfair Competition Law of the PRC may result in the imposition of fines and, in serious cases, the revocation of business licenses, as well as the incurrence of criminal liability. As of the Latest Practicable Date, Anti-Unfair Competition Law of the PRC (Draft Revision) (《中華人民共和國反不正當競爭法(修訂草案)》) was sought public comments.

REGULATIONS RELATING TO ANTI-MONOPOLY

The PRC Anti-monopoly Law (《中華人民共和國反壟斷法》), promulgated by the SCNPC, which became effective on August 1, 2008, and was amended on June 24, 2022, and then took effect on August 1, 2022, prohibits monopolistic conduct such as forming monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition. An undertaking with a dominant market position are prohibited from engaging in acts that abuse their dominant market position, including, but not limited to: (i) selling commodities at unfairly high prices or purchasing commodities at unfairly low prices; (ii) selling commodities at prices below cost without any justifiable cause; (iii) refusing to deal with the other transactional parties without any justifiable cause; (iv) restricting the other transactional parties so that they may only deal with the undertaking or with undertakings designated by it without any justifiable cause; (v) tying the sale of commodities without any justifiable cause or imposing any other unreasonable trading condition at the time of transaction; and (vi) applying differential treatments in terms of transaction prices and other transaction conditions to the other transactional parties on an equal footing without any justifiable causes. An undertaking with a dominant market position cannot engage in any conduct of abusing a dominant market position specified above by utilizing data and algorithm, technology, and platform rules, among others.

Furthermore, the SAMR promulgated the Provisions on Prohibition of Abuse of Market Dominance Positions (《禁止濫用市場支配地位行為規定》) on March 10, 2023, to further prevent and prohibit the abuse of dominant market positions, Provisions on Prohibition of Monopoly Agreements (《禁止壟斷協議規定》) to prohibit the application of monopoly agreements, and Provisions on the Review of Concentrations of Undertakings (《經營者集中審查規定》) to regulate the anti-monopoly review of concentrations of undertakings.

On February 7, 2021, the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) promulgated by the Anti-monopoly Commission of the State Council, aiming to improve anti-monopoly administration on online platforms. Pursuant to this regulation, internet platform means the business organization form through which interdependent bilateral and multilateral entities interact under the rules provided by specific carriers through network information technology to jointly create value. Anti-monopoly law enforcement institutions must insist on the following principles when conducting anti-monopoly regulation in the field of platform economy: protecting fair market competition, conducting scientific and efficient regulation according to the law, stimulating innovation and creativity, and preserving the legitimate rights and interests of all market participants.

REGULATIONS RELATING TO SINGLE-PURPOSE COMMERCIAL PRE-PAID CARDS

The Administrative Measures for Single-purpose Commercial Pre-paid Cards (for Trial Implementation) (《單用途商業預付卡管理辦法(試行)》), (the "**Single-purpose Commercial Pre-paid Cards Measures**"), were promulgated by the MOFCOM on September 21, 2012 and amended on August 18, 2016. Single-purpose commercial pre-paid cards refer to pre-paid certificates which are issued by an enterprise engaged in retail, accommodation, catering, and residential services and which are exclusively used to pay for goods or services within the group to which the enterprise belongs to or within the franchise system of one brand. This includes physical cards in the form of magnetic stripe cards, chip cards paper coupons and virtual cards in the form of passwords string codes, graphics and biometric information, among others. According to the Single-purpose Commercial Pre-paid Cards Measures, a card-selling enterprise shall disclose its terms on its single-purpose cards, or provide copies of such terms to purchasers, and shall sign with the purchasers a card purchase agreement upon demand by such purchasers.

A card-selling enterprise shall properly fulfill its notification obligation. Where an individual or entity purchases (including topping up) one or more registered cards, or purchases one or more unregistered cards with a total value of RMB10,000 and above at once, the card-selling enterprise concerned shall require the card purchaser or the agent thereof to present their valid identity certificate, and keep the information of the purchaser or the agent thereof to present their valid identity certificate, and keep the information of the purchaser and agent thereof such as their personal name or entity name, valid identity certificate number and contact information. If any card-selling enterprise is in violation of the provisions of the Single-purpose Commercial Pre-paid Cards Measures, the competent commerce department of the people's government above the county-level in the locality where such violation occurs shall order it to rectify the violation. Where the enterprise fails to do so within the said time limit, the enterprise shall be subject to a fine of more than RMB10,000 and less than RMB30,000.

REGULATIONS RELATING TO LAND AND REAL ESTATE LEASING

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) issued on June 25, 1986, latest amended on August 26, 2019 and taking effect on January 1, 2020, all entities and individuals shall use land only for the purposes determined in the overall plans for land utilization. Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration. The legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals.

According to the Interim Regulations Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas (《城鎮國有土地使用權出讓和轉讓暫行條例》) promulgated by the State Council on November 29, 2020, China implements a system of assignment and transfer of the right to use state-owned land. A land user shall pay land assignment fee to the State as consideration for the assignment of the land use right within a certain term. A land user who has obtained the land use right may transfer, lease out, mortgage, or otherwise commercially exploit the land within the term of use. Under the Interim Regulations Concerning the Assignment and Transfer of the Right to the Use of the State-owned Land in the Urban Areas, the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. Land users shall pay the land assignment fee in accordance with the land assignment contracts. After paying the total amount of the assignment fee, the land user shall go through the registration thereof, obtain the certificate for land use to evidence the acquisition of the land use right.

The Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014, taking effect on March 1, 2015 and amended on March 24, 2019 and March 10, 2024, and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated by the Ministry of Land and Resources on January 1, 2016 and amended on July 24, 2019 and May 21, 2024, provide that, among other things, the State implements a uniform real estate registration system and real estate registration shall follow the principles of strict administration, stability, continuity, and convenience for the masses.

Pursuant to the Civil Code which became effective on January 1, 2021, an owner of immovable or movable property has the right to possession, use, earnings, and disposal of such property in compliance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

The Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) on December 1, 2010, which came into effect on February 1, 2011. According to this measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from the execution of the property lease agreement with the development authorities or real estate authorities of the municipality or county where the leased property is located. If an entity fails to do so, it may be ordered to rectify within a stipulated period, and if such entity fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

REGULATIONS RELATING TO WORK SAFETY

According to the relevant construction safety laws and regulations, including the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was issued by the SCNPC on June 29, 2002, last amended on June 10, 2021, and effective on September 1, 2021, production and operating business entities must establish objectives and measures for work safety and improve the working environment and conditions for workers in a planned and systematic way. A work safety protection scheme must also be set up to implement the work safety job responsibility system. Besides, production and operating business entities must arrange work safety training and provide their employees with protective equipment that meets the national or industrial standards.

REGULATIONS RELATING TO FIRE PREVENTION

Pursuant to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and recently amended on April 29, 2021, where a construction project that is subject to fire protection final inspection according to the law fails or is nonconforming as established by the fire protection final inspection, it shall be prohibited from being put into use; and any other construction project that is nonconforming as established by the random inspection conducted under the law shall cease to be used.

Pursuant to the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and effective on June 1, 2020, and recently amended on August 21, 2023, special construction projects that have not passed the fire prevention inspection or have failed to pass the fire prevention inspection are prohibited from being put into use. Construction projects other than special construction projects shall go through the fire safety acceptance filing, and the competent housing and urban-rural development authorities shall conduct random inspections on the fire safety acceptance of other construction projects filed. If the construction projects fail to pass the random inspection on fire safety acceptance, such projects shall be stopped.

Where any of the following conduct is committed in violation of any provision of this Law, the housing and urban-rural development authority and the fire and rescue department shall, in accordance with their respective powers, order cessation of construction or use, or suspension of production or business, and impose a fine of not less than RMB30,000 nor more than RMB300,000: a construction project that is subject to fire protection final inspection according to the law fails, or is nonconforming as established by the fire protection final inspection and is put into use without permission; any other construction project is nonconforming as established by random inspection conducted under the law upon final inspection and remains in use.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Laws on Environmental Protection

On December 26, 1989, the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**") was promulgated and most recently revised on April 24, 2014. The Environmental Protection Law has been formulated in order to protect and improve both the living and the ecological environment, prevent and control pollution and other public hazards, and safeguard people's health. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. In addition, construction projects that have environmental impact shall be subject to environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from competent government agencies. Consequences of violations of the Environmental Protection Law include warnings, fines, rectification within a time limit, forced shutdown, or criminal punishment.

Laws on Environment Impact Assessment

According to the Law of the PRC on Environment Impact Assessment (《中華人民共和國環境影響評價法》) promulgated on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to the impact of the construction projects on the environment. Constructing entities shall prepare an environmental impact report, or an EIR, or an environmental impact statement, or an EIS, or fill out the EIR Form according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIA is not required but an EIR Form shall be completed. According to the Regulations on the Administration Construction Project Environmental Protection (《建設項目環境保護管理條例》), which was revised on 16 July 2017 and implemented on October 1, 2017, construction enterprises that are required to compile environmental impact reports or environmental impact report forms shall accept the environmental protection facilities upon completion of the construction project. When the environmental protection facilities of a construction project pass the inspection and acceptance, the construction project can be formally put into production or use.

Laws on Pollutant Discharge

According to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019, China implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment, and only pollutant discharge entities that are subject to registration management do not need to apply for a pollutant discharge permit.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of companies in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was issued by the SCNPC on December 29, 1993, latest amended on December 29, 2023 and took effect on July 1, 2024. A foreign-invested company is also subject to the Company Law, unless otherwise provided by the foreign investment laws.

Investment activities in the PRC by foreign investors are principally governed by the following regulations: (i) Catalogue of Industries for Encouraging Foreign Investment (2022 edition) (《鼓勵外商投資產業目錄(2022年版)》), issued on October 26, 2022 and came into effect since January 1, 2023; (ii) the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), issued on September 6, 2024, which came into effect on November 1, 2024. Both are promulgated by the NDRC and the MOFCOM. Pursuant to the Negative List, Industries not listed in the Negative List are generally deemed as "permitted" for foreign investments, unless otherwise specifically restricted by PRC laws.

On March 15, 2019, the National People's Congress issued the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which came into effect on January 1, 2020. It has replaced the following rules regulating foreign investment in China: (i) the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), (ii) the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》), and (iii) the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》). According to the Foreign Investment Law, foreign-invested enterprises which were established in compliance with such laws prior to the implementation of the Foreign Investment Law are permitted to maintain their original organization forms and other relevant aspects for 5 years upon the implementation hereof. The Foreign Investment Law is enacted to further expand opening-up, encourage foreign investment, protect legitimate rights and interests in foreign investment, and regulate foreign investment management. In accordance with the Foreign Investment Law, the PRC adopts a system of national treatment plus the Negative List for foreign investment administration. Foreign and domestic investment in industries not listed on the Negative List would be treated equally.

On December 26, 2019, the State Council issued the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations for FIL**"), which became effective as of January 1, 2020. The Implementation Regulations for FIL further clarifies the promotion and protection of foreign investment and replaced the Implementing Regulations for the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法實施條例》), the Interim Provisions on the Joint Operation Period of Sino-foreign Equity Joint Venture Enterprises (《中外合資經營企業合營期限暫行規定》), the Rules for the Implementation of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) and the Rules for the Implementation of the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法實施細則》). Pursuant to the Implementation Regulations for FIL, the Foreign Investment Law and the Implementation Regulations for FIL shall prevail where the provisions on foreign investment made before January 1, 2020 are not in conformity with the Foreign Investment Law and the Implementation Regulations for FIL. On December 26, 2019, the Supreme People's Court of the PRC promulgated the Interpretation on Several Issues Concerning the Application of the Foreign Investment Law of the PRC (《關於適用<中華人民共和國外商投資法>若干問題的解釋》), which became effective on January 1, 2020, the same day when the Foreign Investment Law and the Implementation Regulations for FIL came into force. This interpretation is applicable to all contractual disputes that arise when foreign investors acquire related rights and interests by giving, property division, merging, or division of enterprises, etc.

On December 30, 2019, the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the "**Reporting Measures**") were promulgated by the MOFCOM and SAMR and became effective since January 1, 2020. The Reporting Measures replaced the Interim Measures for the Administration of Record-filing on the Establishment and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) simultaneously. The Reporting Measures regulate information reporting relating to foreign investment in the PRC. According to the Reporting Measures, where a foreign investor or the foreign-invested enterprise carries out investment activities in the PRC directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent departments of commerce.

The Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) (the "**Security Review Measures**"), jointly promulgated by the NDRC and the MOFCOM on December 19, 2020, which became effective from January 18, 2021. The Security Review Measures set out the rules for foreign investment that is subject to security review. Procedures for the organization, coordination and guidance of the security review of foreign investment will be established under the NDRC, and led by the NDRC and the MOFCOM. Any foreign investment that affects or may affect national security shall be inspected by such a working mechanism office. In addition, the Security Review Measures stipulates that when foreign investors or related parties in China plan to invest in critical information technology and internet products and services that are related to national security and seek to gain actual control over the enterprises in which they invested, they shall apply for a security review with the relevant office before proceeding with the investment.

REGULATIONS RELATING TO MERGERS AND ACQUISITIONS AND OVERSEAS LISTINGS

On August 8, 2006, six PRC government authorities, including the MOFCOM, the SASAC, and the CSRC, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the "**M&A Rules**"), which became effective on September 8, 2006, and were amended on June 22, 2009. According to the M&A Rules, the approval of the MOFCOM must be obtained when overseas companies established or controlled by PRC enterprises or residents acquire domestic companies affiliated with such PRC enterprises or residents. In addition, the M&A Rules requires offshore special purpose vehicles formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC enterprises or residents to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

The CSRC promulgated the Overseas Listing Trial Measures and the relevant five guidelines on February 17, 2023, which became effective on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas securities offering and listing activities by PRC domestic companies and regulate both direct and indirect overseas securities offering and listing activities by PRC domestic companies by adopting a filing-based regulatory regime. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets directly or indirectly, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provide that an overseas securities offering and listing is explicitly prohibited, if any of the following exists: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended overseas securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security. If the intended overseas offering and listing necessitates a national security review, relevant security review procedures shall be completed according to law before the application for such offering and listing is submitted to any overseas parties such as securities regulatory agencies and trading venues. The domestic companies may be required to rectify, make certain commitments, divest business or assets, or take any other measures as per the competent authorities' requirements, in order to eliminate or avert any impact on national security resulting from such overseas offering and listing.

The Overseas Listing Trial Measures also provide that if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets, as documented in its audited consolidated financial statements for the most recent financial year, is accounted for by domestic enterprises; and (ii) the issuer's main parts of business activities are conducted in PRC, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. The determination of the indirect overseas offering by PRC domestic companies shall follow the principle of substance over form. Where an issuer submits an application for an initial public offering to competent overseas regulators, such issuer or its major domestic operating entity must file with the CSRC within three business days after such application is submitted. The regulation also requires subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

In addition, on February 24, 2023, the CSRC jointly with other PRC government authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering and Listing by Domestic Company (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which took effect on March 31, 2023. This regulation requires, among others, that PRC domestic enterprises seeking to offer and list securities in overseas markets, either directly or indirectly, shall establish the confidentiality and archives system, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of PRC government agencies to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that providing or publicly disclosing documents and materials, which may adversely affect national security or public interests, and accounting files or copies to the state and society shall be subject to corresponding procedures in accordance with relevant laws and regulations.

REGULATIONS RELATING TO CYBERSECURITY, DATA SECURITY, AND PRIVACY PROTECTION

The Civil Code stipulates that the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the security of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase, sell, provide or make public personal information of others.

Apart from the Civil Code, the government agencies of PRC have enacted other laws and regulations on the security of Internet information and the protection of personal information against any misuse or unauthorized disclosure, including the Decision of the SCNPC on Maintaining Internet Security (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) promulgated by the SCNPC on December 28, 2000 and amended on August 27, 2009, the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) promulgated by the Ministry of Public Security (the "**MPS**") on December 13, 2005 and became effective on March 1, 2006, and the Decision of the SCNPC on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) promulgated by the SCNPC on December 28, 2012.

On 7 November 2016, the SCNPC issued the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which took effect on June 1, 2017. The PRC Cybersecurity Law stipulates that network constructors, network operators, and service providers that provide services over networks are required to adopt technical and other necessary measures to ensure the security and stable operation of networks, maintain the integrity, confidentiality and availability of network data, and furthermore provide technical assistance and support in accordance with the law for public security and national security authorities to protect national security or assist with criminal investigations. Pursuant to the PRC Cybersecurity Law, the personal information and important data collected and generated by critical information infrastructure operators in the course of their operations in the PRC should be stored in the PRC, and the law imposes heightened regulation and additional security obligations on critical information infrastructure operators.

On June 10, 2021, the SCNPC issued the PRC Data Security Law (《中華人民共和國數據安全法》) which took effect on September 1, 2021. The PRC Data Security Law sets out data security obligations for entities and individuals engaged in data processing activities, establishing a system of data categorization and classification protection based on the importance of data in economic and social development, as well as the extent to which it will be detrimental to the national security, public interests, or legitimate rights and interests of individuals or organizations when such data is manipulated, destroyed, leaked, or illegally obtained or used. The PRC Data Security Law provides that "data" refers to any recording of information by electronic or other means. Data processing includes the collection, storage, use, processing, transmission, availability and disclosure of data, etc.

The Provisions on Protection of Critical Information Infrastructure Security (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021, which became effective on September 1, 2021, stipulating that "critical information infrastructures" refers to important network facilities and information systems involved in important industries and sectors such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense related science and technology industry, as well as those which may seriously endanger national security, national economy and citizen's livelihood and public interests if damaged, malfunctioned, or if data leakage relating thereto occurs. Pursuant to the above provisions, the relevant government authorities are responsible for formulating the rules on identifying critical information infrastructures and organizing to identify such critical information infrastructures in the related industries and fields, taking into account the factors set forth in the provisions and shall notify the operators identified as critical information infrastructures operators.

The Cyberspace Administration of China (the "**CAC**"), together with several other administrative departments issued the Cybersecurity Review Measures (《網絡安全審查辦法》) on December 28, 2021, which took effect on February 15, 2022, and replaced the Measures for Cybersecurity Review Measures promulgated on April 13, 2020. This regulation provides that a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities, which affect or may affect national security, must apply for cybersecurity review and that a platform operator with more than one million users' personal information aiming to listing abroad must apply for cybersecurity review.

On September 24, 2024, the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the "**Regulation on Network Data Security**") is published, which has come into effect on January 1, 2025. The Regulation on Cyber Data Security reiterate the general regulations for network data processing activities, rules of personal information protection, important data security protection, network data cross border transfer management, and the responsibilities of internet platform service providers.

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which took effect on September 1, 2022. It provides detailed supporting regulations for data processors to comply with security assessment of providing overseas important data and personal information collected and generated in domestic operations. On March 22, 2024, the CAC promulgated Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which provided that data handlers shall identify and declare important data in accordance with relevant rules. In accordance with these provisions, data handlers who provide data abroad, and meet any of the following conditions, are required to declare the outbound data transfer security assessment to the national cyberspace administration authority through the provincial-level cyberspace administration authority where the data handlers are located: (i) critical information infrastructure operators providing personal information or important data abroad; and (ii) data handlers other than critical information infrastructure operator providing important data abroad or cumulatively providing abroad personal information without any sensitive personal information of more than one million individuals or sensitive personal information of more than 10,000 individuals since January 1 of the current year. The assessment results of the data export are valid for 3 years.

The CAC, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**"), the MPS, and the SAMR jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》) on January 23, 2019, which restates the requirement of legal collection and use of personal information, encourages app operators to conduct security certifications, and encourages search engines and app stores to clearly mark and recommend those certified apps.

The Secretary Bureau of the Cyberspace Affairs Commission (the General Office of the MIIT, the General Office of the MPS, and the General Office of the SAMR jointly issued the Notice on the Measures for Determining the Illegal Collection and Use of Personal Information through Mobile Apps (《關於印發<App違法違規收集使用個人信息行為認定方法>的通知》) on November 28, 2019, which elaborates the forms of behavior constituting illegal collection and use of the personal information via apps.

The MIIT issued the Notice of MIIT on Carrying out Special Rectification Actions in Depth against the Infringement upon Users' Rights and Interests by Apps (《工業和信息化部關於開展縱深推進APP侵害用戶權益專項整治行動的通知》) on July 22, 2020, which lists four types of illegal collection and use of personal information, including "illegally processing personal information of users by the App and the SDK," "setting up obstacles and frequently harassing users," "cheating and misleading users" and "inadequate implementation of application distribution platforms' responsibilities."

On August 20, 2021, the SCNPC issued the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) which took effect on November 1, 2021. As the first systematic and comprehensive law promulgated specifically for the protection of personal information in the PRC, the PRC Personal Information Protection Law provides, among others, that (i) an individual's separate consent must be obtained before the operation of such individual's sensitive personal information, e.g. biometric characteristics and individual location tracking; (ii) personal information handlers processing sensitive personal information must notify individuals of the necessity of such operations and the influence on the individuals' rights; and (iii) if personal information handlers reject individuals' requests to exercise their rights, individuals may file a lawsuit with a People's Court.

On June 28, 2016, the CAC promulgated the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the "**Mobile Application Administrative Provisions**"), amended on June 14, 2022 and enforced on August 1, 2022. Pursuant to the Mobile Application Administrative Provisions, application information service providers shall obtain the relevant qualifications prescribed by laws and regulations, strictly implement their information security management responsibilities and carry out certain duties, including establishing and completing users' real identity authentication mechanism and information content management mechanism. An app provider shall, when handling personal information, follow the principles of legality, legitimacy, necessity and integrity, have clear and reasonable purposes, disclose processing rules, comply with relevant provisions on the scope of necessary personal information, regulate personal information processing activities, and take necessary measures to protect the security of personal information, and shall not force users to agree on the processing of personal information for any reason or refuse users' use of its basic functions and services due to users' disagreement on providing non-essential personal information.

REGULATIONS ON FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), as amended in August 2008. Certain organizations in the PRC, including foreign-invested enterprises, may purchase, sell, and/or remit foreign currencies at certain banks authorized to conduct foreign exchange business upon providing valid commercial documents. However, approval of the SAFE is required for capital account transactions.

Pursuant to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

On February 13, 2015, the SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration.

The SAFE issued the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**") on March 30, 2015, which was partly invalidated on December 30, 2019. According to the Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, the Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

On January 26, 2017, the SAFE issued the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which relaxed the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation and tightened genuineness and compliance verification of cross-border transactions and cross-border capital flow.

On October 23, 2019, the SAFE promulgated the Notice of the SAFE on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), pursuant to which non-investment foreign-invested enterprises will be allowed to use capital funds for domestic equity investment in accordance with the law under the premise of not violating the Negative List and the authenticity and compliance of their domestic invested projects.

On April 10, 2020, the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), promulgated by the SAFE, which was further supplemented by the Notice of Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》), according to which eligible enterprises are allowed to make domestic payments by using their capital funds, foreign loans and the income under capital accounts of overseas listing, without providing the evidentiary materials concerning authenticity of each expenditure, provided that their capital use must be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts.

On July 4, 2014, the SAFE issued the Circular on Relevant Issues Relating to Domestic residents' Investment and Financing and Round Trip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"), replacing the SAFE Circular on Issues Concerning the Regulation of Foreign Exchange in Equity Finance and Return Investments by Domestic Residents through Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. Under the SAFE Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investments, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in China by PRC residents or entities through special purpose vehicles, namely, establishing foreign-invested enterprises to obtain ownership, control rights and management rights. The SAFE Circular 37 provides that (i) prior to the PRC residents or entities conducting investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments; and (ii) following the initial registration, they must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

On May 11, 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the "**Circular 21**"), which came into effect on May 13, 2013, amended on October 10, 2018, and partially abolished on December 30, 2019. The Circular 21 stipulates that the SAFE and its local branches shall manage foreign investors' direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by the SAFE or its branches.

On November 19, 2012, the SAFE issued the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) and last amended on October 10, 2018, part of which was abolished on December 30, 2019, substantially amends and simplifies the foreign exchange procedures. Pursuant to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts, and deposits accounts, the reinvestment of RMB proceeds derived by foreign investors within the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of the SAFE, and multiple capital accounts for the same entity may be opened in different provinces.

REGULATIONS ON INTELLECTUAL PROPERTY

Regulations on Copyright and Computer Software

In accordance with the Copyright Law of the People's Republic China (《中華人民共和國著作權法》) which was promulgated by the SCNPC on September 7, 1990 and latest amended on November 11, 2020, with latest revision effective on June 1, 2021, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not, including written works; oral works; musical, dramatic, opera, dance, acrobatic artistic works; fine arts, architectural works; photographic works; audio-visual works; graphic works and model works, such as engineering design plan, product design plan, map, schematic diagram, etc.; computer software and any other intellectual achievements which comply with the characteristics of the works. Copyright shall include the following personal rights and property rights: publication right, right of authorship, right of revision, right to preserve the integrity of work, reproduction right, distribution right, rental right, exhibition right, performance right, screening right, broadcasting right, information network transmission right, filming right, adaptation right, translation right, compilation right, and any other rights enjoyed by a copyright holder.

On February 20, 2002, the National Copyright Administration promulgated the Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) which regulates software copyright registration, software copyright exclusive license contracts, and transfer contracts. The National Copyright Administration of China will be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Centre of China is designated as the software registration authority. The Computer Software Protection Regulations (《計算機軟件保護條例》) issued by the State Council which stipulates that software copyright owners and relevant matters associated with the protection, registration, licensing, and transfer of software copyright, and stipulates that software copyright owners may obtain registration from the software registration authority acknowledged by the copyright administrative department under the State Council. The Copyright Protection Centre of China will grant registration certificates to the computer software copyrights applicants which complies with the provisions of both of the above regulations.

Regulations on Trademarks

On August 23, 1982, the PRC Trademark Law (《中華人民共和國商標法》) was promulgated by the SCNPC, last amended on April 23,2019, and the Implementation Regulations for the PRC Trademark Law (《中華人民共和國商標法實施條例》) was promulgated by the State Council on August 3, 2002, last amended on April 29, 2014, and became effective as of May 1, 2014. The PRC Trademark Law and its implementation regulations set forth an application for trademark registration must be filled in based on the published classification of commodities and services. The description of commodities or services must be filled in based on the class number and description in the classification of commodities and services; where the commodities or services are not listed in the classification of commodities and services, a statement on the commodities or services must be attached.

Pursuant to the PRC Trademark Law and its implementation regulations, the validity period for a registered trademark is 10 years, from the date of registration. Use of a trademark identical or similar to a registered trademark on the same type of commodities without licensing by the trademark registrant shall be deemed as infringement of exclusive rights to use registered trademarks.

Regulations on Domain Names

Domain names are protected under the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT on August 24, 2017, and effective from November 1, 2017, and the Implementation Rules for Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》) issued by China Internet Network Information Centre on June 18, 2019. Domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC internet domain names. The domain name services adhere to the "first come, first file" principle. The applicants will become the holders of such domain names once the registration procedure is completed.

Regulations on Patents

The Patent Law of the PRC (《中華人民共和國專利法》) was promulgated by the SCNPC on March 12, 1984 and last amended on October 17, 2020 with effect from June 1, 2021. The Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, and last amended on December 11, 2023. Pursuant to the above two laws, there are three types of patents, namely, invention, utility model, and design. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model and a fifteen-year term for a design, all starting from the application date. The PRC patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness, and practicability. Unless otherwise stipulated by relevant laws and regulations, a third party must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

REGULATIONS ON TAX

Regulations on Enterprise Income Tax

Pursuant to the EIT Law promulgated by the SCNPC on March 16, 2007, which became effective on January 1, 2008 and was subsequently amended on February 24, 2017 and December 29, 2018, and the Regulations for the Implementation of the Enterprise Income Tax Law (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2007, effective since January 1, 2008, and last amended on April 23, 2019 (collectively, the "**EIT Laws**"), enterprises are classified as resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with the PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control entity is within the PRC. Non-resident enterprises are defined as enterprises that are established in accordance with the laws of foreign countries and whose actual or de facto control entity is located outside the PRC, but have established institutions or premises in the PRC, or have no such institutions or premises in the PRC but have income generated from inside the PRC. According to the EIT Laws, the enterprise income tax is levied at a uniform rate of 25%. However, if a non-resident enterprise has not formed any permanent establishment or premise in the PRC, or if a non-resident enterprise has formed a permanent establishment or premise in the PRC but there is no actual relationship between the income derived in the PRC and the permanent establishment or premise formed by it, the enterprise income tax is levied at the rate of 10% with respect to its dividends income sourced from inside the PRC.

The Notice of the State Taxation Administration Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as the PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) promulgated by the STA on April 22, 2009 and partly invalidated on December 29, 2017 provides the standards and procedures for determining whether a Chinese-controlled offshore incorporated enterprises is the resident enterprises with its "de facto management body" located within the PRC.

Pursuant to the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) promulgated by the STA on February 3, 2015 and partly invalidated in 2017, if a non-resident enterprise evades its obligation to pay enterprise income tax by implementing an arrangement without reasonable commercial purposes to indirectly transfer assets such as the equity interest of a PRC resident enterprise, such indirect transfer shall be deemed as a direct transfer of assets in accordance with Article 47 of the EIT Law.

According to the Announcement of the STA on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《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》) promulgated on October 17, 2017, effective since December 1, 2017, and amended on June 15, 2018, tax authorities may seek payment of tax arrears and late fees payable from other income of a non-PRC resident enterprise within the territory of the PRC if such non-PRC resident enterprise fails to comply with tax obligations.

The Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) promulgated by the SCNPC on September 4, 1992, effective since January 1, 1993 and last amended on April 24, 2015 is enacted to regulate tax collection management and tax payment. According to the Law of the PRC on the Administration of Tax Collection, if a taxpayer fails to pay taxes or a withholding agent fails to remit taxes in accordance with a prescribed period, the tax authorities shall impose an overdue payment of 0.05% of the amount of tax in arrears on a daily basis, commencing on the day the tax payment was defaulted.

Regulations on Value-added Tax

According to the Provisional Regulations on Value Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, effective since January 1, 1994, most recently amended in November 2017, and the Detailed Implementing Rules of the Temporary Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF and the STA on December 15, 2008, effective since January 1, 2009, and amended on October 28, 2011, all taxpayers selling goods, providing processing, repair and replacement services, sales of services, intangible assets and immovable assets, and importation of goods within the PRC shall pay value-added tax. On December 25, 2024, the SCNPC issued the Value Added Tax Law of the PRC (《中華人民共和國增值稅法》), which will be effective from January 1, 2026.

As required by the Notice of the MOF and the STA on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) promulgated on March 23, 2016, effective since May 1, 2016 and last amended on March 20, 2019, enterprises and individuals engaging in the sales of services, intangible assets or immovable assets within the territory of the PRC shall pay value-added tax instead of business tax.

On April 4, 2018, the MOF and the STA issued the Notice on Adjustment of Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》), which came into effect on May 1, 2018. According to such notice, the taxable goods previously subject to value-added tax rates of 17% and 11% respectively become subject to lower value-added tax rates of 16% and 10% respectively starting from May 1, 2018. Moreover, according to the Announcement of the MOF, the STA and the General Administration of Customs on Relevant Policies for Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective since April 1, 2019, with respect to all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax and the value-added tax rates are further revised to 6%, 9% or 13%.

Regulations on Dividend Withholding Tax

According to (i) the Arrangement Between the Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) promulgated by the STA on August 21, 2006, (ii) the Circular of the STA on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) promulgated by the STA on February 20, 2009 and other relevant PRC laws and regulations, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong resident enterprise directly holds at least 25% of the equity interests in the PRC resident enterprise. To enjoy the reduced withholding tax rate, the Hong Kong resident enterprise must: (a) be a company; (b) directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (c) have directly owned such required percentage in the PRC resident enterprise within the 12 consecutive months prior to the dividend being paid. In addition, the Announcement on Relevant Issues Concerning Beneficial Owners in Tax Treaties (《關於稅收協定中"受益所有人"有關問題的公告》), issued by the STA on February 3, 2018 and effective from April 1, 2018 addresses the methods to recognize a "beneficial owner" under dividend, interest, and royalty provisions in double tax treaties between Mainland of the PRC and Hong Kong.

Pursuant to the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments (《非居民納稅人享受協定待遇管理辦法》) issued by the STA on October 14, 2019, effective since January 1, 2020, qualified non-resident taxpayers can enjoy benefits under tax treaties by themselves without approval from the tax authorities at the time of filing their tax returns or making withholding declarations through withholding agents, subject to subsequent administration by the tax authorities.

REGULATIONS ON STOCK INCENTIVE PLANS

On February 15, 2012, the SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Stock Option Rules**"). Pursuant to the Stock Option Rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a Chinese subsidiary of such overseas listed company. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase, and sale of corresponding stocks or interests, and fund transfers. In addition, the agent in mainland China is required to further amend the SAFE registration concerning the stock incentive plan if there is any material change to the stock incentive plan, the mainland Chinese agent or the overseas entrusted institution, or other material changes. The mainland Chinese agents must, on behalf of the mainland Chinese residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the mainland Chinese residents' exercise of the employee share options. The foreign exchange proceeds received by the mainland Chinese residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas-listed companies must be remitted into the bank accounts in mainland China opened by the mainland Chinese agents before distribution to such mainland Chinese residents.

Under the Circular of the STA on Issues Concerning Individual Income Tax concerning Equity Incentives (《國家稅務總局關於股權激勵有關個人所得稅問題的通知》) promulgated by the STA and effective on August 24, 2009, listed companies and their domestic organizations shall, according to the individual income tax calculation methods for "wage and salary income" and stock option income, lawfully withhold and pay individual income tax on such income.

REGULATIONS RELATING TO EMPLOYMENT, SOCIAL INSURANCE AND HOUSING FUND

In accordance with the PRC Labor Law (《中華人民共和國勞動法》) and the PRC Labor Contract Law (《中華人民共和國勞動合同法》), employers must sign a written labor contract with each full-time employee. All employers must comply with the local minimum wage standards. Violation of the PRC Labor Contract Law and the PRC Labor Law may result in a fine or other administrative penalty, and serious circumstances may lead to criminal liability.

In accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work Injury Insurance (《工傷保險條例》), Regulations on Unemployment Insurance (《失業保險條例》) and Trial Measures on Employee Maternity Insurance of

Enterprises (《企業職工生育保險試行辦法》), each employer and individual in the PRC must make social insurance contributions, including basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, and maternity insurance. An employer who fails to promptly pay social insurance contributions in full amount will be ordered to pay or supplement within a prescribed period, and will be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities will impose a fine ranging from one to three times the amount of the amount in arrears. According to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》), each employer and individual in the PRC must make housing provident fund contributions. Where an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. An employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Pursuant to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was issued by the General Office of the Communist Party of China and the General Office of the State Council on July 20, 2018, from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance will be collected by the tax authorities.

On September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Enforcement Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) which prohibits local authorities from unilaterally requiring all applicable companies to make up for historically underpaid or unpaid social insurance contributions in one go.

OVERVIEW

We are an emerging technology company focused on family lifestyle products. We are committed to creating products that offer unique value for users across diverse family lifestyle scenarios through forward-looking insights into user needs and innovative application of advanced materials, craftsmanship and technologies.

Our Group was founded by Mr. Wang in November 2018 when BeBeBus Technology, our principal operating company in the PRC and the holding company of our Group prior to the Reorganization, was established in the PRC. In May 2019, Ms. Shen joined our Group as co-founder. Mr. Wang has abundant experience in consumer brand positioning and communication, product positioning based on user behavior research, creating top-selling products, brand management, and corporate strategic positioning. Ms. Shen has extensive experience in sales and marketing in the nursery product industry. For biographical details of Mr. Wang and Ms. Shen, see "Directors and Senior Management."

Since the establishment of our Group, we have received [**REDACTED**] Investments from multiple [**REDACTED**] Investors, including Tiantu Capital, Gaorong Ventures, MPC, and Taikang Life. For details of the principal terms of the [**REDACTED**] Investments and background information of the [**REDACTED**] Investors, see "— [**REDACTED**] Investments" in this section.

In preparation for the [**REDACTED**], we conducted the Reorganization, and our Company was incorporated in the Cayman Islands in August 2023 as the offshore holding company of our Group. For details of the Reorganization, see "— Reorganization" in this section.

BUSINESS DEVELOPMENT MILESTONES

The table below summarizes our key business development milestones.

Year	Milestone
2018 . . .	BeBeBus Technology, our principal operating company in the PRC and the holding company of our Group prior to the Reorganization, was established in the PRC
2019 . . .	We launched our BeBeBus brand
2020 . . .	We completed the Series A Financing led by Tiantu Capital
	We were recognized as a National High-tech Enterprise (國家高新技術企業)
2021 . . .	We completed the Series A+ Financing led by Gaorong Ventures and MPC
	We completed the Series B Financing led by Taikang Life

Year	Milestone
2022 . . .	We established our Ningbo Technology Engineering Center
	We obtained the EATNS Carbon Management System Certification (EATNS 碳管理體系證書)
2023 . . .	We opened our first brand experience store
	We partnered with Dymatic Chemicals to create a joint laboratory
	Our Company was incorporated in the Cayman Islands as the offshore holding company of our Group
2024 . . .	We were named as a Shanghai Design and Innovation Center (上海市設計創新中心)
	We established presence in the United States and Indonesia to expand our business overseas

OUR MAJOR SUBSIDIARIES

The table below sets out the place and date of establishment and principal business activities of each of our subsidiaries that made a material contribution to our results of operations during the Track Record Period.

Subsidiary	Place of establishment	Date of establishment	Principal business activities
BeBeBus Technology	PRC	November 14, 2018	Product procurement, sales, design, and R&D
BeBeBus Electronic	PRC	September 5, 2023	Product marketing and promotion
BeBeBus Safety	PRC	August 6, 2021	Product manufacturing

ESTABLISHMENT AND SHAREHOLDING CHANGES OF BEBEBUS TECHNOLOGY

(a) Establishment of BeBeBus Technology

On November 14, 2018, BeBeBus Technology, our principal operating company in the PRC and the holding company of our Group prior to the Reorganization, was established in the PRC as a limited liability company. On the date of establishment, BeBeBus Technology was wholly owned by Mr. Wang with a registered capital of RMB3,000,000.

(b) Early Transfers of Registered Capital of BeBeBus Technology

From April 2019 to May 2020, the following transfers of registered capital of BeBeBus Technology were effected.

Transferor	Transferee	Registered capital transferred	Consideration	Time of completion
		(RMB)	*(RMB)*	
Mr. Wang	Shanghai Fanyi Enterprise Management Partnership (Limited Partnership) (上海凡奕企業管理合夥企業(有限合夥)) ("**Shanghai Fanyi**")[(1)]	750,000	2,500[(5)]	April 2019
Mr. Wang	Shanghai Weitai Enterprise Management Center (Limited Partnership) (上海蔚泰企業管理中心(有限合夥)) ("**Shanghai Weitai**")[(2)]	60,000	200[(5)]	April 2019
Mr. Wang	Shanghai Weiling Enterprise Management Partnership (Limited Partnership) (上海蔚淩企業管理合夥企業(有限合夥)) ("**Shanghai Weiling**")[(3)]	1,080,000	Nil[(5)]	February 2020
Shanghai Fanyi . .	Shanghai Weitai	150,000	Nil[(5)]	February 2020
Mr. Wang	Shanghai Weitai	30,000	Nil[(5)]	February 2020
Mr. Wang	Beijing Daokoutou Network Technology Co., Ltd. (北京道口投網絡科技有限公司) ("**Daokoutou**")[(4)]	75,000	Nil[(6)]	May 2020
Mr. Wang	Guangzhou Ronghui Technology Co., Ltd. (廣州融慧科技有限公司) ("**Guangzhou Ronghui**")	75,000	Nil[(6)]	May 2020

Notes:

(1) Shanghai Fanyi was a limited partnership established in the PRC on February 19, 2019 and deregistered on August 27, 2024. It was a shareholding platform of Mr. Wang prior to the Reorganization.

(2) Shanghai Weitai (formerly known as Suzhou Taiwei Enterprise Management Center (Limited Partnership) (蘇州泰蔚企業管理中心(有限合夥))) was a limited partnership established in the PRC on December 29, 2018 and deregistered on August 22, 2024. The general partner of Shanghai Weitai was Mr. Wang holding 70.27% of the partnership interest. The only limited partner of Shanghai Weitai was Mr. Hung Kun-Tai (洪昆泰) ("**Mr. Hung**") holding the remaining 29.73% of the partnership interest. To the best knowledge of our Directors, Mr. Hung is an independent third party.

(3) Shanghai Weiling was a limited partnership established in the PRC on January 15, 2020 and deregistered on August 22, 2024. The general partner of Shanghai Weiling was Mr. Wang holding 75.00% of the partnership interest. The only limited partner of Shanghai Weiling was Ms. Shen holding the remaining 25.00% of the partnership interest.

(4) Daokoutou is a limited liability company established in the PRC on November 26, 2015. It is ultimately controlled by Mr. Yang Zhou (楊周) ("**Mr. Yang**"). To the best knowledge of our Directors, Daokoutou is an independent third party.

(5) Such transfers of registered capital of BeBeBus Technology were effected to either restructure Mr. Wang's shareholding in BeBeBus Technology or implement our Group's onshore employee incentive plan prior to the Reorganization. Consequently, no or minimal consideration was paid for such transfers.

(6) Mr. Wang had not paid in the relevant capital of BeBeBus Technology at the time of such transfers of registered capital of BeBeBus Technology. Consequently, no consideration was paid for such transfers.

(c) Series A Financing in BeBeBus Technology

In November 2020, BeBeBus Technology completed the Series A Financing through capital increase as detailed below. For details of the Series A Financing, see "— [**REDACTED**] Investments" in this section. As a result, the registered capital of BeBeBus Technology was increased to RMB3,333,300.

Series A Investor	Registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Tiantu VC I Limited (天圖偉思一期有限公司) ("**Tiantu**")[(1)]	311,100	28,027,027[(3)]
Ms. Chen Ruxian (陳汝嫻) ("**Ms. Chen**")[(2)]	22,200	2,000,000
Total	**333,300**	**30,027,027**

Notes:

(1) Tiantu is a limited liability company incorporated in Hong Kong. It is an investment arm of Tiantu Capital. For background information of Tiantu Capital, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

(2) Ms. Chen is a vice president of investment at Tiantu Capital. To the best knowledge of our Directors, Ms. Chen is an independent third party.

(3) Pursuant to the Series A Financing agreements, Tiantu agreed to subscribe for RMB311,100 registered capital of BeBeBus Technology for a consideration of US$4,010,000. The RMB amount of the consideration set out in the table above is calculated based on the cost per unit of registered capital of BeBeBus Technology in RMB as agreed between the Series A Investors and our Group and is for illustrative purpose only.

(d) Series A+ Financing in BeBeBus Technology

In January 2021, BeBeBus Technology completed the Series A+ Financing through capital increase as detailed below. For details of the Series A+ Financing, see "— [**REDACTED**] Investments" in this section. As a result, the registered capital of BeBeBus Technology was increased to RMB3,635,560.

Series A+ Investor	**Registered capital subscribed for**	**Consideration**
	(RMB)	*(RMB)*
Gaorong Fund IV (HK) Limited ("**Gaorong IV HK**")(1)	163,202	19,584,484
Gaorong Fund IV-A (HK) Limited ("**Gaorong IV-A HK**")(1)	18,134	2,176,054
Beijing Jingwei Chuangrong Investment Center (Limited Partnership) (北京經緯創榮投資中心(有限合夥)) ("**Jingwei Chuangrong**")(2)	90,668	10,880,269
Tiantu	30,256	3,630,756
Total	**302,260**	**36,271,563**

Notes:

(1) Both Gaorong IV HK and Gaorong IV-A HK are limited liability companies incorporated in Hong Kong. They are investment arms of Gaorong Ventures. For background information of Gaorong Ventures, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

(2) Jingwei Chuangrong is a limited partnership established in the PRC. It is an investment arm of MPC. For background information of MPC, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

In November 2020, in connection with the Series A+ Financing, the following transfers of registered capital of BeBeBus Technology were effected.

Transferor	**Transferee**	**Registered capital transferred**	**Consideration**
		(RMB)	*(RMB)*
Shanghai Fanyi	Mr. Wang	182,220	14,213,333
Shanghai Fanyi	Jingwei Chuangrong	57,777	4,506,667
Shanghai Weitai	Jingwei Chuangrong	33,333	2,600,000
Mr. Wang	Gaorong IV HK	163,998	12,792,000
Mr. Wang	Gaorong IV-A HK	18,222	1,421,333

(e) Transfers of Registered Capital of BeBeBus Technology in January 2021

In January 2021, the following transfers of registered capital of BeBeBus Technology were effected.

Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Guangzhou Ronghui	Mr. Wang	75,000	14,420,000[1]
Daokoutou.	Mr. Wang	36,356	7,000,000[1]

Note:

(1) The respective consideration for such transfers of registered capital of BeBeBus Technology was determined with reference to: (i) Mr. Wang's intention to solidify control of BeBeBus Technology amid dilution of his interest due to the [**REDACTED**] Investments, (ii) the fact that the relevant capital of BeBeBus Technology at the time of such transfers had been paid in, and (iii) the then valuation of our Group.

(f) Series B Financing in BeBeBus Technology

In August 2021, BeBeBus Technology completed the Series B Financing through capital increase as detailed below. For details of the Series B Financing, see "— [**REDACTED**] Investments" in this section. As a result, the registered capital of BeBeBus Technology was increased to RMB3,909,204.

Series B Investor	Registered capital subscribed for	Consideration
	(RMB)	*(RMB)*
Taikang Life[1].	143,663	73,500,000
Jingwei Chuangrong	91,671	46,900,000
Tiantu	19,155	9,800,000
Gaorong IV HK.	17,240	8,820,000
Gaorong IV-A HK	1,915	980,000
Total	**273,644**	**140,000,000**

Note:

(1) For background information of Taikang Life, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

In May 2021, in connection with the Series B Financing, the following transfers of registered capital of BeBeBus Technology were effected.

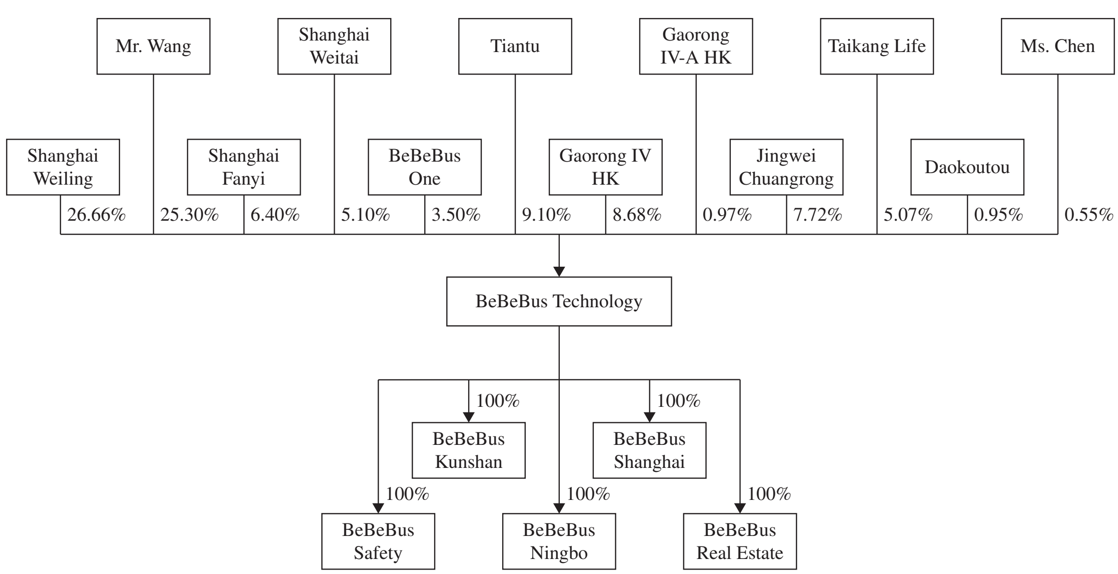
Transferor	Transferee	Registered capital transferred	Consideration
		(RMB)	*(RMB)*
Shanghai Fanyi	Taikang Life	61,570	15,750,000
Shanghai Fanyi	Jingwei Chuangrong	39,288	10,050,000
Mr. Wang	Tiantu	8,209	2,100,000
Mr. Wang	Gaorong IV HK	7,388	1,890,000
Mr. Wang	Gaorong IV-A HK	821	210,000

(g) Capital Increase in BeBeBus Technology in December 2022

In December 2022, the registered capital of BeBeBus Technology was increased by RMB141,784 which was subscribed by Shanghai BeBeBus One Enterprise Management Partnership (Limited Partnership) (上海布童一號企業管理合夥企業(有限合夥)) ("**BeBeBus One**") for a consideration of RMB141,784. BeBeBus One was a reserved employee shareholding platform of our Group prior to the Reorganization. As a result, the registered capital of BeBeBus Technology was increased to RMB4,050,988.

REORGANIZATION

The chart below illustrates our Group's corporate and shareholding structure immediately before the commencement of the Reorganization.



In preparation for the [**REDACTED**], we underwent the following Reorganization steps.

(a) Incorporation of Our Company

On August 2, 2023, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and the offshore holding company of our Group. On the date of incorporation, our Company allotted and issued Shares at nominal value as detailed below.

Shareholder	Number of Shares held	Aggregate approximate shareholding percentage
		(%)
WANGBOYAN(1)	41,796,920(5)	82.55
SLING(2)	5,400,000	10.67
WEILING(3)	2,989,240	5.90
Chickadee X HOLDING INC ("**Chickadee**")(4)	444,000(6)	0.88
Total	**50,630,160**	**100.00**

Notes:

(1) WANGBOYAN is owned by Boyan Holdings as to 65% and WWANG as to 35%. Boyan Holdings is indirectly controlled by the Boyan Family Trust with Mr. Wang as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and WWANG as the beneficiary. WWANG is wholly owned by Mr. Wang.

(2) SLING is owned by SHENLING HOLDING INC ("**SHENLING**") as to 50% and SL Family Limited ("**SL**") as to 50%. SHENLING is wholly owned by Ms. Shen. SL is indirectly controlled by the Shen Ling Family Trust with Ms. Shen as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and SHENLING as the beneficiary.

(3) WEILING is wholly owned by BUTONG ESOP LIMITED ("**BUTONG ESOP**"). BUTONG ESOP is wholly owned by Futu Trustee Limited, the trustee of the BUTONG ESOP Trust set up to facilitate the administration of the Share Options granted to our senior management and other employees. For details, see "Appendix IV — Statutory and General Information — D. Share Incentive Plan."

(4) Chickadee is wholly owned by Ms. Chen.

(5) The 41,796,920 Shares held by WANGBOYAN on the date of incorporation of our Company included one Share allotted and issued to ICS Corporate Services (Cayman) Limited and subsequently transferred to WANGBOYAN on the same day.

(6) The 444,000 Shares held by Chickadee were re-designated and re-classified into 444,000 Series A Preferred Shares in January 2024.

(b) Incorporation of Butong BVI and Butong Investment HK and Establishment of Create Butong Ningbo

On August 10, 2023, Butong BVI was incorporated in the BVI as a limited liability company with our Company as its sole shareholder. On the date of incorporation, one ordinary share of Butong BVI was allotted and issued to our Company.

On August 24, 2023, Butong Investment HK was incorporated in Hong Kong as a limited liability company with Butong BVI as its sole shareholder. On the date of incorporation, one ordinary share of Butong Investment HK was allotted and issued to Butong BVI.

On September 27, 2023, Create Butong Ningbo was established in the PRC as a limited liability company with Butong Investment HK as its sole shareholder. On the date of establishment, US$30,000,000 registered capital of Create Butong Ningbo was subscribed by Butong Investment HK.

(c) Capital Reduction in BeBeBus Technology

In October 2023, Taikang Life, Jingwei Chuangrong and Daokoutou exited BeBeBus Technology by way of capital reduction for a consideration of RMB89,250,000, RMB74,936,936 and RMB38,644, respectively, which was equivalent to the respective historical investment amount paid by them to subscribe for the relevant registered capital of BeBeBus Technology or the amount of capital of BeBeBus Technology paid in by them. The respective consideration was settled in March and April 2024. As a result, the registered capital of BeBeBus Technology was reduced to RMB3,494,374.

(d) Share Issuance of Our Company

To reflect the shareholding structure of BeBeBus Technology on our Company level, from January 2024 to April 2024, our Company allotted and issued Shares and Preferred Shares as detailed below.

Shareholder	Number of Shares allotted and issued	Number of Series A Preferred Shares allotted and issued	Number of Series A+ Preferred Shares allotted and issued	Number of Series B Preferred Shares allotted and issued
Tiantu VC USD Fund I L.P. ("**Tiantu USD**")[(1)]		6,222,000	605,120	547,280
Gaorong Partners Fund IV, L.P. ("**Gaorong IV**")[(2)]			6,544,000	492,560
Gaorong Partners Fund IV-A, L.P. ("**Gaorong IV-A**")[(3)]			727,120	54,720
Tembusu B Limited ("**Tembusu**")[(4)]			3,635,560	2,619,180
Taikang Life				4,104,660
xu tai Limited ("**xu tai**")[(5)]	1,228,840			
DKT[(6)]	772,880			
Total	**2,001,720**	**6,222,000**	**11,511,800**	**7,818,400**

Notes:

(1) Tiantu USD is a limited partnership incorporated in the Cayman Islands. It is an affiliate of Tiantu. For background information of Tiantu USD, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

(2) Gaorong IV is a limited partnership incorporated in the Cayman Islands. It is an affiliate of Gaorong IV HK. For background information of Gaorong IV, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

(3) Gaorong IV-A is a limited partnership incorporated in the Cayman Islands. It is an affiliate of Gaorong IV-A HK. For background information of Gaorong IV-A, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

(4) Tembusu is a limited liability company incorporated in the BVI. It is wholly owned by Jingwei Chuangrong. For background information of Tembusu, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

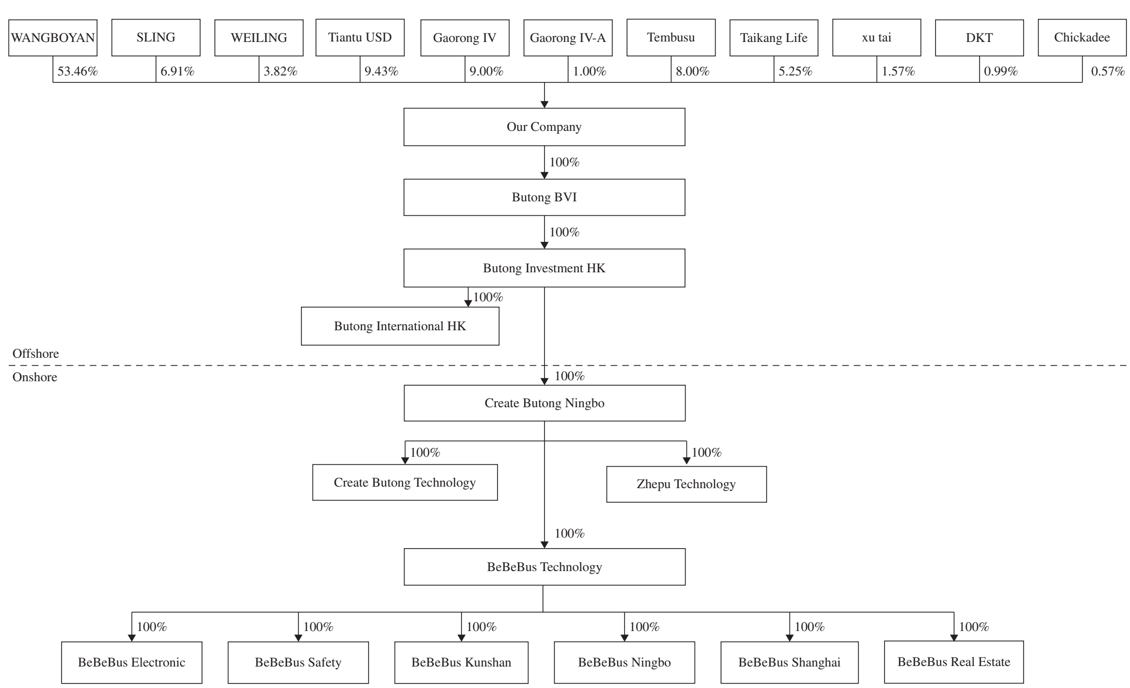
(5) xu tai is a limited liability company incorporated in the BVI. It is wholly owned by Mr. Hung.

(6) DKT is a limited liability company incorporated in the BVI. It is wholly owned by Daokoutou.

(e) Transfers of Registered Capital of BeBeBus Technology

In February 2024, Mr. Wang, Shanghai Weiling, Shanghai Fanyi, Shanghai Weitai, BeBeBus One, Tiantu, Gaorong IV HK, Gaorong IV-A HK, and Ms. Chen transferred the entire registered capital of BeBeBus Technology of RMB3,494,374 to Create Butong Ningbo for an aggregate consideration of RMB5,826,966. The respective consideration for the transfers of registered capital of BeBeBus Technology was equivalent to the amount of capital of BeBeBus Technology paid in by such shareholders or the net asset value of BeBeBus Technology corresponding to the equity interest held by such shareholders in BeBeBus Technology. Upon the completion of such transfers, BeBeBus Technology became an indirect wholly-owned subsidiary of our Company.

The chart below illustrates our Group's corporate and shareholding structure immediately upon the completion of the Reorganization.



SUBSEQUENT SHAREHOLDING CHANGES OF OUR COMPANY

(a) Share Transfer in June 2024

In June 2024, Chickadee transferred 444,000 Series A Preferred Shares to WANGBOYAN for a consideration of RMB2,000,000, which was equivalent to the historical investment amount paid by Ms. Chen to subscribe for the relevant registered capital of BeBeBus Technology before the Reorganization. As a result, Chickadee ceased to be a Shareholder. The 444,000 Series A Preferred Shares were re-designated and re-classified into 444,000 Shares in September 2024.

(b) Share Issuance in September 2024

In September 2024, our Company allotted and issued 1,586,398 Shares to WEILING at nominal value as the underlying Shares of 1,586,398 Share Options granted under the Share Incentive Plan. For details of the Share Incentive Plan, see "Appendix IV — Statutory and General Information — D. Share Incentive Plan."

[**REDACTED**] INVESTMENTS

Our Group obtained several rounds of investments from the [**REDACTED**] Investors. For details, see "— Establishment and Shareholding Changes of BeBeBus Technology" above.

(a) Principal Terms of the [REDACTED] Investments

The table below summarizes the key terms of the [**REDACTED**] Investments to our Group made by the [**REDACTED**] Investors.

	Series A Financing	Series A+ Financing	Series B Financing
Date of agreement(s)	July 2020	August 8, 2020	May 12, 2021
Amount of consideration paid	RMB30,027,027(4)	RMB36,271,563	RMB140,000,000
Date of payment of consideration in full	November 19, 2020	January 14, 2021	August 6, 2021
Approximate cost per Share paid(1)	RMB4.50	RMB6.00	RMB25.58
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Post-money valuation of our Group(3)	RMB300,000,000	RMB436,000,000	RMB2,000,000,000

	Series A Financing	Series A+ Financing	Series B Financing
Basis of determination of valuation and consideration	The valuation and consideration for each round of the [**REDACTED**] Investments were determined based on arm's length negotiation between the [**REDACTED**] Investors and our Group taking into account the timing of the [**REDACTED**] Investments and our operating performance and business prospects.		
Lock-up	The [**REDACTED**] Investors will not be subject to any lock-up arrangement at the time of [**REDACTED**] pursuant to the relevant agreements of the [**REDACTED**] Investments. The [**REDACTED**] Investors [have] given lock-up undertakings in favor of our Company, the Joint Sponsors, [**REDACTED**]. For details, see "[**REDACTED**] — [**REDACTED**]."		
Use of proceeds from the [**REDACTED**] Investments	We utilized the proceeds from the [**REDACTED**] Investments for the principal business of our Group, including product R&D, marketing and promotional activities, and replenishing working capital to support our business growth. As of the Latest Practicable Date, the proceeds from the [**REDACTED**] Investments had been fully utilized.		
Strategic benefits to our Group brought by the [**REDACTED**] Investors	Our Directors were of the view that our Company could benefit from (i) the additional capital provided by the [**REDACTED**] Investors, and (ii) the [**REDACTED**] Investors' commitment to our Group as their investments demonstrated their confidence in the operations of our Group and served as an endorsement of our Group's performance, strength and prospects.		

Notes:

(1) The cost per Share paid is calculated based on (i) the cost per unit of registered capital of BeBeBus Technology paid by the [**REDACTED**] Investors at the time of their respective [**REDACTED**] Investments, and (ii) the ratio of one unit of registered capital of BeBeBus Technology subscribed by the [**REDACTED**] Investors before the Reorganization to 20 Series A Preferred Shares/Series A+ Preferred Shares/Series B Preferred Shares allotted and issued to the [**REDACTED**] Investors after the Reorganization. The cost per unit of registered capital of BeBeBus Technology paid by the [**REDACTED**] Investors at the time of their respective [**REDACTED**] Investments is calculated based on the registered capital of BeBeBus Technology subscribed by the [**REDACTED**] Investors and the respective consideration paid by them.

(2) The discount to the [**REDACTED**] is calculated based on (i) the assumption that the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options, and (ii) the exchange rate of RMB to HK dollar set out in "Information about This Document and the [**REDACTED**]."

(3) The primary reason for the increase in the valuation of our Company between each round of the [**REDACTED**] Investments was the explosive improvement of our operating performance and promising business prospects.

(4) The total consideration received by our Group in the Series A Financing include RMB28,027,027 from Tiantu and RMB2,000,000 from Ms. Chan. Pursuant to the Series A Financing agreements, Tiantu agreed to subscribe for RMB311,100 registered capital of BeBeBus Technology for a consideration of US$4,010,000. The RMB amount of the consideration paid by Tiantu above is calculated based on the cost per unit of registered capital of BeBeBus Technology in RMB as agreed between the Series A Investors and our Group and is for illustrative purpose only.

(b) Special Rights of the [REDACTED] Investors

Pursuant to the shareholders' agreement entered into among our Company and our Shareholders in April 2024 and the then prevailing memorandum and articles of association of our Company, the [**REDACTED**] Investors were granted certain customary special rights, including, among others, rights of first refusal, tag-along rights, anti-dilution rights, redemption rights, drag-along rights, liquidation rights, information rights and director nomination rights. The redemption rights and drag-along rights of the [**REDACTED**] Investors ceased to be exercisable preceding our Company's first submission of the [**REDACTED**] to the Stock Exchange, and all other special rights of the [**REDACTED**] Investors will be terminated upon the [**REDACTED**].

(c) Joint Sponsors' Confirmation

On the basis that (i) the respective consideration for the [**REDACTED**] Investments was settled more than 28 clear days before the date of our Company's first submission of the [**REDACTED**] to the Stock Exchange, and (ii) the redemption rights and drag-along rights of the [**REDACTED**] Investors ceased to be exercisable preceding our Company's first submission of the [**REDACTED**] to the Stock Exchange, and all other special rights of the [**REDACTED**] Investors will be terminated upon the [**REDACTED**], the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with Chapter 4.2 of the Guide.

(d) Information about Our [REDACTED] Investors

Set out below is the background information of our [**REDACTED**] Investors. To the best knowledge of our Directors, each of the [**REDACTED**] Investors is an independent third party.

Tiantu Capital

Tiantu USD is a limited partnership incorporated in the Cayman Islands. Its general partner is Tiantu GP Limited Company ("**Tiantu GP**"). As of the Latest Practicable Date, Tiantu USD had nine limited partners, none of which held more than one-third of the partnership interest. Tiantu GP is wholly owned by Tiantu Investments International Limited ("**Tiantu Investments**"). Tiantu Investments is wholly owned by Tiantu Capital, a company listed on the Stock Exchange (stock code: 01973). Tiantu Capital is a leading private equity investor and fund manager committed to driving the growth of Chinese consumer brands and companies.

Gaorong Ventures

Both Gaorong IV and Gaorong IV-A are limited partnerships incorporated in the Cayman Islands. The general partner of both Gaorong IV and Gaorong IV-A is Gaorong Partners IV Ltd. As of the Latest Practicable Date, no limited partner of Gaorong IV and Gaorong IV-A held more than one-third of the partnership interest.

Both Gaorong IV and Gaorong IV-A are funds managed by Gaorong Ventures. Gaorong Ventures is focused on early and growth-stage investments, with a specialty in internet and new consumption, new technology and healthcare and biotech sectors.

MPC

Tembusu is a limited liability company incorporated in the BVI. It is wholly owned by Jingwei Chuangrong. Jingwei Chuangrong is a limited partnership established in the PRC. Its general partner is Beijing Jingwei Yichuang Investment Management Partnership (Limited Partnership) (北京經緯億創投資管理合夥企業(有限合夥)) ("**Jingwei Yichuang**") holding 1% of the partnership interest. As of the Latest Practicable Date, Jingwei Chuangrong had 24 limited partners, none of which held more than one-third of the partnership interest. The general partner of Jingwei Yichuang is Beijing Jingwei Jingchuang Investment Co., Ltd. (北京經緯旌創投資有限公司) ("**Jingwei Jingchuang**") holding 10% of the partnership interest. Jingwei Jingchuang is ultimately controlled by Mr. Wang Huadong (王華東). Jingwei Chuangrong is an investment arm of MPC. MPC has made investments in various new economy, deep technology, industrial digitalization, healthcare, frontier technology and new consumer brands.

Taikang Life

Taikang Life is a limited liability company established in the PRC. Taikang Life is wholly owned by Taikang Insurance Group Inc. (泰康保險集團股份有限公司) ("**Taikang Insurance Group**"). Taikang Insurance Group is ultimately controlled by Mr. Chen Dongsheng (陳東升). Founded in 1996, Taikang Insurance Group is an insurance and financial service conglomerate focused on insurance, asset management and health and elderly care. Taikang Life is a leading insurance service provider in China that provides life insurance, health insurance, accident insurance and other insurances.

CAPITALIZATION OF OUR COMPANY

The table below sets out the capitalization of our Company as of the Latest Practicable Date.

Shareholder	Number of Shares held	Number of Series A Preferred Shares held	Number of Series A+ Preferred Shares held	Number of Series B Preferred Shares held	Aggregate number of shares held	Aggregate approximate shareholding percentage
						(%)
WANGBOYAN . .	42,240,920				42,240,920	52.95
SLING.	5,400,000				5,400,000	6.77
WEILING	4,575,638				4,575,638	5.74
Tiantu USD		6,222,000	605,120	547,280	7,374,400	9.24

Shareholder	Number of Shares held	Number of Series A Preferred Shares held	Number of Series A+ Preferred Shares held	Number of Series B Preferred Shares held	Aggregate number of shares held	Aggregate approximate shareholding percentage
						(%)
Gaorong IV			6,544,000	492,560	7,036,560	8.82
Gaorong IV-A . . .			727,120	54,720	781,840	0.98
Tembusu			3,635,560	2,619,180	6,254,740	7.84
Taikang Life				4,104,660	4,104,660	5.15
xu tai.	1,228,840				1,228,840	1.54
DKT	772,880				772,880	0.97
Total	**54,218,278**	**6,222,000**	**11,511,800**	**7,818,400**	**79,770,478**	**100.00**

VOTING PROXY

On February 2, 2024, SLING entered into a deed of voting proxy ("**Voting Proxy**") with WANGBOYAN, pursuant to which SLING granted WANGBOYAN, as its true and lawful attorney, a voting proxy over all the Shares held by SLING (including any Shares to be acquired by SLING during the term of the Voting Proxy). WANGBOYAN is ultimately controlled by Mr. Wang, and SLING is ultimately controlled by Ms. Shen. Mr. Wang has been overseeing the strategic planning, global business expansion and product R&D of our Group since its inception. Ms. Shen believes that entrusting the voting rights attached to the relevant Shares held by SLING to WANGBOYAN will further solidify Mr. Wang's consistent leadership and management of our Group, thereby facilitating the overall strategic planning and decision-making process of our Group.

Pursuant to the Voting Proxy, during the term of the Voting Proxy, WANGBOYAN shall have the right to exercise the voting rights attached to the relevant Shares held by SLING, in its sole discretion, on all matters submitted to a vote at a meeting of Shareholders or by written resolution of the Shareholders, except for (i) matters in relation to hostile takeover and (ii) matters in respect of which WANGBOYAN is required to abstain from voting pursuant to the Articles of Association, the Listing Rules, or any other applicable laws and rules. In such cases, SLING will be entitled to exercise the voting rights attached to the relevant Shares.

Pursuant to the Voting Proxy, SLING shall not, among others, (i) exercise or transfer the voting rights attached to the relevant Shares without prior written consent of WANGBOYAN, (ii) acquire any additional Shares or securities convertible into the Shares in any form without prior written notice to WANGBOYAN, and (iii) take any action that may prevent WANGBOYAN from performing, or make it impossible for WANGBOYAN to perform, its obligations under the Voting Proxy.

The Voting Proxy became effective from the date of execution for an indefinite period until the earliest of: (i) a written agreement between the parties to terminate the Voting Proxy, (ii) when WANGBOYAN materially breaches the Voting Proxy or fails to perform any material obligations under the Voting Proxy and, if such breach or failure can be rectified, such breach or failure is not rectified within ten days after SLING notifies WANGBOYAN of such breach or failure, and (iii) when SLING ceases to hold any Shares.

PUBLIC FLOAT

The 47,640,920 Shares held by WANGBOYAN and SLING, representing approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options), will not be counted towards public float as both WANGBOYAN and SLING are core connected persons of our Company.

To the best knowledge of our Directors, save as disclosed above, none of the other Shareholders (including the [**REDACTED**] Investors) (i) is a core connected person of our Company, (ii) has been financed directly or indirectly by a core connected person of our Company for the acquisition of Shares, or (iii) is accustomed to take instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other disposition of Shares registered in its name or otherwise held by it. Consequently, approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options) will be counted towards public float.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Advisor confirmed that (i) the establishment of our subsidiaries in the PRC and their subsequent shareholding changes and (ii) the Reorganization have complied with all applicable PRC laws and regulations in all material aspects.

SAFE REGISTRATION

Pursuant to the Circular of SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**") promulgated by the SAFE and became effective on July 4, 2014, (i) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among others, a change of the Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division.

Pursuant to the Circular of SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE and became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE branch to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC Legal Advisor, Mr. Wang and Ms. Shen have completed the initial foreign exchange registration of overseas investments as required under the SAFE Circular 37 on September 14, 2023.

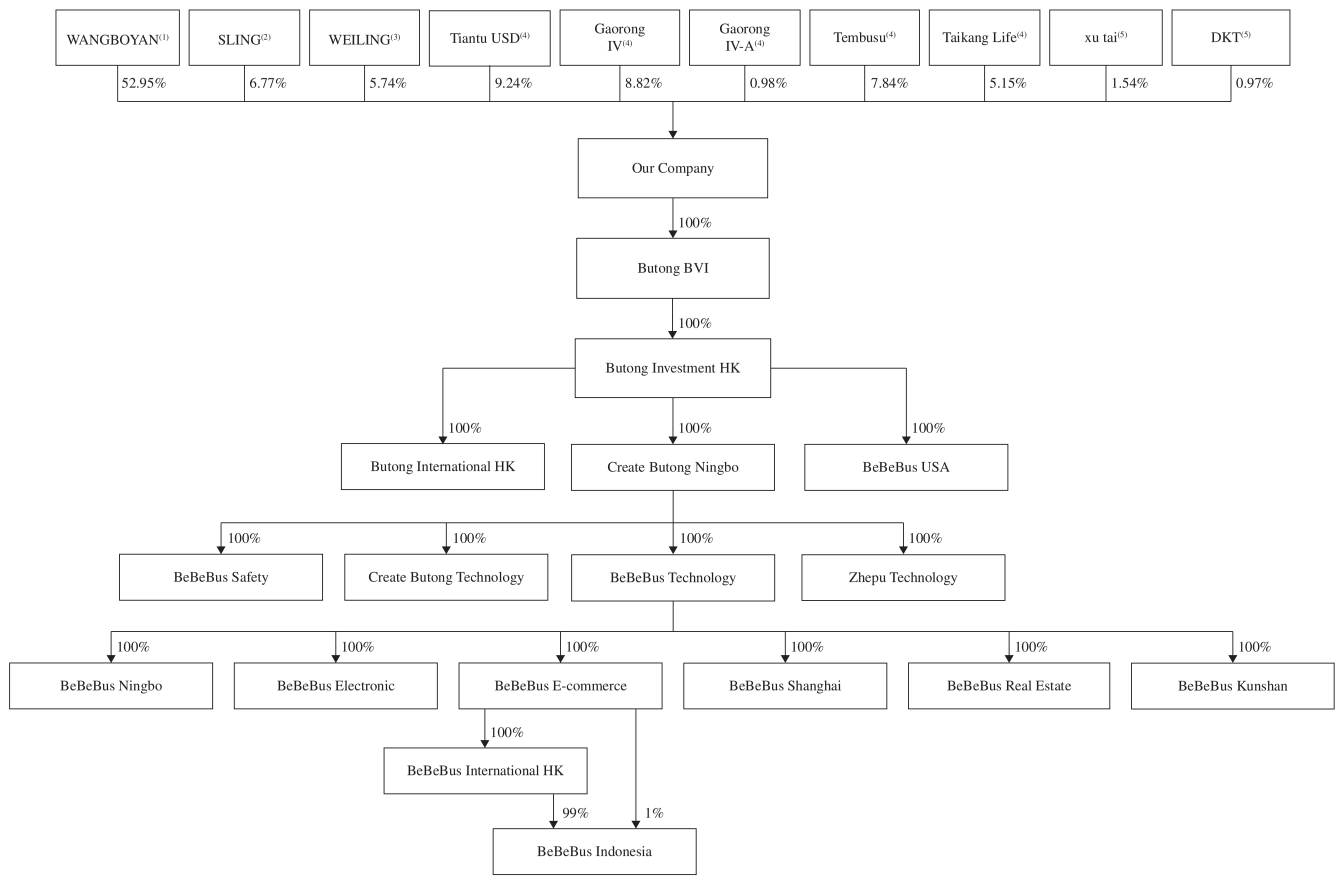
M&A RULES

Pursuant to the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the "**M&A Rules**") jointly issued by the MOFCOM, the SASAC, the STA, the CSRC, the SAIC and the SAFE and became effective on September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires equity in a domestic enterprise thereby converting it into a foreign-invested enterprise, (ii) subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise, (iii) establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or (iv) purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. The M&A Rules, among others, further purport to require that an offshore special purpose vehicle formed for the purpose of seeking a public listing on an overseas stock exchange and controlled by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

Given that (i) the CSRC has not issued any definitive rule or interpretation concerning whether [**REDACTED**] like ours is subject to the M&A Rules, and (ii) Create Butong Ningbo was not established through merger or acquisition of domestic companies owned by PRC companies or individuals as defined under the M&A Rules, as advised by our PRC Legal Advisor, unless new laws and regulations are enacted or the MOFCOM and the CSRC publish new provisions or interpretations on the M&A Rules in the future, prior CSRC approval for the [**REDACTED**] is not required.

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

The chart below illustrates our Group's corporate and shareholding structure immediately before the completion of the [**REDACTED**].



Notes:

(1) WANGBOYAN is owned by Boyan Holdings as to 65% and WWANG as to 35%. Boyan Holdings is indirectly controlled by the Boyan Family Trust with Mr. Wang as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and WWANG as the beneficiary. WWANG is wholly owned by Mr. Wang.

(2) SLING is owned by SHENLING HOLDING INC ("**SHENLING**") as to 50% and SL Family Limited ("**SL**") as to 50%. SHENLING is wholly owned by Ms. Shen. SL is indirectly controlled by the Shen Ling Family Trust with Ms. Shen as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and SHENLING as the beneficiary.

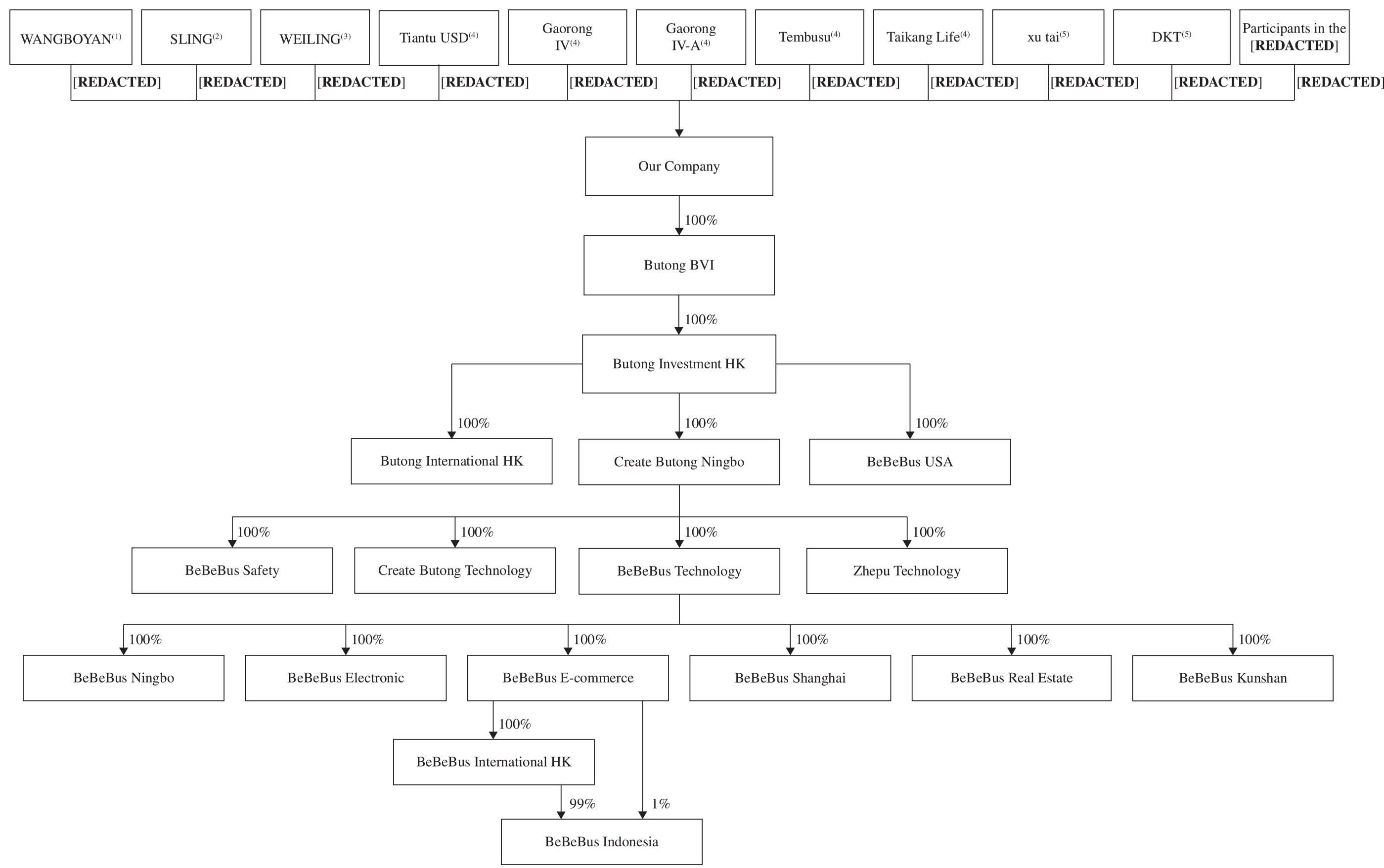
(3) WEILING is wholly owned by BUTONG ESOP LIMITED ("**BUTONG ESOP**"). BUTONG ESOP is wholly owned by Futu Trustee Limited, the trustee of the BUTONG ESOP Trust set up to facilitate the administration of the Share Options granted to our senior management and other employees. For details, see "Appendix IV — Statutory and General Information — D. Share Incentive Plan."

(4) For background information of such Shareholders, see "— [**REDACTED**] Investments — (d) Information about Our [**REDACTED**] Investors" in this section.

(5) For background information of such Shareholders, see "— Reorganization — (d) Share Issuance of Our Company" in this section.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The chart below illustrates our Group's corporate and shareholding structure immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options).



Notes (1) to (5): See notes (1) to (5) to the chart in "— Corporate Structure Immediately Before the Completion of the [**REDACTED**]" in this section.

OVERVIEW

Who We Are

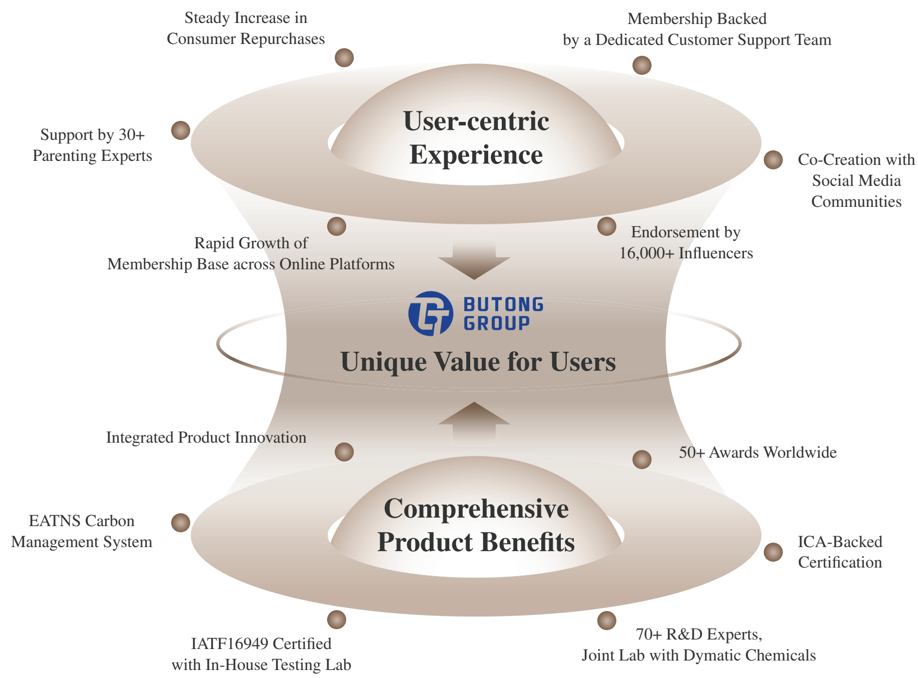
We are an emerging technology company focused on family lifestyle products. We are committed to creating products that offer unique value for users across diverse family lifestyle scenarios through forward-looking insights into user needs and innovative application of advanced materials, craftsmanship and technologies.

In 2019, we launched our first brand, BeBeBus, with a strategic focus on the premium nursery product market aiming to define what quality parenting truly means. Anchored by the savoir-faire of *"Create for Kids,"* BeBeBus reimagines nursery products with original designs that unite a passion for quality, an eye for beauty, expert craftsmanship, and innovative technology. Each creation radiates timeless sophistication, bringing long-lasting joy to children and their families around the globe. In just five years, BeBeBus has become a leading brand in China's premium nursery product market. Our achievements have earned widespread recognition, including being named a "High-Growth New Consumer Brand" by 36Kr in 2022, inclusion in Forbes China's New Emerging Brand Top 100 in 2023, and receiving the Consumer 50 Award from KPMG China in 2024.

Starting with our "Big Four" core products — strollers, car seats, cribs and highchairs — BeBeBus has grown to meet the needs of essential parenting scenarios, from traveling and sleeping to feeding and caring. Many of our products have achieved top-ranking sales in their categories, reflecting their strong reception among consumers. According to Frost & Sullivan, BeBeBus was the best-selling premium durable nursery product brand in China measured by GMV in 2023, affirming our strong foothold and performance in the industry.

To date, we are taking BeBeBus to the global stage, extending our footprint into major international markets such as Europe, Southeast Asia, and North America. At the same time, we are working to broaden our portfolio by exploring new family lifestyle scenarios that resonate with modern households. Inspired by our user insights, product innovation and supply chain capabilities, we are laying the groundwork for sustained growth and an exciting future ahead.

Our *Butong* Approach



Butong **(不同)** strives to turn compelling product experiences into an everyday way of life. Our ***Butong*** approach commits to investments that sustain growth over time, rooted in the belief that true success comes from delivering unique value to users by enriching our products and elevating the experiences they offer. By tapping into user insights, conducting forward-thinking research and development through cross-industry perspectives and upholding strict quality standards, we create products that consistently exceed user expectations and deliver distinctive value that speaks to the heart of modern families.

Comprehensive Product Benefits

Our product development focuses not only on the products themselves but on how they are integrated into and support the daily lives of families. That is why we invest in research and development, using user insights to drive every step of the product development and delivering innovative products backed by a robust manufacturing and supply chain infrastructure. Our R&D team, consisting of over 70 members with expertise from industries such as automotive, consumer electronics, industrial design and aerospace, brings diverse perspectives to designing the next generation of nursery products — products that anticipate and cater to the evolving needs of modern families. Our designs have garnered recognition worldwide, earning over 50 prestigious awards, including the China Excellent Industrial Design Award and the Red Dot Design Award.

We place utmost focus on the well-being of families. Our strollers and pillows have earned certifications from the International Chiropractors Association for their spinal protection features. In addition, our collaboration with Dymatic Chemicals focuses on the development of high-quality cotton-based products such as pajamas and pillows. Our advanced production facility integrates precision manufacturing with static testing, driving forward our product innovation. With IATF16949 certification, a key benchmark in the automotive supply chain, we expanded our capabilities to collaborate with automakers, opening up new growth opportunities. Furthermore, our EATNS carbon management system enables us to meet the sustainability standards that define the industry today.

User-centric Experience

Users are at the core of everything we do. Supported by a dedicated customer service team, we gain a granular understanding of user preferences, purchasing behaviors and expectations. These insights enable us to refine our marketing strategies and deliver product recommendations that drive deeper engagement and higher repurchase rates. We also offer one-on-one parenting consultations, where parenting experts provide personalized guidance, fostering trust and long-term relationships.

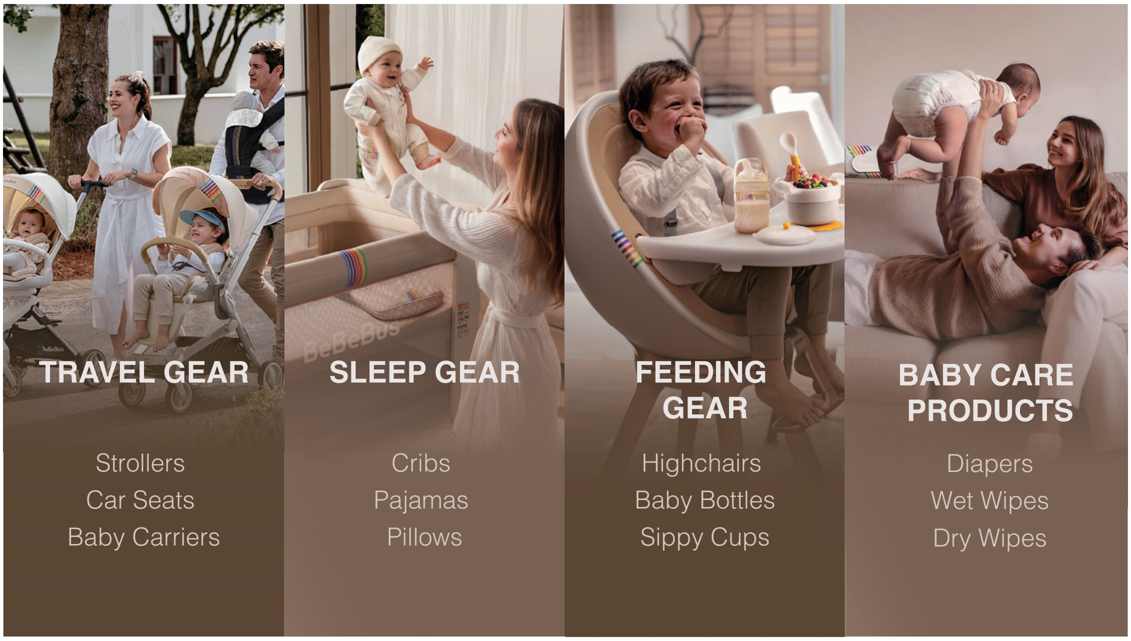
Our active presence on social media platforms such as *Xiaohongshu* (小紅書) and *Douyin* (抖音) has significantly expanded our reach and brand influence. We collaborate with over 16,000 influencers who test our products and share their experiences through creative vlogs and content. Over the period from March 2023 to September 2024, our brand content across social media platforms sparked more than 830,000 posts and original videos, which demonstrate the power of our digital marketing strategy in engaging and connecting with a wide user base. Our membership base across online platforms has grown to over 2.0 million as of September 30, 2024. The repurchase rate across our private domain platforms rose from 45.7% in 2022 to 47.5% in 2023, and further to 53.6% in the nine months ended September 30, 2024, clearly indicating the strong loyalty and competitive edge we have built.

Our ***Butong*** approach combines product innovation with a focus on user satisfaction, all grounded in our commitment to quality, creativity and understanding of user needs. By offering users products that truly add value, we aim to become an integral part of their daily routines.

Our Premium Nursery Product Portfolio

We embark on our journey with nursery products, an essential category for the well-being of families. BeBeBus caters to new generations of parents who embrace independence, thoughtful design and practical functionality. Through focusing on their preferences and priorities, we develop products that enhance everyday parenting moments shared with their beloved little ones. Drawing on innovative design principles and cross-industry expertise, BeBeBus creates nursery products that redefine user experience, setting itself apart from competitors in the industry.

The diagram below illustrates the product portfolio of BeBeBus:



Each BeBeBus product is infused with the brand's defining characteristics, designed to provide families with a thoughtful and user-centric experience.

- ***Innovative designs.*** Our collection of award-winning products, conceptualized and developed entirely in-house, prioritize user needs and reflect a forward-looking approach to design. BeBeBus is among the first in the world to launch intelligent car seats for children, according to Frost & Sullivan. This car seat incorporates a smart system that rotates automatically when the car door opens, making it easier for parents to place their little ones in and out of the seat. With 360° intelligent sensing, the car seat automatically adjusts its angle when a child falls asleep, minimizing stress on the neck and head to safe levels. The smart alert feature, connected via a mobile app, reminds parents if a child remains in the vehicle. Additionally, our *Art+* stroller and *Soft+* pillow have been certified by the International Chiropractors Association for their effective spine protection designs. These are just few examples of our commitment to innovation, which is further evidenced by the number of patents we secured. As of September 30, 2024, we had 173 registered patents in China and 13 internationally. We believe our product design and development capabilities are our core competitive edge that will drive our future growth.

- ***Cross-industry expertise.*** Our product development team consists of a group of diversified design specialists unified by an interdisciplinary mindset to add value through innovation. They draw inspirations from various sectors, including automotive, consumer electronics, industrial, aviation and beyond. For instance, we utilize a diverse array of raw materials that go beyond the standard options found in nursery products. Our car seats feature Cobra memory cotton — typically found in automotive seating — providing enhanced shock resistance, responsive support and long-lasting durability. We also employ waterproof, easy-care fabrics that are seen in automotive industry for quick and effortless cleanup. Similarly, our stroller frames crafted from aviation-grade magnesium alloy offer strength without adding weight.

- ***Distinctive aesthetics.*** We combine a vibrant, colorful stripe logo with a minimalist design to create a striking visual identity that makes our products distinctive and memorable. The colorful stripe logo evokes a colorful childhood filled with joy and creativity. Together, these elements form the unique BeBeBus aesthetic, promoting a vision of a modern family lifestyle characterized by harmony, playfulness and effortless chic. Our designs have earned a number of recognitions worldwide, including the Red Dot Award in 2021 and the Contemporary Good Design Winner Award in 2020.

- ***Premium positioning.*** We strategically position BeBeBus as a premium brand, primarily captivating families who value quality, functionality and aesthetics over cost. Through deep understanding of our target users, we design, develop and produce products that meet their high expectations in every detail. For each year/period during the Track Record Period, the average transaction value for orders of at least one core product remained above RMB2,400.

Our Growth Model and Strong Financial Performance

We have established a proven growth model by initially entering into high-barrier markets, such as strollers, car seats, cribs and highchairs, that are characterized by product complexity, strong demand, and high transaction value. This strategy allows us to rapidly gain recognition from our target users for both our product excellence and premium brand image, setting the stage for expansion into a wider range of product categories. Following the successful launch of our "Big Four" core products, we evolved from a product-driven growth model to one rooted in brand identity, placing a thoughtful focus on identifying parenting scenarios that matter most to families. By introducing additional product types that align with various parenting needs, we have diversified our revenue streams while further cementing the strength of our brand. We believe our established growth model provides a robust foundation for our sustained success in the future, allowing us to adapt and thrive in an ever-evolving marketplace.

Our rapid growth validates our compelling business model, as evidenced by our financial success throughout the Track Record Period. We recorded revenue of RMB507.2 million, RMB852.1 million, and RMB884.3 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Our gross profit was RMB241.8 million, RMB427.3 million and RMB437.8 million, respectively, with a gross profit margin of 47.7%, 50.2% and 49.5%, respectively, in the same periods. Our adjusted net profit for the year/period (non-HKFRS measure) was RMB9.8 million, RMB59.2 million and RMB73.6 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Additionally, our adjusted EBITDA (non-HKFRS measure) was RMB39.3 million, RMB117.1 million and RMB134.3 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Building on our current success, we are confident to further solidify our market leadership and brand equity within the premium nursery product industry.

Our Market Opportunities

China's nursery product industry is undergoing continuous growth and transformation with ample headroom for expansion. According to Frost & Sullivan, the estimated average spending on durable nursery products in China for each newborn in 2023 from birth to five years old is 31.3% of the spending level observed in the United States. In 2023, the average annual spending on consumable nursery products per child aged zero to five in China accounted for 36.9% of the level in the United States, according to the same source. This gap, combined with a growing preference for premium nursery products and a more sophisticated approach to parenting, is driving new opportunities in China's premium nursery product market. According to Frost & Sullivan, China's premium nursery product market grew from RMB25.4 billion in 2019 to RMB31.0 billion in 2023 and is projected to reach RMB45.8 billion in 2028. As Chinese families increasingly seek high-quality and innovative parenting solutions, BeBeBus is well positioned to lead this transformation. Our focus on design, functionality and innovation aligns with the increasing preferences of modern families, enabling us to solidify our position as a leading brand in China's premium nursery product market.

Beyond reinforcing our market position in China, we are actively pursuing expansion into major international markets such as Europe, Southeast Asia, and North America. Our goal is to build strong distribution networks in these markets to connect BeBeBus with families around the world. By drawing on our reputation for quality and innovation, we aim to meet the needs of global consumers seeking premium nursery products, establishing our presence in the international arena.

COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and propel us into the future:

We lead premium nursery product market with our BeBeBus brand, the best-selling premium durable nursery product brand in China

We are an emerging technology company focused on family lifestyle products. Our name, "***Butong***," reflects our dedication to making a meaningful difference by delivering user-centric experience. With this in mind, we launched our premium nursery product brand, BeBeBus, to connect with families seeking a quality lifestyle. By focusing on innovation, design, and quality, we have successfully positioned BeBeBus as a leader in the premium nursery product market, offering products that not only address practical needs but also exude a distinct sense of style and excellence. According to Frost & Sullivan, BeBeBus was the best-selling premium durable nursery product brand in China measured by GMV in 2023, affirming our strong foothold and performance in the industry.

We have carved out a unique space in the premium nursery product market, targeting families who demand the very best for their children. For these parents, each purchase represents an investment in a better parenting experience. Our deep understanding of user needs drives the creation of innovative solutions for essential parenting scenarios. We are proud that BeBeBus has become a well-recognized premium nursery product brand among Chinese consumers, with a repurchase rate of over 20.1%, 31.0% and 40.3% across online channels in 2022, 2023 and the nine months ended September 30, 2024, respectively, outperforming the industry average, according to Frost and Sullivan. Our distinctive value for users has fueled our rapid growth during the Track Record Period and fostered strong user loyalty. The total revenue of our BeBeBus products grew from RMB507.2 million in 2022 to RMB852.1 million in 2023, and further to RMB884.3 million in the nine months ended September 30, 2024. For each year/period during the Track Record Period, the average transaction value for orders of at least one core product remained above RMB2,400.

Our "Big Four" core products form the cornerstone of our portfolio. Entering high-barrier markets characterized by product complexity, strong demand, and high transaction value allowed us to quickly establish our reputation for both our product excellence and premium brand image. After launching our top-selling, highly sought-after "Big Four" core products, we evolved from a product-driven growth model to one rooted in brand identity. Leveraging this brand strength, we have expanded into a wider range of product categories, introducing more offerings for the relevant parenting scenarios, such as pajamas, pillows, feeding gear, and other consumable nursery products. Since their launches, revenue from our baby care products has seen significant growth, increasing from RMB42.2 million in 2022 to RMB201.0 million in 2023, and reaching RMB270.3 million in the nine months ended September 30, 2024. This portfolio diversification not only strengthens our revenue streams but also reinforces BeBeBus as a trusted premium brand.

We are confident that this established growth model provides a robust foundation for our sustained success in the future. According to Frost & Sullivan, the premium nursery product market in China grew from RMB25.4 billion in 2019 to RMB31.0 billion in 2023 and is projected to reach RMB45.8 billion in 2028. As the demand for premium nursery products rises, we believe we are well-positioned to lead this growing market.

We redefine conventional nursery products through insight and innovation

Our approach to product development sets us apart in the premium nursery product market, enabling us to challenge traditional standards and introduce innovative products that surpass user expectations. By focusing on user needs, we craft products that excel in design, functionality, and user experience.

We capture user demand to shape industry trends. Our dedicated user behavioral research team employs a proven methodology to uncover the visible and hidden needs of our target users across diverse parenting scenarios. We analyze the growth stages of infants and children alongside parents' aspirations to enhance their parenting experience. By examining every stage in the lifecycle of nursery products — from package delivery and installation to daily use — we explore and identify potential improvements in design and functionality, all aimed at enhancing user experience. In addition to detailed behavioral studies and analysis of user journeys, we utilize market reports, social media, surveys and interviews to deepen our understanding of user preferences and pain points. This comprehensive approach enables us to identify gaps in the market and develop products that directly respond to user needs. For example, our award-winning *Wish+* crib departs from conventional wooden designs by using eco-friendly materials to create a foldable bed that requires no assembly, allowing for convenient use, easy mobility and efficient storage.

We design products poised for commercial success. At the outset of product development, we address five key questions: Why do users choose this product over competitors? What are the standout features that stick with users after they have experienced this product? What core technology or functionality powers this product? How can I describe this product in one memorable, impactful sentence? What nickname suits the product? This assessment helps us identify products with high growth potential, strong repurchase rates, and frequent use. We have been pushing conventional boundaries in color, material, and finish when designing our nursery products. For instance, we have moved away from the typical warm hues associated with nursery products, favoring minimalist aesthetics in bold colors like white and silver. Drawing inspiration from diverse fields, we incorporate advanced materials such as Dupont foam in car seats and aviation-grade magnesium alloy in strollers. Every detail is thoughtfully considered, ensuring reliability under diverse conditions and delivering a product experience that resonates with modern parents.

We continuously monitor user feedback, leveraging these insights to inform our product development. This creates a positive feedback loop where genuine user needs inspire future innovations, helping us stay aligned with evolving consumer demands. For example, following the success of our *Wish+* crib, we introduced the *Polar+* crib (also known as the "Big White Bed") in December 2024. This new model retains the foldable and portable features of its predecessor while adding functionalities such as air purification, side table, storage box, and night light, all developed from our ongoing user study efforts. We believe our ability to capture user needs and develop innovative products is a key driver to our current success and will continue to propel our growth in the future.

We cultivate user loyalty through a user-centric marketing strategy

Our brand and marketing efforts are built around a user-centric approach. We target quality-seeking families who value premium products and personalized services. These discerning consumers typically seek professional advice, consider influencer recommendations and review online feedback before making purchase decisions, especially for nursery products.

To engage this audience effectively, we have implemented a multifaceted strategy:

- *We partner with influencers to build trust in the parenting community*. By collaborating with celebrities, social media personalities and superusers, we promote our products and strengthen our brand's presence. These partnerships foster trust within parenting communities, elevating our visibility and credibility while reinforcing user confidence in our offerings.

- *We engage social media to drive sales and enhance brand recognition*. We selectively engage popular social media platforms by implementing tailored strategies to maximize our marketing effectiveness. On *Xiaohongshu*, we leverage the platform's precise recommendation system to connect our product-related content with target audience, thereby amplifying the appeal of our products. On *Douyin*, we focus on brand communication, tracking the reach and engagement of videos associated with our products to maximize visibility. To create stronger connections, each product is given a memorable nickname, such as "Butterfly Stroller" and "Big White Bed," making them easily recognizable in social conversations. Over the period from March 2023 to September 2024, our brand content on *Xiaohongshu* and *Douyin* sparked more than 830,000 posts and original videos, which demonstrate the power of our digital marketing strategy in engaging and connecting with a wide user base.

- *We cultivate long-term relationships through our membership program and personalized services*. Our membership program helps us gain valuable insights into user preferences, needs and purchasing behaviors. This information enables us to execute highly targeted marketing campaigns, product recommendations and promotions that enhance user engagement and boost repurchase rates. Additionally, we offer complimentary parenting consulting services to our members. Our parenting consultants provide personalized, one-on-one support, creating a warm, professional experience that builds trust and loyalty among our users. By introducing members to a variety of products that cater to their evolving needs, we capture lifetime value while addressing diverse parenting challenges. This thoughtful approach, coupled with the strong reputation of our brand, drives increased demand for our products and fosters a loyal community. As of September 30, 2024, we nurture a loyal community of over 2.0 million members. The repurchase rate across our private domain platforms rose from 45.7% in 2022 to 47.5% in 2023, and further to 53.6% in the nine months ended September 30, 2024, reflecting the strong connection we have built with our members.

We fuel growth through our comprehensive sales network that meld digital with physical

We have developed a sales strategy that connects with users across diverse touchpoints, enabling us to reach a broad user base in a variety of scenarios and ensure a seamless shopping experience. Our network spans both online and offline channels, encompassing popular e-commerce platforms, social media, and live streaming networks in China, and brick-and-mortar retail stores. This approach allows us to meet users wherever they shop, enhancing their shopping experience and reinforcing our brand presence across multiple channels.

We have developed tailored strategies for each sales channel. For e-commerce platforms like *Tmall* and *JD.com*, we leverage our understanding of their ranking and recommendation systems to drive traffic to our stores and increase conversion rate through targeted marketing. On social media platforms such as *Douyin*, we establish our own stores or incorporate purchase links directly into content, seamlessly bridging discovery and purchase to create a smooth shopping experience. Offline, we partner with leading baby and kids retailers as well as distributors across over 300 cities in China. We support our distribution partners with marketing materials, promotional resources, and sales training to align with their user demographics. Additionally, we have explored innovative sales opportunities by partnering with forward-thinking brands to offer co-branded car seats, further extending our reach to relevant consumer groups.

Both our online and offline sales channels delivered strong results during the Track Record Period. In 2022, 2023, and the nine months ended September 30, 2024, our revenue from online sales totaled RMB416.9 million, RMB636.5 million and RMB639.0 million, respectively, while offline sales reached RMB90.3 million, RMB215.6 million and RMB245.3 million, respectively. Our offline presence works hand in hand with our digital strategy, offering consumers a chance to experience our products in person. In 2023, we launched our first interactive store in Ningbo, marking an exciting step toward creating an engaging, hands-on brand experience. This store allows consumers to touch, feel, and explore our products up close, helping bridge the gap between online shopping and in-person engagement. We believe our omni-channel sales network enables us to deepen relationships with our users, better understand and actively respond to their needs, promote our brand values, and advocate for a high-quality lifestyle, ultimately reinforcing user loyalty.

We advance innovation through robust manufacturing and supply chain management capabilities

We own and operate a state-of-the-art production facility of approximately 14,111 square meters in Ningbo, which integrates precision manufacturing with static testing. This capability accelerates our product development process by producing early-stage samples in-house and conducting real-time evaluations. This way, we can translate innovative concepts into tangible products swiftly while refining designs in a timely and cost-efficient manner.

Our industrial system supports precision craftsmanship in high-quality products. We adhere to rigorous quality standards, holding ISO9001 certification for quality management and IATF16949 certification, a standard typically reserved for automotive suppliers. To date, we possess the ability to manufacture all our core products in-house. With our own manufacturing capabilities, we establish standardized processes and quality benchmarks for our suppliers, provide training on best practices, and implement direct oversight of their operations, ensuring consistent quality across both internal and external production lines.

Our facility follows standardized workflows to allow precise control over every production stage. This flexibility allows for efficient transition between in-house production and outsourcing, reducing costs and mitigating risks from potential supply chain disruptions. In 2023, we manufactured 121,173 car seats and 3,098 highchairs in-house, accounting for all car seat production and 57.7% of total highchair production. To meet growing demand, we are building a second production facility in Ningbo, slated for completion in 2026, with an annual capacity to produce 800,000 units of strollers, car seats, cribs and highchairs.

We propel sustainable success with a visionary management team and an innovative culture

We are led by a visionary and highly experienced management team that embodies entrepreneurial spirit, deep industry expertise, and a commitment to innovation. Our founder, Mr. Wang Wei, possesses extensive experience in design, strategy, and brand consulting, with a deep dedication to enhancing the quality of life for families. Our co-founder Ms. Shen Ling brings decades of experience from multinational companies, contributing a wealth of practical knowledge and deep insights into the industry. They are both passionate about developing innovative products that merge creativity with technology. Under their leadership, the management team has spearheaded transformative changes in the industry through the creation of the BeBeBus brand. Our management team members come from diverse backgrounds, bringing expertise from multiple sectors. This rich combination of talent and experience uniquely positions us to pursue our mission with passion and unwavering focus. Our management team excels across various fields, including product design, supply chain management, manufacturing, sales, finance and operations, all aligned with our values and vision.

Creating products with unique user value is a cornerstone of our corporate culture. We believe that fostering a creative, yet pragmatic environment is key to driving continuous growth and development. By encouraging bold ideas and combining them with a results-driven approach, we translate innovation into tangible business outcomes, achieving our current success and propelling future growth.

Our Shareholders include some of the most respected investment institutions in China, providing us with not only financial backing but also valuable resources that enhance our industry partnerships and market credibility. Their support plays a vital role in driving our growth and establishing trust with users and stakeholders alike.

GROWTH STRATEGIES

We believe the following strategies pave the way for our sustained success in the future.

Expand globally to strengthen leadership in premium nursery products

We are extending our reach into key international markets, including Europe, Southeast Asia, and North America. In each target market, we will craft strategies informed by local dynamics, from consumer preferences to regulatory landscapes, ensuring our efforts resonate with diverse audiences.

Our global strategy combines online and offline channels to maximize impact. For online sales, we plan to utilize global e-commerce platforms like Amazon to efficiently reach overseas consumers. To support our global expansion, we launched our new website in October 2024 to facilitate our international sales online. For our offline sales network, we will look for collaborating with partners who possess in-depth knowledge and rich resources regarding distribution networks. As a first step, we have set up subsidiaries in the United States and Indonesia for local distribution. We believe that embarking on this journey of international expansion will significantly enhance our competitive edge, establish our presence on the global stage, and position us for sustained growth.

Continue innovation to upgrade and expand product offerings

Our growth is fueled by the continuous innovation. We will ramp up our investment in research and development, expanding our technological capabilities and fortifying our intellectual property portfolio. Powered by our innovation capabilities, we are dedicated to regularly iterating and upgrading our flagship products to ensure they remain at the forefront of the market. Our commitment to excellence drives our endeavor to not only meet but exceed the expectations of modern parents, enhancing their parenting experience with every new release.

Additionally, we are committed to expanding our product line to address a wider spectrum of family scenarios. By leveraging deep insights into user needs and our integrated research and development, supply chain management, and manufacturing capabilities, we continuously innovate to introduce functional and stylish products that resonate with modern families. To this end, we will continue to attract, cultivate and retain talent of product design, and research and development, ensuring that our portfolio remains fresh, innovative, and aligned with consumer expectations.

Strengthen brand image and enhance user engagement

We will continue to strengthen the BeBeBus brand equity through strategic marketing and collaborations. Our approach includes forging partnerships with other brands, IPs, and celebrities to create co-branded products, thereby expanding our market reach and influence. We will refine our marketing content by breaking down key strategic elements into modular pieces, allowing us to customize it for each sales channel and user group. Additionally, we will enhance our membership program by expanding our parenting consulting team and hosting more in-person events. To support these initiatives, we plan to actively recruit top professionals in brand management, marketing, and traffic operations to improve the effectiveness of our brand communication. By strengthening our brand image, we aim to attract new users while fostering loyalty among our existing clientele.

Expand and optimize domestic online and offline sales channels

In addition to our global expansion efforts, we are committed to enhancing and optimizing our online and offline channels to boost domestic sales. For online sales, we will focus on promoting baby care products by creating more engaging product-related content. For offline sales, we will prioritize strengthening our in-person presence in high-end shopping malls and other high-traffic locations by opening additional brand image stores. To improve sales efficiency, we will diversify product offerings within key account channels. Additionally, we are expanding our reach through partnerships with brands that complement our product line by establishing store-in-store collaboration with our brand partners.

Strengthen digital operations and expand in-house production capacity to meet rising demand

We remain committed to enhancing our technology research and development, investing in both cutting-edge hardware and skilled technical personnel. By improving our digital operations, we aim to integrate product development, sales, and operations more effectively. We are dedicated to upgrading our member services by using digital tools to create detailed user profiles, gain insights into consumer trends, and improve service quality.

To meet growing market demand while maintaining product excellence, we continue to invest in expanding our self-owned factory in Ningbo. With state-of-the-art production facilities, we aim to increase the percentage of in-house manufacturing, ensuring high-quality craftsmanship and greater production efficiency.

Strategic investment in and acquisition of brands and/or assets

We will explore and pursue investment and acquisition opportunities in brands that demonstrate growth potential and provide synergies to enhance our existing portfolio. We primarily target brands with a strong market presence, significant market share, proprietary technology, or a robust product lineup. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets, nor had we entered into any agreements in this regard.

OUR BeBeBus BRAND AND NURSERY PRODUCTS

We have created the BeBeBus brand to embody a dedication to functionality, design and aesthetics that cater to the needs of modern parents. In just five years, BeBeBus has become a leading brand in China's premium nursery product market. In 2023, it was recognized by Forbes China as one of the top ten maternal and child consumer product merchants and distributors and was honored with the 2023 Golden Flag Award. The brand is easily recognized by its signature color stripe logo and minimalist design, which together convey a sense of joy and contemporary chic for both parents and children. Each product reflects the brand's distinct identity, blending practicality with an inviting appeal that stands out in a crowded market.

Our BeBeBus brand encompasses a range of nursery products, many of which are award-winning. During the Track Record Period, all of our revenue was generated from sales of products under the BeBeBus brand. Designed with love and care, our product lineup supports parents through the four essential scenarios of parenting: traveling, sleeping, feeding and caring.

The following table sets forth a breakdown of revenue by product type both in an absolute amount and as a percentage of total revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Travel Gear								
– Strollers and accessories	124,720	24.6	165,842	19.5	120,178	21.4	177,180	20.0
– Car seats	140,767	27.8	188,015	22.1	132,685	23.7	138,024	15.6
– Baby carriers	59,216	11.7	120,364	14.1	78,743	14.0	100,622	11.4
Subtotal	324,703	64.1	474,221	55.7	331,606	59.1	415,826	47.0
Sleep Gear	124,772	24.6	135,860	15.9	81,811	14.6	146,928	16.6
Feeding Gear	15,543	3.1	41,006	4.8	22,727	4.1	51,209	5.8
Baby Care Products	42,184	8.2	201,016	23.6	124,861	22.2	270,310	30.6
Total	**507,202**	**100.0**	**852,103**	**100.0**	**561,005**	**100.0**	**884,273**	**100.0**

Travel Gear

We offer travel-friendly nursery products to make family journeys easy and enjoyable. Our travel products keep children close, secure and comfortable, while giving parents the freedom to manage their journey with ease as they navigate new destinations together. Our curated selection of children's travel gear includes strollers, car seats and baby carriers, all created to meet the needs of families on the move.

Strollers

Stroller is the first product we have introduced to the market. We have launched four stroller series, with *Art*+, *Armor*+ and *Butterfly*+ being available in the market as of the Latest Practicable Date. The suggested retail prices for our strollers span from RMB1,980 to RMB3,780, with different configurations and add-on accessories available, allowing families to select the perfect fit for their lifestyle.

Art+ Stroller

Armor+ Stroller

Butterfly+ Stroller

Our strollers are designed to prioritize spine protection, comfort and portability.

- ***Ergonomic design for spine protection***. The seats integrate our signature eggshell spine-protection technology or the unibody backrest design, ensuring proper support for the delicate spines of children from newborns to four-year-olds. Our strollers reduce the risk of choking with a recline range of 105 to 175 degrees and feature elevated side guards to help prevent side tipping, offering optimal protection for babies and toddlers on the go.

- ***Comfort for every ride***. The built-in suspension and shock-absorbing system, coupled with the multi-position seat and the puncture-resistant wheels, provide a smooth and stable ride across various surfaces.

- ***Portability meets durability***. Designed for convenience, the strollers fold with a single click, making storage and transport hassle-free. The *Butterfly*+ model features a 360-degree one-click seat rotation, allowing parents to adjust the child's position to be forward-facing or rear-facing. For durability without added weight, we have innovatively crafted the frames using aviation-grade magnesium alloy.

Car Seats

Our car seats feature high-tech designs to provide safe and comfortable riding experiences for children from newborns to 12-year-olds. We have launched five series of car seats, including *Shield*+, *Astron*+, and *Shell*+, which were available in the market as of the Latest Practicable Date. The suggested retail prices for our car seats range from RMB930 to RMB4,980, offering options that suit different age groups, preferences, and budgets.

Shield+ Car Seat

Astron+ Car Seat

Shell+ Booster Seat

Our car seats bring together innovation, comfort, safety and adaptability to meet the evolving needs of children and their families.

- ***Tech-driven, future-ready design***. Our car seats are equipped with 360-degree intelligent rotation that automatically swivels the seat when the car door opens, making it effortless to place their little ones in and out of the seat. Intelligent adjustment features allow smooth and quick positioning without disrupting the children's ride. Our *Astron*+ car seat features a smart alert function that sends reminders to parents via a mobile app, helping prevent instances of children being unintentionally left in vehicles.

- ***First-class comfort and safety***. Designed with both comfort and safety in mind, our seats replicate the natural C-shaped posture of a baby in the womb, offering vital support for spinal health. IsoFix integrated into the Cobra memory cotton provides shock absorption and optimal protection. An all-directional safety defense system enhances security, while three-level ventilation and heating modes keep children comfortable and dry in any weather, offering a premium experience akin to sitting in a first-class airplane seat.

- ***Adaptable for growth.*** The adjustable headrest grows with the child, accommodating both babies and young children for a secure and comfortable ride. For older children, our lightweight and ergonomically designed booster seats *Shell*+ provide added support, catering to different age groups and stages of development.

- ***Parent-friendly maintenance***. The car seats feature waterproof, easy-care fabric that simplifies cleaning, making them ideal for busy parents juggling daily tasks.

Baby Carriers

Our *Free+* baby carrier is another product we launched, focusing on the health of the child and the comfort of the parent user. Its extended seating bench is designed to naturally position the child's legs in an ergonomic M-shape, alleviating pressure on the hip joint to prevent O-shaped leg development. Inspired by the FitGo button design commonly used in tennis shoes, we have incorporated an intuitive adjustment mechanism into the carrier, allowing parents to easily modify its length and tightness with one hand. To provide additional support for mothers, particularly those recovering from cesarean sections, the carrier includes an L-shaped shock-absorbing abdominal cushion for added protection and comfort. Accommodating the fast-paced lifestyles of parents, we have used waterproof, easy-to-clean nano-coated fabric for our carrier. The suggested retail prices for our baby carriers range from RMB598 to RMB758, with variations depending on the selection of additional accessories.

Free+ Baby Carrier

Attributable to these user-friendly features, the *Free+* baby carrier has gained strong popularity among parents, leading to a notable boost in sales. According to Frost & Sullivan, we were the best-selling brand in the premium baby carrier market in China by GMV in 2023, further solidifying our position as the preferred choice among parents.

Sleep Gear

Our sleep gear supports restful sleep for children at every stage of growth. With a focus on children's comfort and parents' convenience, we offer a range of high-quality sleep gear, including cribs, pajamas and pillows, making bedtime routines smoother and more manageable for parents while addressing the evolving needs of growing families.

Cribs

Our product portfolio includes two cribs designed for babies and toddlers up to three years old: our *Wish+* series, a recipient of the prestigious Red Dot Award, and the multifunctional *Polar+* series, both of which provide innovative solutions for childcare needs. The suggested retail prices for our cribs span from RMB3,680 to RMB9,080 with a range of colors and optional accessories.

Wish+ crib is designed with an emphasis on safety and health using materials free of paint and formaldehyde to create a non-toxic environment for children. Its design enables simple setup and assembly, and it can be folded into a compact size in just four steps, making it well-suited for use both at home and during family vacations. The curved, cloud-shaped padding helps protect children from bumps and injuries, while silent swivel casters allow effortless and quiet mobility within a room. The smooth-rolling wheels can also be locked in place for added stability. *Wish+* crib serves as a fully functional baby crib, playpen, or co-sleeper.

Wish+ Crib (unfolded and folded)

Polar+ crib, launched in December 2024, is designed for multifunctional flexibility, combining seven modes to cater to a variety of family needs, including an independent crib, air purification, side table, storage box, and night light, among other configurations. Its magnetic closure system enables quick folding and unfolding in just one second, making it portable and practical for parents with busy schedules. For added safety, the multi-Cobra impact protection system provides superior shock absorption. The crib also includes an ionized air purification system, creating a clean and breathable environment to support better sleep for children. With six adjustable height settings, the *Polar+* crib adapts to a growing child's needs while providing functional convenience for parents.

Polar+ Crib (unfolded and folded)

Pajamas

We unveiled our pajamas to serve better sleep for babies and young children. *Snuggle+* and *Rainbow+* pajamas use advanced temperature-regulating technology, providing a lightweight material that retains warmth and effectively wicking moisture. The breathable, quick-drying fabric features one-way moisture transfer, preventing reverse seepage to keep warm and dry during deep sleep, reducing the risk of discomfort from chills. Made with ultra-soft spinning techniques, the pajamas are thin, gentle and comfortable against the skin. Available in seasonal variations, they offer consistent comfort to support restful sleep all year round. The suggested retail prices for our pajamas range from RMB298 to RMB438.

Snuggle+ Pajama

Rainbow+ Pajamas

Pillows

We also launched a new line of pillows. *Soft+* pillows feature four adjustable height options to accommodate different age groups from newborns to ten years and beyond, providing appropriate support as children grow. For newborns, *Clouds+* series is equipped with features to help shape a baby's head by adjusting to the size of their head. Thermoplastic elastomers hollow tubes within the pillows offer balanced support and maintaining comfort and safety. Both sides of the pillows can be used and are made with breathable materials that encourage airflow, helping to keep children cool and comfortable during use. The suggested retail prices for our pillows range from RMB288 to RMB478.

Soft+ Pillow

Clouds+ Pillow

Feeding Gear

We have created and released a collection of products designed for children's dining settings, including highchairs and tableware.

Highchairs

Our *Egg*+ highchair provides seating solutions that prioritize both the comfort of children and the aesthetic preferences of parents. Designed for babies and toddlers aged six months to three years, *Egg*+ supports a weight of up to 50 kg. The suggested retail prices for the *Egg*+ series range from RMB2,380 to RMB2,780, depending on the selection of optional accessories.

Egg+ series features a Scandinavian-inspired design with a distinctive eggshell-shaped backrest that provides gentle support for a child's developing spine while complementing modern living spaces. With adjustable height settings, the highchair adapts to a child's evolving needs, functioning as a highchair, dining chair, activity chair, or study chair. A 360-degree swivel adds convenience for parents during mealtimes. Crafted from eco-friendly materials that are waterproof, oil-proof, and resistant to stains, our *Egg*+ highchair offers a safe and hygienic feeding environment.

Egg+ Highchair

Tableware

Crystal+ and *Cheer+* series of baby bottles and sippy cups meet the feeding and drinking needs of children at different stages of development. The *Crystal+* series, suitable for newborns and older, is available in two sizes: 160 ml and 300 ml, with bottles made from durable Polyphenylsulfone material. The *Cheer+* series, recommended for babies and toddlers over three months, comes in 200 ml and 270 ml sizes, with bottles made from lightweight and impact-resistant Tritan.

Both series feature an off-center nipple design that mimics the natural breastfeeding motion, providing children with a more familiar and comfortable feeding experience. Each bottle is equipped with anti-colic valves to help reduce gas buildup, minimizing the chances of discomfort. These valves also reduce the risk of choking and splashing, ensuring a safer and more pleasant feeding time for both children and caregivers. The suggested retail prices for our bottles range from RMB159 to RMB299.

Crystal+ Baby Bottles

Cheer+ Sippy Cup

Foodie+ series features insulated bowls, food bowls, milk cups, and cutlery, designed for babies and young children from four months to six years old. Each product incorporates a triple-layer insulation system that keeps food warm or cool for extended periods, making it suitable for a variety of meals. The playful, cartoon-inspired designs engage children's curiosity, turning mealtime into a more interactive and enjoyable experience while supporting the development of healthy eating habits. The suggested retail prices for our *Foodie+* series range from RMB98 to RMB278.

Baby Care Products

Apart from our core products, we have introduced a line of consumable nursery products, including diapers, wet wipes and dry wipes. The suggested retail prices range from RMB94 to RMB216 for diapers and from RMB33 to RMB144 for wipes, depending on the series and pack size.

Diapers

We have introduced five diaper series: *Platinum*+, *Sports*+, *Zero*+, *Gold*+, and *Shea*+. Each series is designed with breathable, quick-absorbing cores that effectively lock in moisture, keeping babies dry for longer periods. The surface layer, made from ultra-fine fibers or cotton, is infused with squalane, panthenol or tea tree seed extracts to gently care for sensitive skin. A soft waistband helps reduce pressure on the abdomen, ensuring a secure yet comfortable fit.

Platinum+ Diaper

Sports+ Diaper

Zero+ Diaper

Gold+ Diaper

Shea+ Diaper

According to Frost & Sullivan, we are the first in the industry to introduce small-package diapers designed for one-day use, providing a convenient and hygienic solution for babies and parents. Each diaper is individually wrapped with a sealable strip to protect against moisture and dust. The compact packaging is ideal for parents on the go, fitting easily into diaper bags and meeting daily needs. For active and walking toddlers, we offer diapers and pull-up pants with extended coverage areas to reduce side leakage during movement, delivering reliable performance while maintaining comfort.

Wipes

Rainbow+ wet wipes combine product innovation with on-the-go convenience. Crafted from thick, spunlace non-woven fabric, they effectively lock in moisture for extended use. Each wipe is infused with high-purity water purified through a seven-stage Electrodeionization process, ensuring a clean and safe composition. Enriched with plant-based extracts, they offer natural antibacterial properties while gently nourishing and protecting delicate skin. The wipes are available in two practical options: a bulk pack with 80 large sheets for home use and a compact pack with eight individually wrapped wipes, perfect for travel and on-the-go care.

Rainbow+ Wet Wipes

Our *Rainbow+* dry wipes are made from 100% EcoCosy® Fresh™ Fiber, offering strong absorbency that allows for effective cleaning with just one wipe. Soft yet durable, they resist tearing and are suitable for multiple uses. With a dual-sided design, these wipes are versatile enough for both cleaning and skincare. Meeting food-grade safety standards, they provide caregivers with peace of mind, knowing they are safe for children's sensitive skin. *Rainbow+* dry wipes are packaged in a convenient pack containing 60 large sheets, making them perfect for everyday use.

Rainbow+ Dry Wipes

PRODUCT RESEARCH AND DEVELOPMENT

A relentless focus on user needs is deeply embedded in our DNA. We believe our ability to constantly develop innovative and stylish products stems from identifying often-overlooked user needs and applying a design philosophy that draws inspiration from diverse industries, which sets us apart in the market and drives our product development forward.

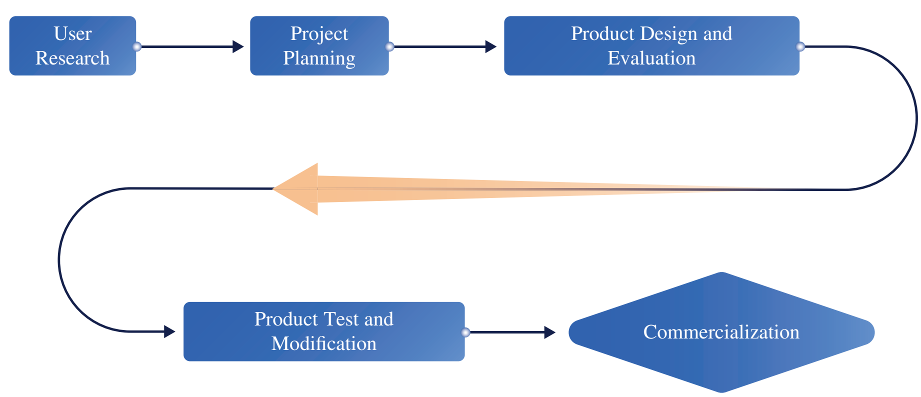
Our Product Development Team

Under the leadership of our founder, we have established a R&D department comprised of multiple teams dedicated to user research, industrial design, structural design, visual design and molding engineering. These teams collaborate closely to guarantee the seamless implementation of the product R&D process.

As of September 30, 2024, our R&D department consisted of 78 employees, many of whom were industry veterans with extensive industrial and product development experience. During the Track Record Period, we have developed over 50 new products. In 2022, 2023 and for the nine months ended September 30, 2024, our product research and development expenses were RMB16.2 million, RMB23.8 million and RMB15.9 million, respectively, representing 3.2%, 2.8%, and 1.8% of our revenue in the corresponding periods.

Our Product Development Process

We have built a unique product development process that allows us to consistently design and develop top-selling products. The diagram below summarizes our product R&D process.



User Research

We analyze the entire process of using a nursery product, beginning with the package delivery, followed by installation or setup, and extending to daily usage. To guide our product selection and initial evaluation, we focused on five key questions at the outset of product development: Why do users choose this product over competitors? What are the standout features that stick with users after they have experienced this product? What core technology or functionality powers this product? How can I describe this product in one memorable, impactful sentence? What nickname suits the product? Only those products that meet these criteria advance to the next phase of development.

Product Planning

Led by our founders and senior management team, we have formed a dedicated product planning committee for each design, comprising the heads of product development, online channels, offline channels, branding, supply chain and customer services. Their main role is to develop strategies for product development and refinement. Once a product requirements document passes the committee's feasibility review, the product project department initiates the project and creates a detailed R&D plan. We employ the unique "5Hs" model to choose the target segment of nursery product market featured with high-growing demand, high usage frequency, high premium positioning, high social attributes and high market share. For example, we identified diapers as a key category within the nursery product market that reflects the 5H framework, that traditional bulk packaging often poses hygiene risks when parents handle diapers on the go. In response, we introduced small-package diapers designed for one-day use, offering a convenient and hygienic solution. These compact packs allow parents to carry just what they need, keeping diapers sterile and reducing exposure to germs and viruses.

We typically establish a product roadmap spanning three to five years. By closely tracking consumer preferences and market trends, we continuously adjust our plans to meet changing needs and expectations.

Product Design and Evaluation

We believe our integrated product development process drives consistent innovation. Our primary focus is delivering practical solutions for parents and caregivers while strengthening the pricing power of our brand. By identifying the right target segments within the nursery product market, we create products that address real needs and foster a stronger connection with our consumers. This approach is built on a systematic method for selecting product candidates and defining key features, including shape, color, functionality, and sensory appeal, ensuring our products align with consumer expectations and market demands.

Once a development project is initiated, a multidisciplinary team takes charge of design and guides the product through to production. Depending on the product's requirements, the design process is led by teams specializing in user research, design or engineering. A project management team facilitates coordination across departments, enabling smooth collaboration as the concept develops into the final product. The product development process includes multiple validation phases, such as industrial design validation, structural design validation, mold validation and trial production validation, all aimed at guaranteeing the creation of high-quality products that meet consumer expectations.

We follow an open and inclusive product design philosophy, transcending the conventional boundaries associated with nursery products. By drawing on design concepts from industrial and high-tech consumer products, we explore cross-industry innovation at the application level. For instance, inspired by the FitGo button design found in tennis shoes, we developed an intuitive adjustment mechanism for our baby carriers, allowing parents to easily modify its length and tightness with one hand.

We assess the competitiveness of a product candidate through a comprehensive examination that encompasses multiple metrics, including industrial design, visual aesthetics, and structural integrity. In addition, we will compare the product candidates against competing products in the market using six metrics: price, user experience, tactile sensation, functionality, shape, and color. Following this comprehensive inter-departmental assessment and design evaluation, we proceed to create prototypes for testing usability, user-friendliness and comfort.

Product Test and Modification

Using our in-house production facility and cross-industry supply chain resources, we can quickly produce and test prototypes to assess alignment with the design concept and evaluate user appeal. Before a product launch, we conduct usability testing to validate core functions and practicality, addressing any potential risks to users. We then develop molds to assess manufacturing stability and an initial safety evaluation. Feedback from these stages is provided to the design team to support necessary refinements.

After completing the engineering prototype, we conduct gray-box testing to refine the user experience and satisfaction testing to gather feedback for further improvements and address potential consumer concerns. These test results inform the operations team, enabling them to prepare appropriately for the product launch.

Commercialization

For products that successfully pass these stages, we proceed with small-scale production and initial sales. We will diligently monitor feedback and product reviews of our consumers, and continuously refine the product in anticipation of the upcoming product iteration. Following satisfactory sample testing results, we proceed to mass production and sales of products.

We continuously monitor consumer feedback, leveraging these insights to inform our product development. After a new product launch, the project planning committee and product development team conduct regular evaluations to assess its performance and identify potential improvements. During the user experience management phase, feedback is collected through public opinion monitoring, consumer complaints, interviews and surveys. Identified issues are categorized and routed to the relevant departments: operations for content-related concerns, research and development for design issues, quality assurance for product-related problems, logistics for delivery challenges, and customer service for support-related matters.

User satisfaction is tied to departmental performance metrics to encourage continuous improvement. We also analyze competitor products to strengthen our new product's competitiveness throughout its lifecycle. Our customer service team and sales team will diligently collect the use experience and feedback from our consumers. By monitoring and analyzing use experience of our new product, we continue to optimize the product's functions and performance to ensure our designs capture the preferences of our consumers and the market trends.

Strategic Partnership with Expertise

To strengthen our product design and development, we have built strategic partnerships with Dymatic Chemicals since March 2023 to create a joint laboratory, focusing on the development of cotton-based sleep gear. Our collaboration is centered on improving product quality and streamlining production processes, as well as planning for future product needs. Together, we are exploring opportunities in customized product development and research, working toward innovation in materials and expanding our product offerings.

Our Product Design and Development Achievement

Our commitment to product design and development has yielded positive results, as evidenced by the numerous prestigious international awards, including the Red Dot Award in Germany, the Good Design Award in Japan, and the K-Design Award in South Korea in 2021. During the Track Record Period, we developed a total of over 50 new SKUs, consistently updating five to ten SKUs annually to keep our product offerings catering to the needs of modern families.

OUR SALES NETWORK

We sell our products through an extensive and diverse sales network integrating offline and online channels to reach a wide range of consumers. Our online channels cover (i) major e-commerce platforms through self-operated and platform-operated online stores, and (ii) private domain platforms. Our offline channels mainly comprise (i) distributors, and (ii) key accounts.

The following table sets forth a breakdown of revenue by sales channel both in an absolute amount and as a percentage of total revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Online Channels								
– E-commerce platforms	408,118	80.5	596,474	70.0	379,626	67.7	572,594	64.8
– Private domain	8,759	1.7	40,027	4.7	24,113	4.3	66,375	7.5
Subtotal	416,877	82.2	636,501	74.7	403,739	72.0	638,969	72.3
Offline Channels								
– Distributors	55,800	11.0	132,398	15.5	100,193	17.9	161,809	18.3
– Key accounts(1)	34,525	6.8	83,204	9.8	57,073	10.1	83,495	9.4
Subtotal	90,325	17.8	215,602	25.3	157,266	28.0	245,304	27.7
Total	**507,202**	**100.0**	**852,103**	**100.0**	**561,005**	**100.0**	**884,273**	**100.0**

Note:

(1) Key accounts refer to business customers we collaborate with to distribute our products, including but not limited to, major baby and kids retailers, typically those with nationwide retail networks.

Online Channels

We have established our online sales channels across major online platforms in China, including *Tmall*, *JD.com*, *VIP.com*, *Douyin*, and Weixin mini program. We believe that sales through online channels enable us to reach a wide consumer base, gain insights into consumer needs, and drive the sales of our products while enhancing our brand awareness. We operate our own online stores on e-commerce platforms, where consumers can place orders directly. Consumers place orders for our products through these e-commerce platforms and we will be responsible for the delivery of the products to consumers. We retain ownership of our products until the consumers confirm their acceptance of the delivered products. Payments are made through the respective e-commerce platforms, which then settle transactions with us based on their policies.

In 2022 and 2023, and the nine months ended September 30, 2023 and 2024, we generated revenue of RMB416.9 million, RMB636.5 million, RMB403.7 million and RMB639.0 million from online channels, respectively, representing 82.2%, 74.7%, 72.0% and 72.3% of our total revenue for the corresponding periods.

We generally enter into standardized framework agreements with online channels for our self-operated stores. The salient terms of the agreements primarily include:

Agreement term . . .	The term of our agreements with *Tmall*, *JD.com* and *Douyin* are typically long-term without definite expiration date. For Weixin mini program, the contract term is generally one year, subject to annual renewal and platforms' requirements.
Scope of service . .	Platforms typically provide technical support and system maintenance for online store management, including uploading product information, creating orders, managing transactions, completing payments, and running promotional campaigns.
Service fees	We typically pay a fixed annual fee for system subscriptions, along with a customization fee based on factors such as store category, product category and the services required. For certain online channels, we may also incur a variable service fee to e-commerce platforms, calculated as a percentage of the GMV recorded by the platform.
Payment	The fixed fee is typically settled on an annual basis. Variable service fees are paid in real-time according to the provisions of the relevant agreements.
Termination	The agreements may terminate upon expiration without renewal, by mutual decision to end cooperation, or by other means as set forth in the relevant agreements.

E-commerce Platforms

We operate our own stores on major e-commerce platforms, selling our products directly to consumers. By maintaining direct sales channels, we can gather valuable feedback from consumers, providing timely insights to refine our products and adjust sales strategies. Alongside our self-operated stores, we also distribute products through the official stores operated by third-party e-commerce platforms.

The following pictures set forth the interface design of our self-operated stores on e-commerce platforms.

We operate online stores on *Tmall* and *JD.com*, along with a store managed by *JD.com*, to drive traffic and increase consumer awareness. Additionally, we maintain nine official accounts on *Douyin* to engage directly with our audience. Our BeBeBus brand has achieved strong recognition across these platforms. Notably, *Tmall* has ranked us as the top children's product brand, and *JD.com* recognized us among the top five children's product brands by GMV during the Double 11 Shopping Festival in 2024.

Our revenue generated from e-commerce platforms achieved continuous increase during the Track Record Period, which amounted to RMB408.1 million, RMB596.5 million, RMB379.6 million and RMB572.6 million in 2022 and 2023, and the nine months ended September 30, 2023 and 2024, respectively, representing 80.5%, 70.0%, 67.7% and 64.8% of our total revenue for the corresponding periods. In addition to direct sales through online stores, we collaborate with influencers such as KOLs to market and sell our products through online channels. During the Track Record Period, we did not consider ourselves to rely on these influencers to sell our products as influencer sales accounted for only a small portion of our total revenue, with correspondingly low associated costs. The costs associated with the use of influencers are expensed as incurred.

Private Domain

In addition to e-commerce platforms, we have launched our Weixin mini program and Weixin channels, offering a distinct approach to online sales. By tapping into Weixin's vast user base and building on our growing brand recognition, we have experienced consistent sales growth on these private domain platforms. In 2022 and 2023, we generated revenue of RMB8.8 million and RMB40.0 million, respectively, representing 1.7% and 4.7% of our total revenue for the corresponding periods. For the nine months ended September 30, 2023 and 2024, our revenue from private domain platforms grew from RMB24.1 million to RMB66.4 million, accounting for 4.3% and 7.5% of our total revenue in the corresponding periods. The number of registered members making purchases through private domain platforms surged from approximately 24,400 in 2022 to over 270,000 in the nine months ended September 30, 2024.

To the best of our knowledge, during the Track Record Period, all of our online channel partners were independent third parties. To the best of our knowledge, our online channel partners or their respective associates have no past or present family, business, employment or financial relationship with us or our subsidiaries, Shareholders, Directors or senior management or any of their respective associates.

Offline Channels

We distribute our products through a broad offline network that spans across the country, reaching consumers through various channels: (i) distributors, (ii) key accounts, such as major baby and kids retailers, and (iii) our interactive store in Ningbo. Through these partnerships, we have built a strong presence in the nursery product market, securing placements in high-end shopping malls and premium retail outlets. These strategic locations are selected to reach families with higher purchasing power, positioning our brand as a top choice for parents who seek quality and reliability. As of September 30, 2024, we partnered with 11 key accounts and 125 distributors, enabling us to establish a solid presence in over 300 cities across China.

Our interactive store is designed to offer a functional and inviting space where shopping feels comfortable and efficient. The layout is carefully curated to showcase our products in a way that makes it easy for consumers to explore and select what they need. Such store design ensures a smooth, family-friendly shopping experience.

The following images illustrate the design of our interactive store.

Distributors

We cooperate with distributors to broaden our consumer base and promote sales. Distributors expand our market reach through their established networks and strong local expertise. As of September 30, 2024, we had 125 distributors, covering over 300 cities in more than 20 provinces. In 2022 and 2023, and the nine months ended September 30, 2023 and 2024, we generated revenue of RMB55.8 million, RMB132.4 million, RMB100.2 million and RMB161.8 million from distributors, respectively, representing 11.0%, 15.5%, 17.9% and 18.3% of our total revenue for the corresponding periods.

To maintain high standards in sales and service, we follow a rigorous selection process and ongoing evaluation of our distributors. Our key criteria include the strength of their sales networks, industry background, resources, financial stability, creditworthiness, and alignment with long-term partnerships. During the Track Record Period, we mainly engage new distributors in first-tier to second-tier cities in line with our marketing strategies. In 2022, 2023 and the nine months ended September 30, 2024, we terminated cooperation with 25, 21 and 31 distributors, respectively. We terminate cooperation with existing distributors based on a number of factors, including (i) channel compatibility, which allows us to pursue collaboration with higher-quality distributors who align better with our product sales strategies, and (ii) their sales performance.

The table below sets out the total number of distributors and their movements for the periods indicated:

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
Number of distributors at the beginning of the period	50	56	85
Number of new distributors for the period(1)	31	50	71
Number of terminated distributors for the period(2)	(25)	(21)	(31)
Number of distributors at the end of the period	**56**	**85**	**125**

Notes:

(1) New distributors refer to distributors that placed their first order with us in our system in a particular year or period.

(2) Terminated distributors refer to those whose collaboration with us ended within a specific period.

We maintain a buyer-seller relationship with our distributors, and we do not grant exclusive distribution rights in certain regions to the distributors. The salient terms of the standard distribution agreements primarily include:

Duration	The term of the distribution agreement is typically one year, renewal on an annual basis.
Payment and credit term	We typically require distributors to make payments prior to the delivery of products and generally do not offer credit terms.

Selling prices	We provide guidance on the retail prices for consumers.
Logistics	We are typically responsible for delivering products to the addresses specified by our distributors.
Transfer of risks	The risks transfer to distributors after they complete the inspection and confirm receipt of our products.
Return policy	We generally do not accept product returns from distributors, except in specific cases such as quality issues or for seasonal items like pajamas.
Termination	The agreement may be terminated upon expiration, by mutual consent of the parties, or in accordance with the provisions specified therein. We generally retain the right to terminate the agreement in the event of a breach of its terms by the distributor.

Sales by distributors outside their assigned regions or across online and offline channels without prior approval are classified as cannibalization. To mitigate this, we apply the following measures:

- *Price monitoring*. We regularly review product pricing across channels to verify compliance with distribution agreements, which helps maintain uniform pricing and prevents unauthorized discounting.

- *Shipment tracking*. Shipment records and logistics pathways are closely monitored. When distributors exceed their authorized scope, we enforce penalties as specified in their agreements, which include warnings, fines, rebate adjustments, or suspension of cooperation.

- *Product tracing*. Each product is assigned a serial number through our tracing system, enabling full lifecycle tracking. This system helps identify and address cannibalization risks, safeguarding the integrity of our distribution network.

We believe the risk of channel stuffing within our distribution network is minimal. Distributors are generally required to make full payment before products are delivered. Product returns are typically not permitted, except in cases of defective items or seasonal products. During the Track Record Period, we did not receive any significant product returns from distributors. Outside of specific promotional periods that require stock preparation, we generally do not impose minimum purchase requirements or sales targets. Instead, we work closely with distributors to maintain balanced and reasonable inventory levels.

To the best of our knowledge, all our distributors were independent third parties during the Track Record Period. We apply uniform service guidelines and policies to all distributors. To the best of our knowledge, our distributors, or their respective associates, do not have any past or present family, business, employment, or financial relationships with us or our subsidiaries, our Shareholders, Directors or senior management, or any of their respective associates.

Key Accounts

We have built a strong presence in offline retail channels by partnering with prominent baby and kids retailers in China, among others. Collaborating with these leading retailers allows us to reach a wide base of consumers by leveraging their extensive geographical and market coverage. Displaying our products in these well-established offline stores helps showcase our offerings and strengthens our brand visibility among consumers. As of December 31, 2022, 2023 and September 30, 2024, we partnered with 11, ten and 11 key accounts, respectively, allowing consumers in over 300 cities in more than 20 provinces to purchase our products offline. In 2022 and 2023, and the nine months ended September 30, 2023 and 2024, we generated revenue of RMB34.5 million, RMB83.2 million, RMB57.1 million and RMB83.5 million from key accounts, respectively, representing 6.8%, 9.8%, 10.1% and 9.4% of our total revenue for the corresponding periods.

The following table shows the movement of the key accounts we collaborated with during the Track Record Period.

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
Number of key accounts at the beginning of the year/period	7	11	10
Number of new key accounts[(1)]	8	2	5
Number of terminated key accounts[(2)]	(4)	(3)	(4)
Number of key accounts at the end of the year/period	**11**	**10**	**11**

Notes:

(1) New key accounts primarily include those that placed their first order with us in our system in a particular year or period.

(2) Terminated key accounts refer to those whose collaboration with us ended within a specific period.

The salient terms of the standard agreements with our key accounts primarily include:

Duration	The term of the agreement is typically one year, renewal on an annual basis.
Payment and credit term	We generally deliver products before receiving payments and grant a credit period of 30 to 90 days to key accounts.
Logistics	We are generally responsible for the delivery of products to any address specified by key accounts.
Transfer of risks	The risks transfer to key accounts after they complete the inspection and confirm receipt of our products.
Return arrangement	We typically do not allow key accounts to return products except for limited reasons such as product quality issues or for seasonal items, which is in line with industry practice, according to Frost & Sullivan.
Termination	The agreement may be terminated upon expiration, by mutual consent of the parties, or in accordance with the provisions specified therein.

To the best of our knowledge, all of our key accounts were independent third parties during the Track Record Period. To the best of our knowledge, our key accounts or their respective associates have no past or present family, business, employment or financial relationship with us or our subsidiaries, Shareholders, Directors or senior management or any of their respective associates.

PRICING

As we are positioned as a premium nursery product provider, the prices of our products are typically higher than those offered by our competitors, according to Frost & Sullivan. Our pricing decisions are influenced by several factors, including brand positioning, product quality and features, competitive dynamics, market trends, manufacturing and operational costs, and raw material expenses.

Our headquarters establishes a consistent retail pricing framework and promotional discount policies that apply across both online and offline channels. For online channels, we maintain uniform retail pricing for consumers. Periodically, we participate in promotional events like the 618 Shopping Festival and Double 11 Shopping Festival and offer discounts to registered members based on our membership policies.

For offline channels, we sell products to our tier-1 distributors at standardized wholesale prices and provide suggested retail prices for consumers. Distributors may adjust their pricing based on market conditions. In some cases, we extend discounts to distributors, considering factors such as purchase volume, distributor margins, average market prices, marketing and promotional costs, and designated distribution areas. We also collaborate with major baby and kids retailers and department stores for promotional events and may provide discounted products as part of these partnerships.

BRANDING AND MARKETING

Brand Building

Our success is grounded in long-term brand building and a reputation for quality that naturally grows through word-of-mouth. Exceptional products and services lie at the heart of our brand's identity. We see every consumer as a potential advocate, with their genuine recommendations serving as the most impactful way to reach others.

True success comes not only from what we create but from how families embrace and depend on our products. Guided by this belief, we dedicate significant resources to research and development, driving innovation to strengthen our supply chain and deliver meaningful value. From carefully selected global suppliers and the EATNS carbon management system to IATF16949-certified quality standards and rigorous in-house testing, we focus on creating safe, dependable products with thoughtful craftsmanship. By continuously exploring new materials and adopting innovative design methods, we develop next-generation products that evolve with the needs of today's families.

Building a strong brand requires time and consistent effort. Every consumer interaction — whether through marketing, consumer experiences, or other touchpoints — reflects our core values. Our branding team is committed to maintaining a clear and resonant image that connects with families and highlights the unique qualities of our products. By refining our messaging and communication, we aim to foster deeper relationships with parents and establish a meaningful, lasting presence in their lives.

We use omni-channel marketing strategies to amplify our influence across the sales network, integrating diverse approaches to connect with families and strengthen our brand presence.

- ***Word-of-mouth referrals and influencer endorsement***. Word-of-mouth recommendations play a pivotal role in our marketing approach. We partner with reputable influencers including KOLs and superusers on popular social media platforms, selecting individuals whose expertise, influence, and values align with our brand image. As of September 30, 2024, we had cooperated with more than 16,000 influencers from various platforms, of which more than 20 KOLs have more than one million followers. These partners test and share their experiences with our products through creative vlogs and content, building trust with their followers. By leveraging these endorsements, we expand our audience reach and establish stronger connections with our target audience. BeBeBus has also become a favored choice for parenting scenarios among celebrities in the nursery product and fashion space.

- ***Cross-brand collaborations***. Our well-established brand reputation and loyal consumer base serve as a foundation for strategic partnerships. Collaborations with brands enable us to deliver curated products and services that address diverse family needs.

- ***Consumer marketing events***. Our marketing initiatives combine video content, celebrity collaborations, and social media platforms to deliver campaigns that reach wide audiences and foster meaningful engagement.

- ***Social media promotions***. Our 2024 #OneStepLess (#少一步更輕鬆) campaign generated over 49 million impressions across *Xiaohongshu* and *Douyin*. The campaign encouraged parents to explore nature with their children, using real-life parenting scenarios to showcase the practicality of our products. Families experienced firsthand the ease and convenience of our products.

- ***Social responsibility initiatives***. Social responsibility is integral to our brand identity, fostering connections with families while addressing important community issues. In September 2022, the "*BeBeBus x Desert Post Office*" initiative focused on postpartum depression, providing a platform for mothers to share their experiences and raising awareness about maternal mental health. In June 2024, the "*BeBeBus x Rainbow Library*" project supported children's education by donating an eco-friendly library to a remote border region in Inner Mongolia.

Membership System

We have implemented a tiered membership program to enhance our consumer experience and foster brand loyalty. Our members can earn points for each purchase and access additional benefits as they progress through the tiers. We also provide complimentary parenting consulting services to our members, addressing their evolving needs for nursery products and helping them navigate issues and challenges in childcare. Through our membership program, we deepen connections with consumers and gain valuable insights into their needs and preferences, helping to drive sales and guide the expansion of our product offerings. By consistently engaging with our members, we have built a community of over 2.0 million registered members across online platforms as of September 30, 2024.

CUSTOMERS SUPPORT

Providing superior service and support is a high priority for us. Our commitment to users is reflected in the assistance offered by our in-house parenting experts and the scope of our after-sale, delivery, and warranty services.

Parenting Counselor Service

We offer complimentary parenting consulting services to our members, addressing their evolving needs for nursery products and offering guidance on childcare challenges. See "— Branding and Marketing — Membership system" for details. We have established a dedicated consulting team with more than 30 parenting experts. By establishing the membership program, we have strengthened our relationship with consumers while giving us valuable insights into their preferences and needs, which help refine our marketing strategies, support product development, and drive sales growth.

Delivery

Reliable and timely delivery is a key aspect of the shopping experience. We use third-party logistics providers to handle product shipments for online purchases. Through partnerships with these providers, we have expanded our geographic reach, enabling us to deliver products to consumers within seven days after an online order is placed.

After-Sales Services

We manage after-sales services for all products sold directly or through distributors, providing consumers with return, exchange, and repair options in compliance with regulatory requirements. In mainland China, unused products can generally be returned within seven days of purchase, except for certain items requiring intact packaging. If packaging is damaged, consumers may pay the packaging cost to return the product. Defective products can be returned, exchanged, or repaired within 30 days of purchase. These services are accessible through authorized service centers or via mail to our repair facilities. Mail-in repairs are typically processed within seven business days, with updates provided by our customer service team throughout the process.

During the Track Record Period, the total amount returned by our consumers amounted to RMB3.7 million, RMB13.9 million and RMB10.6 million for 2022, 2023 and the nine months ended September 30, 2024, respectively, representing approximately 0.7%, 1.6%, and 1.2% of our total revenue for the corresponding periods. During the Track Record Period and up to the Latest Practicable Date, there were no material product recalls, product returns, product liability claims or consumer complaints that adversely affected our business.

Warranty Policies

We offer limited warranties covering parts and labor for our products. For car seats, the maximum warranty period is seven years from the date of purchase. For other products, such as strollers, cribs and highchairs, we provide a one- or two-year warranty. In international markets, including the United States, the United Kingdom, and Southeast Asia, we comply with local laws that require manufacturers to provide warranty for statutory periods. Most products sold in these regions include a warranty of at least 12 months. For the years ended December 31, 2022, 2023 and for the nine months ended September 30, 2024, our warranty expenses amounted to RMB0.8 million, RMB2.2 million and RMB2.3 million, respectively.

Quality Assurance with Third-party Manufacturers

Our agreements with third-party manufacturers include quality assurance provisions, pursuant to which these manufacturers are required to repair, replace or accept the return of any products with quality issues and to prevent such items from entering the market. Additionally, they must compensate us for any losses arising from material quality issues as defined in the agreements. If quality issues occur, we reserve the right to demand immediate rectification and suspend cooperation until the issues are resolved.

PRODUCTION AND SUPPLY CHAIN MANAGEMENT

Our manufacturing strategy focuses on maintaining product quality and operational efficiency by combining in-house production with outsourced processes, which allow us to align our core manufacturing capabilities with cost-effectiveness and operational flexibility.

Outsourced Production

We outsource certain production processes for car seats and highchairs, including plastic processing, fabric sewing, aluminum processing and metal fabrication, to third-party manufacturers. The full production of other products, such as strollers and accessories, cribs, baby carriers, pajamas, pillows and baby care products, is also outsourced. During the Track Record Period, all these products were produced by third-party manufacturers, and we had maintained collaborations with 157 third-party manufacturers to support our production needs.

When selecting third-party manufacturers, we evaluate factors such as certifications, proven experience, production capabilities, technological expertise, R&D capacity, product quality, service scope, pricing, and willingness to establish long-term partnerships. These manufacturers are regularly assessed on seasonal and annual bases, covering various aspects such as including quality management, product design, research and development, supplier and procurement processes, production controls, warehouse operations, and non-conforming product handling.

We maintain stringent control over outsourced manufacturing by providing detailed design specifications and manufacturing standards, covering packaging, appearance, physical properties, chemical properties, and more. Additionally, we hold key patents and technologies related to the production, further fortifying our control over the manufacturing process.

Our solid reputation, expansive production scale, and long-standing relationships with manufacturing partners enable us to establish reliable and cost-efficient collaborations with third-party manufacturers. During the Track Record Period, we did not encounter any losses or product liabilities associated with the manufacturing process of our third-party manufacturers.

"Risk Factors — Risks Relating to Our Business and Industry — Depending on a limited number of suppliers, we produce our products through in-house manufacturing and outsourcing to few third-party manufacturers, which may subject us to supplier concentration risks. Any decline in our production capacity and any disruption to, or material unfavorable changes in our outsourcing cooperation with third-party manufacturers, will have a material adverse effect on our financial condition and results of operations" for details.

We generally enter into framework agreements with third-party manufacturers. The salient terms of such agreements include:

Quality assurance	The third-party manufacturer is responsible for the quality of the products.
Pricing	Pricing is determined on the basis of third-party price comparisons and internal cost analysis to maintain market competitiveness.
Payment and credit term	Payments are typically made on a 45-90 days credit term, using either cash or bank drafts.
Exclusivity	Suppliers providing core components or critical manufacturing processes are required to refrain from offering similar services to competing products within the same category.
Duration	The duration of the agreement is typically for two years.
Termination	The agreement will terminate upon expiration or by mutual agreement, or other means as set forth in the agreement. We generally have the right to terminate the agreement with third-party manufacturers who breach the agreement.

Production Facilities

Production Facility in Operation

Our in-house production facility, located in Ningbo, Zhejiang, specialized in foam molding and assembly processes for key products such as car seats and highchairs. The facility began operations in 2021 and spanned 14,111 square meters. In 2023, it contributed to the production of 121,173 car seats and 3,098 highchairs, respectively, representing 100.0% and 57.7% of the total production of each product, respectively.

The table below sets forth details on the design capacity, production output, and capacity utilization rate of our production facility for the periods indicated.

	Year ended December 31,		Nine months ended September 30,
	2022	2023	2024
Design capacity (units)	135,000	150,000	127,500[2]
Production output (units)	109,453	124,271	102,455[3]
Capacity utilization rate[1]	81.1%	82.8%	80.4%

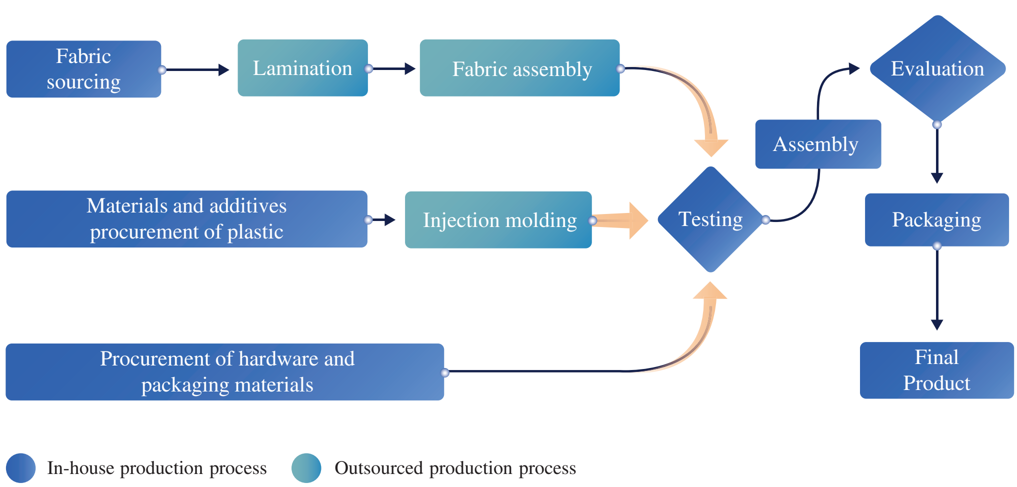
Notes:

(1) The capacity utilization rate represents the total production output divided by the design capacity.

(2) Calculated as the total of the monthly design capacities for the specified year or period.

(3) Calculated as the total of the monthly production outputs for the specified year or period.

The following diagram shows illustrates the key stages in the production process of car seats and highchairs.



We have established stringent safety protocols to maintain high operational standards and address potential risks. These protocols cover equipment management, contingency plans for major equipment failures, power outage procedures, emergency response measures, and a safety production responsibility system. During the Track Record Period, we did not encounter any material incidents arising from the use of potentially dangerous equipment. See "Risk Factors — Risks Relating to Our Business and Industry — The manufacturing process for products in our industry is complex and any failure to adhere to quality and safety standards may adversely affect our business, financial condition and results of operations" for details.

Production Facility Under Construction

We are in the process of constructing another production facility in Ningbo, Zhejiang, which is expected to be completed in 2026, with an annual design capacity of 800,000 units of strollers, car seats, cribs and highchairs. During the Track Record Period, we have witnessed a rapid increase in sales of our nursery products. We anticipate a continuous increase in demand for our products in the foreseeable future. To seize market opportunities and strengthen our market position, we decided to construct the new production facility to further enhance the high quality of our products and meet the projected needs for our offerings.

Inventory Control

Our inventory primarily consists of finished products, and we implement strict policies to maintain optimal inventory levels. Procurement and production plans are developed by taking into account product-specific requirements, production cycles and sales forecasts, enabling us to respond promptly to market demand. Each product category is managed based on its unique supply chain dynamics and sourcing cycles. We use inventory management strategies to adjust production plans and sales targets for each product category according to its inventory levels and supply chain characteristics.

We utilize a vendor-managed inventory model, working closely with supply chain partners to effectively manage stock levels. Our inventory system provides real-time data, offering management clear visibility into inventory status and supporting informed decision-making.

During the Track Record Period, we had maintained appropriate inventory levels. As of December 31, 2022, 2023 and September 30, 2024, we had RMB52.8 million, RMB61.1 million, and RMB98.5 million of inventories, respectively, and our inventory turnover days were 58 days, 49 days, and 49 days, respectively.

Warehousing and Logistics

During the Track Record Period, we primarily engaged third-party providers for warehousing and logistics services. We select these service providers based on criteria such as reputation, operational scale, track record, and pricing. We typically enter into long-term agreements with our logistics service providers, which range from one years to three years. Our logistics service providers bear the risks associated with the delivery of our products, the liability for product damages occurring during the transportation process and are required to maintain appropriate insurance coverage. As of September 30, 2024, we engaged three warehouse service providers covering logistics services in different regions.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter significant losses related to warehousing operations, and there were no major disruptions in product delivery, nor did we incur losses due to delayed or mishandled shipments by our logistics providers.

QUALITY CONTROL

We understand that product quality is a key driver of our long-term success. Our products undergo thorough testing and validation throughout their lifecycle, starting from the design and development phase, through procurement, production, storage and delivery, which ensure that we meet both industry standards and consumer expectations. See "— Production and Supply Chain Management" for details.

To maintain high-quality standards during production, we have implemented detailed quality control procedures aimed at minimizing the risk of subpar products entering the market. Our Ningbo production facility has earned IATF16949 certification, a standard typically associated with the automotive industry, which reflects our dedication to the highest quality practices.

For outsourced products, we work closely with third-party manufacturers, providing them with clear specifications and quality guidelines. These manufacturers are rigorously evaluated on an annual basis, with assessments covering product quality, production efficiency and delivery timelines. If a manufacturer fails to meet our expectations or shows consistent quality issues without making necessary improvements, they may be removed from our whitelist of approved suppliers.

As of September 30, 2024, our quality control team comprised 24 employees who are based at our production facility in Ningbo and our Shanghai office. The team is responsible for overseeing our overall quality strategies and ensuring minimal deviation from set procedures. They also keep abreast of the latest standards and policies to ensure our compliance with relevant requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material sales returns, product recalls or product liability claims that adversely affected our business or financial condition. See "Risk Factors — Risks Relating to Our Business and Industry — The manufacturing process for products in our industry is complex and any failure to adhere to quality and safety standards may adversely affect our business, financial condition and results of operations" for details.

CUSTOMERS

Our customers consist of consumers and business customers. For our online business, we sell products through e-commerce platforms such as *Tmall*, *JD.com* and *Douyin*, and private domain platforms such as Weixin mini program and Weixin channels. For our offline sales, we partner with a network of distributors and key accounts to distribute our products. Additionally, we operate a physical interactive store which serves as a touchpoint with consumers.

We typically determine the credit term granted to our business customers by assessing factors such as business relationship and credit background. In 2022, 2023 and the nine months ended September 30, 2024, our top five customers accounted for 25.0%, 31.7% and 34.2% of our total revenue for each period, respectively. Our largest customer accounted for approximately 11.5%, 11.5% and 12.1% of our revenue for the years ended December 31, 2022, 2023 and for the nine months ended September 30, 2024, respectively.

The following table summarizes information about our five largest customers by revenue during the Track Record Period:

Ranking	Customer	Revenue	% of Total Revenue	Commencement of Business Relationships	Products Sold	Background and Principal Business
		RMB'000	*%*			
For the Nine Months Ended September 30, 2024						
1	Customer A	106,779	12.1	September 2019	Car seats, strollers, cribs, highchairs, tableware, cotton products and paper products	Online distributor services, information technology service, technology consulting services, and e-commerce services
2	Customer B	72,774	8.2	April 2021	Car seats, strollers, cribs, highchairs, tableware, cotton products and paper products	Sales of children's products, toys, clothes and cosmetics
3	Customer C	63,931	7.2	December 2019	Car seats, strollers, cribs, highchairs, tableware and cotton products	Sales of children's products and general merchandise, online shopping services
4	Customer D	31,093	3.5	April 2023	Paper products	Offline distributor services
5	Customer E	27,820	3.2	October 2021	Car seats, strollers, cribs, highchairs, tableware and cotton products	Offline distributor services
Total		**302,397**	**34.2**			

Ranking	Customer	Revenue	% of Total Revenue	Commencement of Business Relationships	Products Sold	Background and Principal Business
		RMB'000	*%*			
For the Year Ended December 31, 2023						
1	Customer A	97,733	11.5	September 2019	Car seats, strollers, cribs, highchairs, tableware, cotton products and paper products	Online distributor services, information technology service, technology consulting services, and e-commerce services
2	Customer C	68,409	8.0	December 2019	Car seats, strollers, cribs, highchairs, tableware, cotton products and paper products	Sales of children's products and general merchandise, online shopping services
3	Customer B	49,763	5.8	April 2021	Car seats, strollers, cribs, highchairs, tableware, cotton products and paper products	Sales of children's products, toys, clothes and cosmetics
4	Customer E	35,283	4.1	October 2021	Car seats, strollers, cribs, highchairs, tableware and cotton products	Offline distributor services
5	Customer D	18,540	2.3	April 2023	Paper products	Offline distributor services
Total		**269,728**	**31.7%**			

Ranking	Customer	Revenue	% of Total Revenue	Commencement of Business Relationships	Products Sold	Background and Principal Business
		RMB'000	*%*			
For the Year Ended December 31, 2022						
1	Customer A	58,347	11.5	September 2019	Car seats, strollers, cribs, highchairs, tableware, cotton products and paper products	Online distributor services, information technology service, technology consulting services, and e-commerce services
2	Customer C	30,362	6.0	December 2019	Car seats, strollers, cribs, highchairs and tableware	Sales of children's products and general merchandise, online shopping services
3	Customer B	21,946	4.3	April 2021	Car seats, strollers, cribs, highchairs, tableware, cotton products and paper products	Sales of baby and toddler products, toys, clothes and cosmetics
4	Customer F	12,742	2.5	October 2021	Car seats, strollers, cribs, highchairs, tableware and cotton products	Offline distributor services
5	Customer G	3,544	0.7	August 2019	Car seats, strollers, cribs, highchairs, tableware and cotton products	Sales of nursery products, toys, and clothes
Total		**126,941**	**25.0**			

To the best knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the [**REDACTED**] had an interest in any of our five largest customers during the Track Record Period.

SUPPLIERS AND SUPPLY CHAIN MANAGEMENT

Our suppliers consist primarily of e-commerce platforms, raw material suppliers and third-party manufacturers. We purchase platform services and promotion services from major e-commerce platforms to support the online sales of our products. These services include providing technical support, optimizing product display, enhancing consumer experience, and boosting product visibility and targeted advertising and marketing campaigns. For products that we manufacture in-house, such as car seats, we source raw materials from qualified suppliers guided by our production plan and outsource certain processes. This strategic approach allows us to balance cost-effectiveness with quality assurance, ensuring that our products meet both market demands and our stringent quality standards. All raw materials and components provided by our suppliers must comply with our quality control requirements.

We procure all raw materials used in our production facilities from third-party suppliers. Our principal raw materials include plastic, steel, paper, cotton and fabrics. Our procurement department handles the acquisition of raw materials, all of which were supplied by domestic suppliers during the Track Record Period. In 2022, 2023 and the nine months ended September 30, 2024, our raw material costs represented 17.5%, 17.3% and 11.9% of our cost of sales, respectively.

We strategically outsource certain components of our finished products, through which we leverage their expertise and capabilities to produce in a cost-effective manner. In 2022, 2023 and the nine months ended September 30, 2024, the cost of components sourced from third-party manufacturers accounted for 64.6%, 66.4% and 72.1% of our cost of sales, respectively.

We maintain a network of suppliers to minimize potential interruptions to our business operations and avoid over-reliance on any single supplier. Since the prices of raw materials and components are influenced by the general supply-demand cycle, we closely monitor these conditions and adjust our procurement plans accordingly in response to anticipated shortages or price changes. We maintain close relationships with our suppliers, viewing this as a key competitive advantage essential for maintaining a competitive pricing structure and ensuring supply stability. During the Track Record Period, we did not encounter any difficulties in sourcing suppliers for raw materials or experience any significant production disruptions due to shortages.

In 2022, 2023 and the nine months ended September 30, 2024, our aggregate purchases from our five largest suppliers accounted for 52.0%, 44.6% and 43.8% of our total purchases for the same periods, respectively. Our purchases from our largest supplier in each period accounted for 19.6%, 15.3% and 13.7% of our total purchases for the same period, respectively.

The following table summarizes information about our five largest suppliers by purchase amounts during the Track Record Period:

Ranking	Supplier	Purchase Amount	% of Total Purchase[(1)]	Commencement of Business Relationships	Products Provided	Background and Principal Business
		RMB'000	*%*			
For the Nine Months Ended September 30, 2024						
1	Supplier A	89,604	13.7	October 2022	Diapers	R&D, manufacturing, sales and processing services of children's products
2	Supplier B	76,024	11.7	September 2019	Platform services and promotion services	Technology R&D, technology consulting services, technology achievement transfer services and other technology services
3	Supplier C	68,313	10.5	October 2022	Strollers	R&D, manufacturing, sales and processing services of children's products
4	Supplier D	26,490	4.1	December 2023	Diapers	R&D, manufacturing, sales and processing services of children's products
5	Supplier E	25,095	3.8	December 2020	Cribs	R&D, manufacturing, sales and processing services of children's products
Total		**285,526**	**43.8**			

Ranking	Supplier	Purchase Amount	% of Total Purchase[1]	Commencement of Business Relationships	Products Provided	Background and Principal Business
		RMB'000	*%*			
For the Year Ended December 31, 2023						
1	Supplier B	93,133	15.3	September 2019	Platform services and promotion services	Technology R&D, technology consulting services, technology achievement transfer services and other technology services
2	Supplier A	57,957	9.5	October 2022	Diapers	R&D, manufacturing, sales and processing services of children's products
3	Supplier C	51,025	8.4	October 2022	Strollers	R&D, manufacturing, sales and processing services of children's products
4	Supplier F	35,927	5.9	May 2021	Baby carriers	R&D, manufacturing, sales and processing services of children's products
5	Supplier G	33,827	5.5	August 2019	Strollers and car sears	R&D, manufacturing, sales and processing services of children's products
Total		**271,869**	**44.6**			

Ranking	Supplier	Purchase Amount	% of Total Purchase[(1)]	Commencement of Business Relationships	Products Provided	Background and Principal Business
		RMB'000	*%*			
For the Year Ended December 31, 2022						
1	Supplier B	77,017	19.6	September 2019	Platform services and promotion services	Technology R&D, technology consulting services, technology achievement transfer services and other technology services
2	Supplier G	59,477	15.1	August 2019	Strollers and car sears	R&D, manufacturing, sales and processing services of children's products
3	Supplier E	26,812	6.8	December 2020	Cribs	R&D, manufacturing, sales and processing services of children's products
4	Supplier F	25,587	6.5	May 2021	Baby carriers	R&D, manufacturing, sales and processing services of children's products
5	Supplier H	15,584	4.0	September 2019	Platform services	Online distributor services, information technology service, technology consulting services, and e-commerce services
Total		**204,477**	**52.0**			

Note:

(1) The total purchase amount in each year/period during the Track Record Period consists of the suppliers of raw materials and merchandise, and services providers for platform services, marketing activities and transportation.

To the best knowledge of our Directors, none of our Directors, their respective associates or any of our Shareholders holding more than 5% of our issued share capital immediately following the completion of the [**REDACTED**] had an interest in any of our five largest suppliers during the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

One of our five largest customers in each of 2022, 2023 and the nine months ended September 30, 2024, Customer A, was also our supplier (Supplier H) in the same respective periods. The customer was one of our online distributors and it also provided e-commerce promotional services to us. In each of 2022, 2023 and the nine months ended September 30, 2024, (i) our purchases of their services from this supplier-customer amounted to RMB15.6 million, RMB25.4 million and RMB22.0 million, respectively, accounting for 4.0%, 4.2% and 3.4% of our total purchase in the same periods, and (ii) our sales to this supplier-customer amounted to RMB58.3 million, RMB97.7 million and RMB106.8 million, respectively, accounting for 11.5%, 11.5% and 12.1% of our total revenue in the same periods. Additionally, in each of 2022, 2023 and the nine months ended September 30, 2024, our gross profit of this supplier-customer amounted to RMB29.7 million, RMB50.1 million and RMB52.3 million, respectively.

Our sales and purchases with this supplier-customer were not inter-conditional with each other. All of our sales to and purchases from this supplier-customer were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis. The terms with this supplier-customer were generally comparable to those with other suppliers and customers. There was no instance of set-off trade receivables from this supplier-customer with trade payables to our Company during the Track Record Period. Save as disclosed above, to the best of our knowledge, none of our five largest customers in each year/period during the Track Record Period was a supplier of us.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

During the Track Record Period, we received payments made by third parties to settle the amounts that several customers owed to us in connection with their purchases of our products. In 2022, 2023 and the nine months ended September 30, 2024, the aggregate amount settled through such third-party payments was RMB45.3 million, RMB100.1 million and RMB58.9 million, respectively, accounted for 8.2%, 10.8% and 6.1% of our total amount received from our customers during the corresponding periods. In 2022, 2023 and the nine months ended September 30, 2024, the number of distributors who settled payments through third-party channels, referred to as "Third-Party Settled Customers," was 46, 56 and 86, respectively. No individual Third-Party Settled Customer made a material contribution to our revenue during the Track Record Period.

Reasons for Utilizing Third-Party Payments

During the Track Record Period and up to the Latest Practicable Date, the Third-Party Settled Customers were primarily small and mid-sized distributors who settled payments through third parties, referred to as "Third-Party Payers," who were typically legal representatives, controlling Shareholders, family members, employees, or other affiliated individuals connected to the Third-Party Settled Customers. The use of third-party payments by these customers was mainly due to the small scale of their operations, which made it more convenient for them to process payments through the bank or Alipay accounts of the Third-Party Payers. According to Frost & Sullivan, it is a common practice in China's nursery product industry for entities to settle payments through Third-Party Payers, primarily because (i) small and mid-sized distributors usually prefer to use the personal accounts of legal representatives, controlling Shareholders, family members, employees, or other affiliated parties, as corporate accounts can be cumbersome to manage; and (ii) these distributors appoint family members as finance managers, whose personal bank accounts are often used for payments. During the Track Record Period and up to the Latest Practicable Date, we did not initiate any third-party payment arrangements, and we only received payments from Third-Party Payers upon the request of the Third-Party Settled Customers. Additionally, we did not provide any discounts, commissions, rebates, or other benefits to either Third-Party Settled Customers or Third-Party Payers to facilitate or encourage these payment arrangements, without initiating such arrangements ourselves. During the Track Record Period and up to the Latest Practicable Date, all of the Third-Party Settled Customers and the Third-Party Payers were independent third parties to us.

To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, (i) our third-party payments are backed by legitimate transaction and commercially reasonable arrangements; (ii) there is no concealment or misrepresentation of the origin or nature of any criminal proceeds or income derived from such proceeds, which means these payments do not constitute money laundering, nor do they involve any situation that would lead to civil and criminal liability under applicable PRC laws and regulations; (iii) the third-party payments we accepted were not intended to circumvent any applicable PRC tax laws and regulations or other applicable PRC laws and regulations, and we had fully paid all taxes applicable to the payments we received from the Third-Party Payers according to applicable PRC tax laws and regulations; and (iv) we had not been subject to any inquiry, investigation or administrative penalties by the competent government authorities concerning the PRC tax laws and regulation as a result of the third-party payments we received. Based on the foregoing, our PRC Legal Advisor is of the view that the third-party payments we accepted during the Track Record Period and up to the Latest Practicable Date did not contravene applicable PRC laws or regulations.

Cessation of Third-party Payments

To mitigate risks associated with third-party payments, we have discontinued all third-party payments as of December 15, 2024. Depending on the type of the customers, we require the Third-Party Settled Customers to settle their payments pursuant to the following guidelines:

- For sole proprietorship customers, payments may be made through: (i) the corporate bank and/or Alipay account of the directly contracting entity; (ii) the personal account of the legal representative of the sole proprietorship customer (as registered in the official business registration system); or (iii) the personal Alipay account of the legal representative of the sole proprietorship customer (as registered in the official business registration system), along with payment records from Alipay showing complete payer information.

- For other customers, payments may be made through the corporate bank and/or Alipay account of the directly contracting entity.

- Payments made through any other means will be returned by our finance department using the original payment method.

We believe that the cessation of third-party payments has had, and will continue to have, no material adverse impact on the business, financial condition or results of operations of our Group.

INFORMATION TECHNOLOGY

IT Systems

To streamline our operations and improve efficiency, we have implemented a suite of information technology systems that support key business functions across the company. These systems work together to optimize processes, improve data accuracy, and enhance collaboration across departments. Below are the key aspects of our IT infrastructure:

- ***Procurement and production optimization***. Our specialized systems help streamline procurement and production workflows, ensuring the timely and accurate management of materials and resources.

- ***Product traceability***. We have introduced a traceability system that allows consumers to verify the authenticity of our products using unique codes, reinforcing product quality and strengthening brand trust.

- ***Financial management***. Our financial management system automates key processes such as data tracking, report generation, and financial oversight, promoting transparency, accuracy, and compliance across all financial operations.

- ***Operations support***. The operations management system stabilizes our daily business functions, minimizing disruptions and maintaining smooth, secure workflows throughout the organization.

- ***R&D management***. Our R&D management system streamlines the product development process, from initial planning to final execution, supporting innovation and improving R&D efficiency. Additionally, we protect sensitive documents and key company records through robust encryption systems to maintain data security.

- ***Warehouse management***. A dedicated warehouse management system optimizes inventory control, providing real-time tracking and improving the accuracy of stock management.

- ***Human resource management***. Our human resources system supports all aspects of human resources operations, from recruitment and onboarding to performance tracking, compensation management, and human resources analytics.

By integrating these systems, we create a connected platform that links procurement, production, sales, and other core functions, driving operational efficiency and ensuring smooth coordination across the business. During the Track Record Period, we were not aware of any material IT system breakdown which adversely affected our operations.

Data Privacy and Security

With the prior consent of our consumers, we collect and maintain certain consumer information during the ordinary course of business, strictly to the extent necessary for the sale and delivery of our products and the provision of related services. The information collected may include consumers' contact details, platform IDs, transaction records, payment information, shipping addresses, and membership points. This data supports user registration, order processing, membership management, and other functions essential to delivering our products and services. We strictly comply with data privacy and security regulations. See "Regulatory Overview — Regulations Relating to Cybersecurity, Data Security, and Privacy Protection" for details.

We have allocated substantial resources to implementing advanced information security technologies and management practices to safeguard the personal data of our consumers and employees throughout the entire data lifecycle. Specifically, we employ advanced protection, encryption and disaster backup techniques for data storage and transmission, conduct regular audits to identify and mitigate potential security vulnerabilities and provide comprehensive training to our employees on data privacy and security protocols. Our network and computers are equipped with enterprise-grade hardware and anti-virus software to ensure data integrity. Furthermore, we have established stringent access controls and monitoring mechanisms, supported by robust policies for information security management, account and authorization management, and data security oversight. These systems are designed to prevent unauthorized access and ensure compliance with domestic data protection standards. We also comply with applicable laws and regulations through the establishment of strict information protection policies and procedures covering all aspects of data collection, storage, use, and sharing. Regular audits and risk assessments further enhance our data protection systems, allowing us to address the evolving complexities of information security. As of the Latest Practicable Date, we were in compliance with relevant laws and regulations, completing the network security level assessments of our major systems and filing the corresponding information system security level protection records. Our cloud servers are equipped with advanced cloud firewalls and disaster recovery systems, enabling us to defend against malicious attacks and recover in the event of an incident.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data breaches, losses, or unauthorized use of consumers' personal information. As advised by our PRC Legal Advisor, we were in compliance with the applicable laws and regulations with respect to data security and personal information protection during the Track Record Period and up to the Latest Practicable Date in all material respects.

INTELLECTUAL PROPERTY

We believe that our brand and our intellectual property rights, including our trademarks, patents, copyrights and domain names, are important to our future business development. In optimizing the value of our intellectual property rights, we effectively manage, safeguard and protect them in both domestic and overseas markets. As of September 30, 2024, we had 545 registered trademarks, 173 registered patents, and 30 copyrights in China, as well as 68 registered trademarks and 13 registered patent internationally. We hold patents of three different categories, namely, invention patents, utility patents and design patents. As of September 30, 2024, we held ten invention patents, 85 utility patents and 78 design patents in China, and our registration applications for seven invention patents, nine utility patents and 19 design patents in China were pending. See "Appendix IV — Statutory and General Information" for details.

We actively defend against infringement of our intellectual property rights and any counterfeiting of our products. We recognize that counterfeiters copy our newly developed and innovative products and designs, and that counterfeiting may continue to affect our brand image. Therefore, consistent with our commitment to product quality control, we maintain high vigilance in monitoring counterfeiting and aggressively guard against counterfeiting by engaging in cooperative relationships with our distributors and other companies to assist us in the detection of counterfeit products by inspecting suspicious products. When counterfeit products are detected, we dedicate top management support and resources to enforce our rights. As of the Latest Practicable Date, we are not involved in any outstanding material lawsuit or threatened action with respect to our intellectual property rights.

In addition, we have established an internal counterfeiting warning system that allows our various internal departments to share information rapidly and to take immediate action upon detection of counterfeit products. During the Track Record Period, we were not aware of any material incident of counterfeit products which adversely affected our operations, nor any material incident involving infringement of intellectual property rights by us which adversely affected our operations.

EMPLOYEES

As of September 30, 2024, we employed 584 full-time employees, the majority of whom are based in Shanghai, Ningbo and Kunshan. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, our employment practices for dispatched workers was in compliance with relevant requirements under applicable PRC laws and regulations regarding labor dispatch in all material aspects. The following table sets forth our number of employees by function as of September 30, 2024.

Division	Number of Employees	% of Total Employees
R&D	78	13.4
Manufacturing	113	19.3
Sales and marketing	342	58.6
Management and administration	51	8.7
Total	**584**	**100.0**

Remuneration

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. Employee remuneration is determined based on factors such as qualifications, contributions and years of experience. As part of our remuneration policies for our key personnel, we have in place a Share Incentive Plan, which is designed to provide incentives and rewards to our valuable employees. See "Appendix IV — Statutory and General Information" for details. We believe that by recognizing their contributions with a shareholding stake in our Company, we are aligning their interests with our interests, thereby encouraging their continued commitment to our long-term success.

Welfare Contributions

As required under PRC laws and regulations, we participate in various employee social security plans organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans. We are required to make contributions to employee benefit plans at specific percentages of employee salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. We participate in and make contributions to those social security plans and employee benefit plans. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material labor disputes or any difficulty in recruiting staff for our operations.

Training

We have implemented a robust training policy aimed at fostering the continuous development and growth of our employees. As part of this policy, we conduct a variety of training programs annually, covering areas such as management and leadership skills, technological advancements, business development and legal and regulatory compliance. For our customer service and manufacturing teams, we provide standardized pre-employment and on-the-job training to uphold the quality of our services and products. These training sessions are delivered by a combination of internal speakers, who possess extensive experience and knowledge within our Company, and third-party consultants who bring in external expertise and industry best practices. Through these diverse training opportunities, we aim to enhance the skills and capabilities of our employees, ensuring they remain well-equipped to meet the evolving demands of our industry and contribute effectively to our success.

Social Insurance and Housing Provident Funds

Under applicable PRC laws and regulations, we are required to participate in government-sponsored employee benefit plans, including social insurance, housing provident funds, and other welfare-related programs. Contributions to these plans must be made in amounts equal to specified percentages of employees' salaries, bonuses, and allowances, up to a cap determined by local government regulations at the locations where our employees are based. During the Track Record Period and as of the Latest Practicable Date, we did not fully contribute to social insurance and housing provident funds based on the actual salaries of our employees.

According to PRC laws and regulations, under-contribution to social insurance may subject us to compensate for the delayed payment amount within a prescribed period and to pay a daily overdue charge of 0.05% of the delayed payment amount. Failure to comply within the prescribed timeline may lead to fines ranging from one to three times the overdue amount. Similarly, if there is any failure to pay the full amount of housing provident fund as required, the competent housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, the authorities may seek enforcement through the PRC courts. We might also be subject to potential labor disputes arising from such arrangements with the relevant employees.

Pursuant to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Guidelines of the Executive Meeting of the State Council to Practically and Effectively Stabilize the Collection of Social Insurance Payments (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from organizing centralized collection efforts for historical social insurance arrears.

Our Directors are of the view that the aforementioned failure to fully contribute to social insurance and housing provident funds would not have a material adverse effect on our business, financial condition or results of operations, based on the following considerations: (i) consultations with competent government authorities covering substantially all of our employees indicate that they had not received any employee complaints regarding social insurance and housing provident funds and would not voluntarily initiate regulatory actions to require supplementary contributions or impose penalties in the absence of such complaints; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties related to social insurance or housing provident fund contributions; (iii) we were not aware of any employee complaints or material labor disputes concerning social insurance or housing provident funds during the Track Record Period and up to the Latest Practicable Date; (iv) as of the Latest Practicable Date, we had not received any notifications from the relevant government authorities requiring payment of shortfalls or overdue charges for social insurance or housing provident funds; and (v) as advised by our PRC Legal Advisor, based on the aforementioned, in the absence of employee complaints, the likelihood of being subject to material administrative penalties or collection of historical arrears is remote.

Nevertheless, we cannot assure you that the relevant local governmental authorities will not take a contrary view or require us to pay outstanding amounts, late fees or fines, pecuniary penalties or other administrative actions on us. Any investigations, penalties, or legal disputes related to noncompliance with labor laws could adversely impact our business, financial condition and results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to additional contributions of social insurance and housing provident fund and late payments and fines imposed by relevant governmental authorities" for details.

We have been actively communicating with the relevant local government authorities. We commit to promptly fulfilling our obligations as required as soon as practicable in the event that we receive the notification from the relevant government authorities, if any, to require us to rectify, make timely payments, or pay the outstanding amounts due to any deficiencies in our social insurance and housing provident funds in full cooperation with relevant competent government authorities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

We have implemented a structured ESG framework to facilitate effective governance, cross-department collaboration and compliance monitoring for sustainable business practices.

Our ESG governance structure clearly defines roles and responsibilities to maintain strong oversight. The Board is responsible for setting ESG strategies and objectives, overseeing their execution, and conducting an annual review of the sustainability strategy to make necessary adjustments. We also have ESG task force to manage the operational aspects, including data collection, internal communication and training. It collects KPI data every six months and assists the Board in identifying, assessing and monitoring risks across departments annually.

Our functional departments, including research and development, production, brand operations and sales, collaborate closely to implement ESG strategies based on their specific roles and responsibilities. Additionally, the internal audit department conducts regular evaluations to monitor ESG-related activities and verify compliance with information disclosure standards.

We have also adopted an ESG risk assessment and management model that integrates ESG compliance into day-to-day operations, including the creation of an ESG risk repository, with designated personnel in each department responsible for identifying and managing ESG risks. We conduct annual risk assessments based on the completeness of institutional processes and management practices, allowing us to continually optimize and improve ESG-related operations.

Assessment of Climate Risks and Opportunities

Climate change poses notable risks to business operations, including physical and transition risks. Guided by the recommendations of the Task Force on Climate-Related Financial Disclosures ("**TCFD**") we evaluate and address these risks, incorporating mitigation measures into our operations to support sustainable development.

- ***Physical Risks*** encompasses both acute and chronic risks.

  - Acute risks result from extreme weather events such as floods, storms and heatwaves, which can disrupt our warehousing and logistics operations. These disruptions often lead to higher repair costs for damaged infrastructure, supply chain delays and contractual issues that reduce business volumes. Such events can also cause factory downtime and financial losses, affecting overall operational resilience.

  - Chronic risks arise from long-term climate changes, such as sustained high temperatures. These conditions can impact employee health and safety, requiring protective measures such as heat-related allowances and enhanced safety protocols. Over time, these measures can increase labor costs, adding financial strain to operations.

- ***Transition Risks*** are linked to the shift toward a low-carbon economy and arise from regulatory changes, technological developments and evolving market demands.

  - Adapting to these changes often involves costs, such as implementing energy-efficient systems, renewable energy solutions or green infrastructure. Failure to comply with environmental regulations can lead to penalties or operational disruptions.

  - Climate policies also influence consumer preferences, with increasing demand for sustainable supply chain solutions. Businesses reliant on unsustainable practices may face reduced demand, while transitioning to greener alternatives requires significant investments in technology and processes. Aligning operations with these changes is essential for maintaining competitiveness and supporting sustainable growth.

To manage climate-related risks, we have incorporated energy efficiency goals and emission reduction strategies into our operations, which strengthens our sustainability efforts and addresses the challenges posed by climate change. We have systematically identified and prioritized key ESG topics by engaging with stakeholders, including employees, customers and investors, to understand their concerns.

In alignment with industry trends, strategic goals, and international standards — such as the Hong Kong Stock Exchange Environmental, Social and Governance Guide, the Global Reporting Initiative, the Sustainability Accounting Standards Board, and the TCFD, we conducted a thorough analysis of both internal and external factors, leading to the identification of 26 relevant ESG topics. We also conducted ten stakeholder surveys to gather input on the prioritization of these issues. The ESG committee and Board reviewed the results and approved the final priorities to make sure that they align with our overall strategic direction.

We regularly update these topics in response to external developments and stakeholder feedback. The evaluation process and its outcomes are disclosed in our ESG report, providing transparency and strengthening credibility.

Emissions and Energy Targets

We track carbon emissions within our operational boundaries on an ongoing basis. For the years 2022, 2023, and the nine months ending September 30, 2024, our total operational carbon emissions were as follows:

- ***Scope 1***: 61.2 tons of CO_2 equivalent in 2022, and 52.5 tons of CO_2 equivalent in 2023.

- ***Scope 2***: 318.3 tons of CO_2 equivalent in 2022, and 437.0 tons of CO_2 equivalent in 2023.

In 2023, our output value increased by 57.3% compared to 2022, and greenhouse gas emissions increased by 31.9%, from 303.7 units to 400.6 units. Nevertheless, our average monthly emissions per RMB10,000 of output decreased by 16.1%, reflecting improved efficiency.

To balance business growth with environmental sustainability following the [**REDACTED**][1], we have set the following energy consumption and carbon reduction targets:

- ***Overall Goal***. From 2023 to 2025, we aim to reduce carbon emissions by 2% annually, increasing the reduction rate to 2.8% annually from 2026. These efforts align with China's "2060" carbon neutrality goal, targeting full carbon neutrality by 2059.

- ***Carbon Management***. A carbon management system will be implemented, covering tracking, planning, operations and monitoring of carbon emissions. A designated carbon management leader will oversee annual progress and reporting.

1 **NTD**: To follow the term in Definition.

- ***Carbon Footprint***. We have defined 2023-2029 as a carbon reduction phase and 2029-2059 as the carbon neutrality phase. By 2029, we aim to adopt neutrality measures, achieving full neutrality by 2059.

We will further improve our ESG data processes in line with the ESG Reporting Guide outlined in Appendix C2 of the 2023 Listing Rules. Key targets will be reviewed annually to track progress and support long-term sustainability.

ESG Management Framework and Initiatives

As a non-regulated entity without quota compliance obligations and minimal direct environmental pollution, such as air or wastewater emissions, we recognize the importance of addressing our indirect environmental impacts. Guided by frameworks such as MSCI's ESG Industry Materiality Map, SASB's Materiality Map, and TCFD recommendations, we have identified key ESG issues, assessed associated risks and opportunities, and implemented targeted strategies to integrate sustainability into our operations.

- ***Energy Conservation and Emissions Reduction***. We focus on ESG disclosure related to energy consumption from our IT infrastructure. Our energy conservation and emissions reduction strategy aims to enhance energy efficiency and minimize unnecessary consumption, which involves upgrading equipment, optimizing processes, and adopting renewable energy sources such as solar and wind power to reduce reliance on fossil fuels.

- ***Carbon Footprint Management***. To promote low-carbon development, we have established a carbon footprint management system, which guides the development of low-carbon products, fosters a market environment that supports sustainable consumption, and promotes environmentally conscious practices across the supply chain. For example, we encourage suppliers to prioritize energy-efficient products, use low-energy appliances, and adopt local sourcing to minimize emissions from transportation. In 2023, our emissions reduction plan aimed to cut total emissions per RMB10,000 of output by 2% compared to 2022, addressing both direct and indirect emissions:

  - o *Direct emissions* include measures such as reducing vehicle usage through departmental oversight and transitioning from diesel to electric forklifts to lower combustion-related emissions.

  - o *Indirect emissions* include measures such as improving work efficiency to reduce unnecessary overtime, maintaining air conditioning temperatures at no lower than 24°C, turning off lights and equipment when not in use, and installing solar photovoltaic systems and intelligent energy management systems in new facilities to increase renewable energy use.

- ***Quality and Supply Chain Management***. Our commitment to ESG also extends to quality and supply chain management. Endorsements from clinical medicine enhance product functionality and safety while increasing public awareness of children's health. In supply chain management, we collaborate with top-tier suppliers and enforce rigorous quality control standards. By investing in advanced manufacturing technologies, high-performance materials, and product certifications, we integrate sustainable practices into operations and contribute to raising industry standards. See "— Production and Supply Chain Management" for details.

Corporate Culture and Employee Well-being

Rooted in a strong corporate culture and a commitment to social responsibility, we integrate ESG principles into every aspect of our operations. By prioritizing quality, innovation, and safety, we enhance the reputation and competitiveness of domestic nursery product brands. Drawing on the unique insights of our female employees, we refine the consumer experience to better meet the needs of young parents.

As a leader in the nursery product industry, we are committed to setting standards for lawful employment practices and advocate for women's rights in the workplace. As of September 30, 2024, our workforce comprised 584 employees, with women making up 53.6% of the total. Within functional departments, the sales team included 342 employees, with women representing 57.9%, while the design department had 78 employees, 37.2% of whom were women. Beyond gender, our workforce is diverse in terms of age and expertise. Approximately 53.3% of employees are under 30, 44.5% are aged 30-50, and 2.2% are over 50. In terms of education, 6.2% of manufacturing department employees, 29.5% of sales and marketing department employees, 56.4% of R&D department employees, and 58.8% of management and administration department employees have obtained bachelor's degrees or above. Such mix of age and background fosters a dynamic and innovative organizational culture.

We offer competitive remuneration and comprehensive training programs to support professional development. Additionally, we prioritize providing a safe and healthy working environment, focusing on occupational safety and the physical and mental well-being of all employees. See "— Employees" for details.

SEASONALITY

We have experienced, and we expect to continue to experience, seasonal fluctuations in our business. E-commerce platforms where we sell our products host major shopping events, such as the 618 Shopping Festival and the Double 11 Shopping Festival, which significantly influence market demand. Consequently, during the Track Record Period, we typically recorded higher sales in the second and fourth quarters of the calendar year. As a result, comparisons of our sales and results of operations across different periods within a financial year may not provide a reliable basis for assessing our performance. Seasonal factors specific to the nursery product industry are expected to continue driving fluctuations in our revenue.

See "Risk Factors — Risks Relating to Our Business and Industry — Our results of operations may fluctuate due to seasonality, and the results for any period in a year are not necessarily indicative of full-year results" for details.

COMPETITION

The nursery product industry in which we operate is highly competitive. We face competition from both international and domestic nursery product brands. According to Frost & Sullivan, the nursery product industry in China is highly fragmented, primarily due to the wide range of product categories and the varying strategic focuses and sales priorities of different companies. Brands with different market positioning each have their own premium product lines, with the top five brands holding around 18.4% of the market share as measured by the GMV of premium nursery products in 2023.

We believe the following factors affect our ability to compete successfully in the nursery product market, including market research, product development and design capability, ability to meet consumer preferences, product quality, interactive and long-standing customer relationships, and depth and breadth of sales network. We believe we compete favorably across these factors, however, some of our competitors may have better brand recognition, R&D capabilities and production capabilities than ours. See "Risk Factors — Risks Relating to Our Business and Industry — We face fierce industry competition. Failure to compete with other market players may adversely affect our market share and profitability and results of operations could be adversely affected" for details.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we have received numerous awards and recognitions for our innovative and high-quality products. Some of the significant awards and recognitions that we have received are set forth below:

Awards/Recognitions	Awarding Year	Awarding Institutions/Authority
China Excellent Industrial Design Bronze Award	2022	Ministry of Industry and Information Technology of the PRC
Rising Enterprise in Regional Economic Contribution	2022	Putuo District Government
2022 36Kr High Growth New Consumption Brand	2022	36kr.com
2022 Forbes China Rising Star Brands Top 100	2023	Forbes China
2023 Consumption New Force High Potential Brand	2023	36kr.com

Awards/Recognitions	Awarding Year	Awarding Institutions/Authority
Zhejiang Province Science and Technology-based Small and Medium-sized Enterprises	2023	Department of Science and Technology of Zhejiang Province
High-quality Development Leader Enterprises in Putuo District	2023	Putuo District Government
Shanghai Design and Innovation Center	2023	Shanghai Municipal Commission of Economy and Informatization
Most Socially Influential Brand Award	2023	TopKlout
China's Masterfully Crafted Hygiene Products	2024	China Technical Association of Paper Industry

INSURANCE

As of the Latest Practicable Date, we believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities, including but not limited to employer liability insurance and property and group accident insurance. We also procured insurance policies by type and amount that we consider sufficient and evaluated such insurance policies from time to time based on our past experience changes in production and industry developments. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not completely cover the risks related to our business and operations" for details.

PROPERTIES

We own and lease certain properties in China primarily to be used as production facilities and offices. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of September 30, 2024, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

Owned Properties

As of the Latest Practicable Date, we had the right to use 14 parcels of land with a total gross land area of approximately 30,869.9 sq.m. located in Ningbo and Kunshan. As of the Latest Practicable Date, we had obtained all relevant land use rights certificates of such 14 parcels of land in Ningbo and Kunshan.

As of the Latest Practicable Date, we owned 12 properties in Kunshan, with an aggregate area of approximately 2,032.6 sq.m. primarily used for office purpose.

Leased Properties

As of the Latest Practicable Date, we had eight leased properties with a total area of approximately 18,323.93 sq.m. in Shanghai, Ningbo, Kunshan and Zhuhai. The above properties are primarily used for stores, production facilities, and offices purposes. Among the eight properties we have leased, six of them have one or more of the following defects:

Mortgages on Leased Properties

As of the Latest Practicable Date, two of our leased properties were mortgaged to independent third parties before entering into the lease agreements. With respect to these properties, our PRC Legal Advisor of the view that we would not be subject to any fines or penalties but that we may not be able to lease, occupy and use such leased properties if the lease was challenged by a third-party rights holder.

Attachment to Leased Properties

As of the Latest Practicable Date, two of our leased properties were subject to judicial attachments. These properties are primarily used for production and office purposes. According to our PRC Legal Advisor, the attachment to these properties will not materially adversely affect our business, financial condition, or results of operations, based on the following considerations: (i) one of the properties subject to a judicial attachment is currently in the process of being released from the attachment, and as for the other property, which is used as a production facility, we had not received any notifications or orders from the court requiring us to cease the use as of the Latest Practicable Date; (ii) we have obtained written assurances from the lessors guaranteeing our uninterrupted use of the affected properties throughout the lease term; and (iii) should relocation become necessary, we believe we would be able to identify and transition to an alternative site with minimal disruption and relatively low reallocation costs.

Non-registration of Lease Agreements

As of the Latest Practicable Date, five of our lease agreements had not been registered with the local housing authority as required under PRC laws and regulations, primarily due to a lack of cooperation from the property owners in completing the registration process, which is beyond our control. According to our PRC Legal Advisor, failure to register these lease agreements within the prescribed period may result in administrative penalties ranging from RMB1,000 to RMB10,000 per agreement. The estimated total penalty for the non-registration of the five lease agreements is approximately RMB5,000 to RMB50,000, with RMB50,000 being the maximum potential penalty. Our PRC Legal Advisor has further confirmed that the failure to register these lease agreements does not affect their validity under PRC law and regulations. During the Track Record Period and up to the Latest Practicable Date, we have not received any notifications or warnings from regulatory authorities regarding potential administrative penalties for the non-registration of these agreements. Based on the aforementioned, our Directors are of the view that the non-registration of these lease agreements would not have a material adverse impact on our business, financial condition, or results of operations.

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, approvals and permits to operate our business. As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations, except as disclosed in this document.

The following table sets forth details of our material licenses and permits:

License/Permit	Holder	Grant Dates	Expiration Dates	Description of the License/Permit
Single-use Card Issuer Filing . .	BeBeBus Technology	October 30, 2024	N/A	Permission to conduct single-use commercial prepaid card business
Fixed Source Emission Registration Receipt	BeBeBus Safety	February 10, 2022	February 9, 2027	Registration of stationary sources of pollution

LEGAL COMPLIANCE AND PROCEEDINGS

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in the jurisdictions in which we operate. We require our employees to follow our employee manual and code of business conduct and ethics. We also carry out regular on-the-job compliance training to our management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. During the Track Record Period and up to the Latest Practicable Date, we did not commit any non-compliance of laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition or results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in all material respects.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, information system, internal control, human resources and investment management.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, including accounting manual, budget management policies, treasury management policies, expense management policies, and employee reimbursement policies. Our system makes timely warning of the risk of cost overruns. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them during daily operations.

Information System Risk Management

Sufficient maintenance, security and protection of our data and other related information are critical to our business. We have implemented various internal procedures and controls to ensure that our data are protected and to minimize the potential for information leakage or loss. Our operations team and data security team are responsible for monitoring the operation of our information system in real time. They regularly perform data recovery tests and use cyberattack simulations to improve our data protection capability.

Human Resources Risk Management

We have in place an employee handbook and a code of conduct which have been distributed to all of our employees. The handbook contains internal rules and guidelines regarding anti-corruption, conflicts of interests, confidentiality and intellectual property protection, work ethics, and fraud prevention mechanisms. We provide employees with regular training as well as guidance on the requirements contained in the employee handbook.

We have in place an anti-bribery and corruption policy to safeguard against any corruption within our Company. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. We make our internal reporting channel open and available for our employees to report any bribery and corruption acts to the head of internal audit on an anonymous basis.

Regulatory Compliance Risk Management

We are subject to evolving regulatory requirements across multiple jurisdictions, including requirements to obtain and renew certain licenses, permits, approvals and certificates for our business operations in various jurisdictions. In order to manage our ongoing compliance with the laws and regulations applicable to our business effectively, we have implemented several internal control measures. In particular, we designated personnel to regularly monitor changes in laws, regulations and policies issued by the relevant government authorities in the jurisdictions we operate, to ensure we obtain requisite licenses to operate our business, and we have the up-to-date understanding with the applicable requirements. In addition, we require our legal department to review the status of our licenses and permits on a regular basis.

We continually review the implementation of our regulatory compliance risk management policies and measures to ensure our policies and implementation are effective and sufficient, and continually improve our internal policies according to changes in laws, regulations and industry standards, and update internal protocols for legal documents.

Internal Audit

We maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee and senior management on any issues identified. Our internal audit department members hold regular meetings with management to discuss any internal control issues we face and the corresponding measures to solve such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are channeled to the committee on a timely basis. The Audit Committee then discusses the issues with, and reports to, the Board of Directors, if necessary.

OUR CONTROLLING SHAREHOLDERS

Immediately upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options), WANGBOYAN will hold approximately [**REDACTED**]% of our total issued Shares. WANGBOYAN is owned by Boyan Holdings as to 65% and WWANG as to 35%. Boyan Holdings is indirectly controlled by the Boyan Family Trust with Mr. Wang as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and WWANG as the beneficiary. WWANG is wholly owned by Mr. Wang. Accordingly, WANGBOYAN, Boyan Holdings, WWANG, and Mr. Wang constitute a group of controlling Shareholders after the [**REDACTED**].

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group will be capable of carrying out our business independently from our controlling Shareholders and their respective close associates after the [**REDACTED**] for the reasons set out below.

Operational Independence

We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently from our controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of all relevant licenses, assets, copyrights, trademarks, and other intellectual properties necessary to carry on and operate our business. In addition, we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that our Group will be able to operate independently from our controlling Shareholders and their respective close associates after the [**REDACTED**].

Management Independence

Upon the [**REDACTED**], our Board will comprise three executive Directors and three independent non-executive Directors, and our senior management team will comprise three members. Our executive Directors and senior management team are responsible for the daily management of our operations.

Our Directors believe that our Group will be able to function independently from our controlling Shareholders and their respective close associates after the [**REDACTED**] for the following reasons:

(a) our Board has a balanced composition of executive Directors and independent non-executive Directors. Our independent non-executive Directors are not associated with our controlling Shareholders or their respective close associates, which ensures that decisions of our Board are made only after due consideration of independent and impartial opinions;

(b) our independent non-executive Directors individually and collectively possess the requisite knowledge, experience, and competence to provide a balance of potentially interested Directors with a view to promote the interests of our Company and our Shareholders as a whole;

(c) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions;

(d) each of our Directors is aware of his or her fiduciary duties and responsibilities under the Listing Rules as a director of a [**REDACTED**] issuer, which require that he or she acts for the benefit and in the best interest of our Company, and does not allow any conflict between his or her duties as a Director and his or her personal interests; and

(e) if there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Directors are obliged to declare and fully disclose such potential conflict of interests, and shall abstain from voting at the relevant Board meetings in respect of such transactions.

Based on the above, our Directors believe that they will be able to perform their managerial roles in our Company independently from our controlling Shareholders and their respective close associates after the [**REDACTED**].

Financial Independence

Our Group has its own independent financial, internal control, and accounting systems. We make financial decisions and determine our use of funds according to our own business needs. We opened bank accounts independently and do not share any bank account with our controlling Shareholders or their respective close associates. We made tax filings and paid tax independently of our controlling Shareholders and their respective close associates pursuant to applicable laws and regulations. We established an independent finance department as well as implemented sound and independent audit, accounting, and financial management systems. We have adequate internal resources to support our daily operations. We do not expect to rely on our controlling Shareholders or their respective close associates for financing after the [**REDACTED**] as we expect that our working capital will be funded by our daily operations as well as the [**REDACTED**] from the [**REDACTED**].

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our controlling Shareholders or their respective close associates. As of the Latest Practicable Date, there were no subsisting loans, guarantees or pledges provided by our controlling Shareholders or their respective close associates to our Group. In addition, during the Track Record Period and as of the Latest Practicable Date, we had received several rounds of [**REDACTED**] Investments from third-party investors independently. For details of the [**REDACTED**] Investments, see "History, Reorganization and Corporate Development — [**REDACTED**] Investments."

Based on the above, our Directors believe that our Group will be able to maintain financial independence from our controlling Shareholders and their respective close associates after the [**REDACTED**].

COMPETITION

As of the Latest Practicable Date, none of our controlling Shareholders and their respective close associates was interested in any business, other than our Group, which competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We have adopted the following corporate governance measures to maintain good corporate governance standards and to avoid potential conflict of interests between our Group and our controlling Shareholders and their respective close associates:

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

(b) where a Shareholders' meeting is to be held to consider proposed transactions in which our controlling Shareholders or their respective close associates have any material interests, our controlling Shareholders and their respective close associates (as applicable) will not vote on the relevant resolutions;

(c) our Board has a balanced composition of executive Directors and independent non-executive Directors. Our independent non-executive Directors represent more than one-third of our Board, which ensures that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge, experience, and competence to perform their duties. They will review whether there is any conflict of interests between our Group and our controlling Shareholders or their respective close associates and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where the advice from an independent professional, such as a financial or legal advisor, is reasonably requested by our Directors (including independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses; and

(e) we have appointed Somerley Capital Limited as our Compliance Advisor who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to Directors' duties and corporate governance matters.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage potential conflict of interests between our Group and our controlling Shareholders and their respective close associates, and to protect our minority Shareholders' rights after the [**REDACTED**].

AUTHORIZED AND ISSUED SHARE CAPITAL

As of the Latest Practicable Date, our authorized share capital was US$50,000 divided into (i) 474,003,800 Shares, (ii) 6,666,000 Series A Preferred Shares, (iii) 11,511,800 Series A+ Preferred Shares, and (iv) 7,818,400 Series B Preferred Shares. The Preferred Shares will be converted into the Shares on a one-to-one basis by way of re-designation and re-classification immediately before the [**REDACTED**].

Assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options, the share capital of our Company immediately following the completion of the [**REDACTED**] will be as follows.

Description of Shares	Number of Shares	Aggregate nominal value of Shares	Approximate percentage of issued share capital of our Company
		(US$)	*(%)*
Shares in issue (including the Shares to be converted from the Preferred Shares)	79,770,478	7,977.05	[**REDACTED**]
Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]	**100.00**

Assuming that the [**REDACTED**] is fully exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options, the share capital of our Company immediately following the completion of the [**REDACTED**] will be as follows.

Description of Shares	Number of Shares	Aggregate nominal value of Shares	Approximate percentage of issued share capital of our Company
		(US$)	*(%)*
Shares in issue (including the Shares to be converted from the Preferred Shares)	79,770,478	7,977.05	[**REDACTED**]
Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]	**100.00**

The above tables assume that the [**REDACTED**] becomes unconditional, the Shares are issued pursuant to the [**REDACTED**], and that the Preferred Shares are converted into the Shares on a one-to-one basis.

RANKING

The [**REDACTED**] are Shares in the share capital of our Company and will rank equally with all the Shares currently in issue or to be issued (including all the Preferred Shares to be converted into the Shares immediately before the [**REDACTED**]) and, in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders: (i) increase its share capital, (ii) consolidate and divide its share capital into shares of a larger amount, (iii) sub-divide the Shares into shares of a smaller amount, and (iv) cancel any Shares which have not been taken or agreed to be taken. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital by our Shareholders passing a special resolution. See "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws — 2. Articles of Association — (c) Alteration of Capital" for details.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**] (excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and Share Options); and

- the aggregate nominal value of the Shares repurchased by us under the authority referred to in "— General Mandate to Repurchase Shares" in this section.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company;

- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

- the time when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders" for details of the general mandate to allot, issue and deal with Shares.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our own securities up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and Share Options.

The repurchase mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are [**REDACTED**] (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 5. Repurchase of Our Own Shares."

The general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of the next annual general meeting of our Company;

- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

- the time when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

See "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 4. Resolutions of Our Shareholders" for details of the general mandate to repurchase Shares.

SHARE INCENTIVE PLAN

We adopted the Share Incentive Plan. For details, see "Appendix IV — Statutory and General Information — D. Share Incentive Plan."

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options), the following persons will have interests or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

Shareholder	Nature of interest	Number of Shares interested in as of the Latest Practicable Date(1)(2)	Approximate percentage of interest in our Company as of the Latest Practicable Date(2)	Number of Shares interested in immediately following the completion of the [REDACTED](1)(2)	Approximate percentage of interest in our Company immediately following the completion of the [REDACTED](3)
			(%)		*(%)*
WANGBOYAN(4)(5) . .	Beneficial interest	42,240,920 (L)	52.95	**[REDACTED]**	**[REDACTED]**
	Interest of a party to an agreement regarding interest in our Company	5,400,000 (L)	6.77	**[REDACTED]**	**[REDACTED]**
Tiantu USD(6)	Beneficial interest	7,374,400 (L)	9.24	**[REDACTED]**	**[REDACTED]**
Gaorong IV(7)	Beneficial interest	7,036,560 (L)	8.82	**[REDACTED]**	**[REDACTED]**
Tembusu(8)	Beneficial interest	6,254,740 (L)	7.84	**[REDACTED]**	**[REDACTED]**
SLING(9)	Beneficial interest	5,400,000 (L)	6.77	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) On the basis that the Preferred Shares will be converted into the Shares on a one-to-one basis by way of re-designation and re-classification immediately before the [**REDACTED**].

(3) Based on the assumption that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options.

(4) WANGBOYAN is owned by Boyan Holdings as to 65% and WWANG as to 35%. Boyan Holdings is indirectly controlled by the Boyan Family Trust with Mr. Wang as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and WWANG as the beneficiary. WWANG is wholly owned by Mr. Wang. Accordingly, each of Boyan Holdings, WWANG, Mr. Wang, and Vistra Trust (Singapore) Pte. Limited is deemed to be interested in the Shares held by WANGBOYAN under the SFO.

(5) Pursuant to a deed of voting proxy entered into between SLING and WANGBOYAN on February 2, 2024, WANGBOYAN, as the true and lawful attorney of SLING, has the right to vote over all the Shares held by SLING, being 5,400,000 Shares, from the date of execution of the deed of voting proxy. For details of the voting proxy, see "History, Reorganization and Corporate Structure — Voting Proxy."

(6) The general partner of Tiantu VC USD Fund I L.P. ("**Tiantu USD**") is Tiantu GP Limited Company ("**Tiantu GP**"). Tiantu GP is wholly owned by Tiantu Investments International Limited ("**Tiantu Investments**"). Tiantu Investments is wholly owned by Tiantu Capital. Accordingly, each of Tiantu GP, Tiantu Investments, and Tiantu Capital is deemed to be interested in the Shares held by Tiantu USD under the SFO.

(7) The general partner of Gaorong Partners Fund IV, L.P. ("**Gaorong IV**") is Gaorong Partners IV Ltd. ("**Gaorong Partners IV**"). As of the Latest Practicable Date, Gaorong Partners Fund IV-A, L.P. ("**Gaorong IV-A**") held 727,120 Series A+ Preferred Shares and 54,720 Series B Preferred Shares, which will be converted into the Shares on a one-to-one basis immediately before the [**REDACTED**]. The general partner of Gaorong IV-A is also Gaorong Partners IV. Accordingly, Gaorong Partners IV is deemed to be interested in the Shares held by Gaorong IV and Gaorong IV-A under the SFO.

(8) Tembusu B Limited ("**Tembusu**") is wholly owned by Beijing Jingwei Chuangrong Investment Center (Limited Partnership) (北京經緯創榮投資中心(有限合夥)) ("**Jingwei Chuangrong**"). The general partner of Jingwei Chuangrong is Beijing Jingwei Yichuang Investment Management Partnership (Limited Partnership) (北京經緯億創投資管理合夥企業(有限合夥)) ("**Jingwei Yichuang**"). The general partner of Jingwei Yichuang is Beijing Jingwei Jingchuang Investment Co., Ltd. (北京經緯旌創投資有限公司) ("**Jingwei Jingchuang**"). The sole limited partner of Jingwei Yichuang is Ms. Xiao Ping (肖萍) holding 90% of the partnership interest. Jingwei Jingchuang is held by Mr. Wang Huadong (王華東) as to 49%. Accordingly, each of Jingwei Chuangrong, Jingwei Yichuang, Jingwei Jingchuang, Ms. Xiao Ping, and Mr. Wang Huadong is deemed to be interested in the Shares held by Tembusu under the SFO.

(9) SLING is owned by SHENLING HOLDING INC ("**SHENLING**") as to 50% and SL Family Limited ("**SL**") as to 50%. SHENLING is wholly owned by Ms. Shen. SL is indirectly controlled by the Shen Ling Family Trust with Ms. Shen as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and SHENLING as the beneficiary. Accordingly, each of SHENLING, SL, Ms. Shen, and Vistra Trust (Singapore) Pte. Limited is deemed to be interested in the Shares held by SLING under the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options), have any interest and/or short position in the Shares or underlying Shares of our Company which will fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

BOARD OF DIRECTORS

Immediately upon the completion of the [**REDACTED**], our Board will comprise six Directors, including three executive Directors and three independent non-executive Directors.

The table below sets out certain information of our Directors.

Name	Age	Position	Date of appointment as director	Date of joining our Group	Responsibilities
Executive Directors					
Mr. Wang Wei (汪蔚)	39	Chairman of our Board and executive Director	November 14, 2018	November 14, 2018	Overseeing the strategic planning, global business expansion, and product R&D of our Group
Ms. Shen Ling (沈凌)	45	Executive Director and CEO	October 13, 2020	May 13, 2019	Overseeing the operations management, sales and marketing, and business development of our Group
Mr. Yan Dong (顏棟)	52	Executive Director	December 31, 2024	June 1, 2023	Overseeing the corporate governance and board affairs of our Group
Independent Non-executive Directors					
Mr. Yan Jianjun (嚴健軍)	59	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Supervising and providing independent judgment to our Board
Mr. Yu Chun Kau (余振球)	52	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Supervising and providing independent judgment to our Board

Name	Age	Position	Date of appointment as director	Date of joining our Group	Responsibilities
Ms. Chan Wing Ki (陳穎琪) .	40	Independent non-executive Director	[REDACTED]	[REDACTED]	Supervising and providing independent judgment to our Board

Executive Directors

Mr. Wang Wei (汪蔚), aged 39, was appointed as the chairman of the board of directors of BeBeBus Technology on November 14, 2018 and as a Director on August 2, 2023. He was appointed as chairman of our Board and re-designated as an executive Director on December 31, 2024. Mr. Wang is the founder of our Group and is responsible for overseeing the strategic planning, global business expansion, and product R&D of our Group. Since the inception of our Group, Mr. Wang has played a vital role in the development and success of our business. He also serves as a director of BeBeBus Technology.

Mr. Wang has abundant experience in consumer brand positioning and communication, product positioning based on user behavior research, creating top-selling products, brand management, and corporate strategic positioning.

Mr. Wang became a member of the Forbes Global Alliance (福布斯環球聯盟) in December 2022. He was also recognized as an Outstanding Individual for Regional Development Contribution in Putuo District (普陀區區域發展貢獻先進個人) by the CPC Shanghai Putuo District Committee (中共上海市普陀區委員會) and the People's Government of Shanghai Putuo District (上海市普陀區人民政府) in September 2022.

Mr. Wang obtained an associate's degree in business administration from The Open University of China (國家開放大學) in July 2022. He is also pursuing an executive master's degree in business administration from the Hong Kong University of Science and Technology (香港科技大學).

Ms. Shen Ling (沈凌), aged 45, was appointed as a director of BeBeBus Technology on October 13, 2020 and as a Director on January 9, 2024. She was re-designated as an executive Director on December 31, 2024. Ms. Shen was also appointed as our CEO on May 13, 2019. Ms. Shen is the co-founder of our Group and is responsible for overseeing the operations management, sales and marketing, and business development of our Group. She also serves as the general manager of BeBeBus Technology.

Ms. Shen has extensive experience in sales and marketing in the nursery product industry. From May 2006 to April 2019, she worked at Ningbo MAX-INF Baby Product Co., Ltd. (寧波英孚嬰童用品有限公司), with her last position as the sales director, primarily responsible for channel expansion and overall management in China.

Ms. Shen was recognized as an Outstanding Individual in Putuo District (普陀區先進個人) by the People's Government of Putuo District, Shanghai (上海市普陀區人民政府) in December 2022. She was also elected as a member of the council of Ningbo Chamber of Commerce in Shanghai (上海市寧波商會) in December 2022.

Ms. Shen obtained a bachelor's degree in international economics and trade through distance learning from Hunan University of Technology (湖南工業大學) in June 2023.

Mr. Yan Dong (顏棟), aged 52, was appointed as our executive Director on December 31, 2024. Mr. Yan is responsible for overseeing the corporate governance and board affairs of our Group. Mr. Yan joined our Group on June 1, 2023 and has been serving as our board secretary since then.

Mr. Yan has abundant experience in corporate finance. From April 2018 to May 2023, Mr. Yan served as the chairman of Guangzhou Ronghui Technology Co., Ltd. (廣州融慧科技有限公司), primarily responsible for the company's development planning and investment and financing activities.

Mr. Yan obtained a bachelor's degree in law majoring in political science from Fudan University (復旦大學) in July 1996.

Independent Non-executive Directors

Mr. Yan Jianjun (嚴健軍), aged 59, was appointed as an independent non-executive Director with effect from the [**REDACTED**]. Mr. Yan will be responsible for supervising and providing independent judgment to our Board.

Mr. Yan has over 24 years of experience in the information technology industry. Mr. Yan has been serving as the chairman of Shanghai Zhida Technology Group Co., Ltd. (上海致達科技集團有限公司) since January 1999.

Mr. Yan was the representative of the 12th, 13th and 14th Shanghai Municipal People's Congress (上海市第十二屆、十三屆及十四屆人民代表大會). He was recognized as a National Model Worker (全國勞動模範) by the State Council in April 2005. He was named as one of China's Outstanding Entrepreneur in Private Technology Companies of 2007 (2007年度中國優秀民營科技企業家) in August 2007 and granted the Technology Innovation Entrepreneur Award (科技創新企業家獎) in December 2010, both by the All-China Federation of Industry and Commerce (中華全國工商業聯合會). Mr. Yan was also named as one of the Ten Outstanding Young Persons of Shanghai (上海十大傑出青年).

Mr. Yan served as an independent director of Shanghai Lonyer Data Co., Ltd. (上海龍宇數據股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 603003)) from June 2020 to July 2024. He has also been an independent non-executive director of Jinhai Medical Technology Limited (今海醫療科技股份有限公司) (formerly known as Jinhai International Group Holdings Limited (今海國際集團控股有限公司)) (a company listed on the Stock Exchange (stock code: 02225)) since July 2019.

Mr. Yan obtained a bachelor's degree in automation engineering from Shanghai University of Engineering Science (上海工程技術大學) in November 1988, and a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in April 2003.

Mr. Yu Chun Kau (余振球), aged 52, was appointed as an independent non-executive Director with effect from the [**REDACTED**]. Mr. Yu will be responsible for supervising and providing independent judgment to our Board.

Mr. Yu has over 25 years of experience in accounting, corporate finance, compliance and auditing. He started his career at a major international accounting firm in August 1994, and then worked for various Hong Kong listed companies and multinational corporations as executive director, chief financial officer and company secretary. Mr. Yu has been an independent non-executive director of Ruifeng Power Group Company Limited (瑞豐動力集團有限公司) (a company listed on the Stock Exchange (stock code: 02025)) since December 2017, an independent non-executive director of Forward Fashion (International) Holdings Company Limited (尚晉(國際)控股有限公司) (a company listed on the Stock Exchange (stock code: 02528)) since December 2019, and an independent non-executive director of JiaChen Holding Group Limited (佳辰控股集團有限公司) (a company listed on the Stock Exchange (stock code: 01937)) from December 2019 to September 2021. He has been the chief financial officer and company secretary of Jacobson Pharma Corporation Limited (雅各臣科研製藥有限公司) (a company listed on the Stock Exchange (stock code: 02633)) since January 2019 and April 2021, respectively. Mr. Yu has also been the company secretary of JBM (Healthcare) Limited (健倍苗苗(保健)有限公司) (a company listed on the Stock Exchange (stock code: 02161)) since November 2023.

Mr. Yu obtained a bachelor's degree in business administration from The Chinese University of Hong Kong (香港中文大學) in December 1994, and a master's degree in corporate governance from The Open University of Hong Kong (香港公開大學) (now known as the Hong Kong Metropolitan University (香港都會大學)) in June 2005. Mr. Yu was admitted as a fellow of The Association of Chartered Certified Accountants (特許公認會計師工會) ("**ACCA**") in November 2002, a fellow of the Hong Kong Institute of Certified Public Accountants (香港會計師工會) ("**HKICPA**") in July 2005, a senior international finance manager of the International Financial Management Association in March 2007, a fellow of The Institute of Chartered Accountants in England and Wales in April 2015, and a fellow of both The Hong Kong Chartered Governance Institute (香港公司治理工會)) and The Chartered Governance Institute in September 2016. Mr. Yu was first registered as a Certified Public Accountant (Practicing) of the HKICPA in December 1997.

Ms. Chan Wing Ki (陳穎琪), aged 40, was appointed as an independent non-executive Director with effect from the [**REDACTED**]. Ms. Chan will be responsible for supervising and providing independent judgment to our Board.

Ms. Chan has over ten years of experience in legal practice and corporate governance. From September 2008 to September 2011, Ms. Chan worked at Allen & Overy with her last position as an associate. From October 2011 to June 2016, she worked at Davis Polk & Wardwell as an associate. From January 2017 to May 2017, Ms. Chan worked at King & Wood Mallesons as a managing associate. From July 2017 to April 2018, she worked at Latham & Watkins as an associate. From May 2018 to April 2021, she worked at Xiaomi Corporation (a company listed on the Stock Exchange (stock code: 01810)), with her last position as the head of legal and finance and joint company secretary. From May 2021 to June 2021, she worked at Kuaishou as a senior director of the company secretary department. From June 2021 to September 2022, she worked at ECARX Holdings Inc. (a company listed on the Nasdaq Stock Market (symbol: ECX)) as the secretary to the board. Since October 2022, she has been serving as the group general counsel and company secretary of China Gas Holdings Limited (a company listed on the Stock Exchange (stock code: 00384)).

Ms. Chan has been serving as an independent non-executive director of QuantumPharm Inc. (a company listed on the Stock Exchange (stock code: 02228)) since May 2024.

Ms. Chan obtained a bachelor's degree in business administration (law) and a bachelor's degree in law from The University of Hong Kong in December 2006 and November 2007, respectively. Ms. Chan was admitted as a solicitor of Hong Kong by the High Court of Hong Kong in January 2011, and as an attorney of the State of New York, United States, in January 2019.

SENIOR MANAGEMENT

Immediately upon the completion of the [**REDACTED**], our senior management will comprise three members.

The table below sets out certain information of our senior management.

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Responsibilities
Ms. Shen Ling (沈凌)	45	CEO	May 13, 2019	May 13, 2019	Overseeing the operations management, sales and marketing, and business development of our Group

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Responsibilities
Mr. Lam Chun Kit (林俊傑)	51	CFO	October 9, 2023	October 9, 2023	Overseeing the financial and accounting affairs of our Group
Mr. Zuo Limin (左利民)	48	Director of supply chain and manufacturing	January 4, 2021	January 4, 2021	Overseeing the supply chain and manufacturing management of our Group

Ms. Shen Ling (沈凌), aged 45, was appointed as our CEO on May 13, 2019. For details of her biography, see "— Board of Directors" in this section.

Mr. Lam Chun Kit (林俊傑), aged 51, was appointed as our CFO on October 9, 2023. Mr. Lam is responsible for overseeing the financial and accounting affairs of our Group.

Mr. Lam has over 29 years of experience in accounting and finance. In the early years of his career, Mr. Lam held various positions in one Big Four accounting firm for nearly a decade. From May 2013 to August 2014, Mr. Lam was the executive vice president and chief accounting officer of Sanpower Group Co., Ltd. (三胞集團有限公司), an investment company in China. From September 2014 to August 2017, Mr. Lam served as the vice president of finance of Hengdeli Holdings Limited (亨得利控股有限公司) (a company listed on the Stock Exchange (stock code: 03389)), a retailer and wholesaler of international brand watches in China, where he oversaw its overall financial operations. From December 2017 to September 2018, Mr. Lam served as the chief financing officer of Jiangsu Meizhi Investment Development Co., Ltd. (江蘇美智投資發展有限公司) (formerly known as Jiangsu Huantai Group Co., Ltd. (江蘇環太集團有限公司)), a Chinese solar photovoltaic company specializing in manufacturing high quality solar wafers. From October 2018 to September 2020, he served as the chief financing officer of Shanghai Matt Education Technology Co., Ltd. (上海麥忒教育科技有限公司).

Mr. Lam obtained a bachelor's degree in accountancy from City University of Hong Kong (香港城市大學) in November 1995. He is a fellow member of the ACCA and a member of the HKICPA.

Mr. Zuo Limin (左利民), aged 48, was appointed as our director of supply chain and manufacturing on January 4, 2021. Mr. Zuo is responsible for overseeing the supply chain and manufacturing management of our Group.

Mr. Zuo has over 20 years of experience in supply chain and manufacturing management. From January 2001 to December 2002, Mr. Zuo worked at Ningbo Bird Co., Ltd. (寧波波導股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600130)). From January 2003 to November 2008, he served as an assembly workshop supervisor in the manufacturing department of Ningbo Bird Sagem Electronics Co., Ltd. (寧波波導薩基姆電子有限公司). From May 2013 to March 2020, Mr. Zuo successively served as the operation director of the operation center of MAX-INF (Ningbo) Baby Product Co., Ltd. (麥克英孚(寧波)嬰童用品有限公司) and its wholly-owned subsidiary, Ningbo Babe First Baby Products Co., Ltd. (寧波寶貝第一母嬰用品有限公司). From March 2020 to November 2020, he worked at Ningbo Yunsheng Auto Electric, Inc. (寧波韻升汽車電機系統有限公司), with his last position as the general manager.

Mr. Zuo obtained a bachelor's degree in electrical machines and control from Zhengzhou College of Light Industry (鄭州輕工業學院) (now known as Zhengzhou University of Light Industry (鄭州輕工業大學)) in July 2000.

INTERESTS OF OUR DIRECTORS AND SENIOR MANAGEMENT

Save as otherwise disclosed in this document, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, as of the Latest Practicable Date:

(a) none of our Directors and senior management has held any other directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;

(b) none of our Directors and senior management was related to other Directors and senior management;

(c) save as disclosed in "Appendix IV — Statutory and General Information," none of our Directors and chief executive held any interest in the shares and underlying shares of our Company and our associated corporations which should be disclosed pursuant to Part XV of the SFO; and

(d) there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on December 16, 2024, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) he/she had no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company as of the Latest Practicable Date, and (iii) that there have been no other factors that might affect his/her independence at the time of his/her appointment.

REMUNERATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

For details of the service contracts and appointment letters we entered into with our Directors, see "Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Appointment Letters."

The aggregate amount of emoluments of our Directors for the two years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024 amounted to approximately RMB3.0 million, RMB6.1 million and RMB4.9 million, respectively. The aggregate amount of emoluments of our five highest paid individuals (excluding Directors) for the two years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024 amounted to approximately RMB5.0 million, RMB5.4 million and RMB3.4 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors for the year ending December 31, 2025 to be approximately RMB15.2 million. The actual remuneration of our Directors in 2025 may be different from the expected remuneration set out above.

Save as disclosed above, no other payments have been paid, or are payable, by our Group to our Directors or the five highest paid individuals during the Track Record Period. No remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company, or as compensation for loss of office in connection with the management positions of any member of our Group. During the Track Record Period, none of our Directors waived any emoluments.

JOINT COMPANY SECRETARIES

Mr. Yan Dong (顏棟) was appointed as a joint company secretary of our Company with effect from December 31, 2024. For details of his biography, see "— Board of Directors" in this section.

Ms. Au Wing Han (區泳嫻) was appointed as a joint company secretary of our Company with effect from December 31, 2024.

Ms. Au is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services. She has over nine years of experience in corporate secretarial field, and is responsible for providing corporate service to listed and private companies.

Ms. Au has been serving as the company secretary of Yincheng International Holding Co., Ltd. (銀城國際控股有限公司) (a company listed on the Stock Exchange (stock code: 01902)) since May 2023, and the joint company secretary of Xiaocaiyuan International Holding Ltd. (小菜園國際控股有限公司) (a company listed on the Stock Exchange (stock code: 00999)) since December 2024.

Ms. Au obtained a bachelor's degree in business administration from Hong Kong Shue Yan University (香港樹仁大學) in July 2015. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

SHARE INCENTIVE PLAN

We adopted the Share Incentive Plan on September 26, 2024. For further information regarding the terms and information of the participants of the Share Incentive Plan, see "Appendix IV — Statutory and General Information — D. Share Incentive Plan."

CORPORATE GOVERNANCE

We have established three Board committees, namely the Audit Committee, the Nomination Committee, and the Remuneration Committee. Our Board committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Yu Chun Kau (余振球), Mr. Yan Jianjun (嚴健軍), and Ms. Chan Wing Ki (陳穎琪), with Mr. Yu Chun Kau (余振球) currently serving as the chairperson. Mr. Yu has the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing

Rules. The primary duties of the Audit Committee include, among others, assisting our Board by providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, and performing other duties and responsibilities assigned by our Board.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Wang, Ms. Chan Wing Ki (陳穎琪), and Mr. Yu Chun Kau (余振球), with Mr. Wang currently serving as the chairperson. The primary duties of the Nomination Committee include, among others, reviewing the structure, size and composition of our Board, assisting our Board in maintaining a board skills matrix, assessing the independence of our independent non-executive Directors, making recommendations to our Board on matters relating to the appointment of Directors, and performing other duties and responsibilities assigned by our Board.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Yan Jianjun (嚴健軍), Mr. Wang, and Mr. Yu Chun Kau (余振球), with Mr. Yan currently serving as the chairperson. The primary duties of the Remuneration Committee include, among others, making recommendations to our Board on our policy and structure for the remuneration of all Directors and senior management, determining specific remuneration packages of all Directors and senior management, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time, and performing other duties and responsibilities assigned by our Board.

Corporate Governance Code

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code after the [**REDACTED**].

Diversity Policy

We are committed to promoting diversity within our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. We have adopted a diversity policy which sets out the objective and approach for achieving and maintaining the diversity of our Board and our workforce (including senior management). In accordance with the diversity policy, we seek to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, ethnicity, culture and educational background, professional experience, skills, knowledge and length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on our Board and also the specific needs of our Company without focusing on a single diversity aspect. We are also committed to promoting diversity within our workforce (including senior management) to enhance the effectiveness of our corporate governance as a whole.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as consumer brand positioning and communication, product positioning based on user behavior research, creating top-selling products, brand management, corporate strategic positioning, sales and marketing, corporate finance, information technology, accounting, compliance, auditing, legal practice, and corporate governance. They obtained degrees in various fields including business administration, international economics and trade, law, automation engineering, and corporate governance. Furthermore, our Board has a diverse age and gender representation with four male Directors and two female Directors ranging from 39 years old to 59 years old.

After the [**REDACTED**], we will from time to time discuss and agree on expected goals to ensure diversity, and review and, where necessary, update the diversity policy to ensure its continued effectiveness. We will report on the implementation of the diversity policy in our corporate governance report on an annual basis.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable laws and regulations. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances, including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] from the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

Pursuant to the Note to Rule 3A.24 of the Listing Rules, the Compliance Advisor must, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules and any new or amended laws and regulations in Hong Kong applicable to us.

The term of appointment of our Compliance Advisor will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

You should read the following discussion and analysis in conjunction with the historical financial information as of and for each of the years ended December 31, 2022 and 2023, and for the nine months ended September 30, 2024, and the notes thereto included in the Accountants' Report which have been prepared in accordance with HKFRSs and the selected financial information and operating data included elsewhere in this document.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors." In evaluating our business, you should carefully consider the information provided in "Risk Factors."

OVERVIEW

We are an emerging technology company focused on family lifestyle products. We are committed to creating products that offer unique value for users across diverse family lifestyle scenarios through forward-looking insights into user needs and innovative application of advanced materials, craftsmanship and technologies.

In 2019, we launched our first brand, BeBeBus, with a strategic focus on the premium nursery product market aiming to define what quality parenting truly means. Anchored by the savoir-faire of "*Create for Kids*," BeBeBus reimagines nursery products with original designs that unite a passion for quality, an eye for beauty, expert craftsmanship, and innovative technology. Each creation radiates timeless sophistication, bringing long-lasting joy to children and their families around the globe. Starting with our "Big Four" core products, BeBeBus has grown to meet the needs of essential parenting scenarios, from traveling and sleeping to feeding and caring. According to Frost & Sullivan, BeBeBus was the best-selling premium durable nursery product brand in China measured by GMV in 2023, underscoring our success and strong market presence. To date, we are taking BeBeBus to the global stage, extending our footprint into major international markets such as Europe, Southeast Asia, and North America. At the same time, we are working to broaden our portfolio by exploring new family lifestyle scenarios that resonate with modern households.

We have established a proven growth model by initially entering high-barrier markets, such as strollers, car seats, cribs and highchairs, characterized by product complexity, strong demand, and high transaction value. This strategy allows us to rapidly gain recognition from our target users for both our product excellence and premium brand image, setting the stage for expansion into a wider range of product categories. After launching our top-selling, highly sought-after "Big Four" core products, we transitioned from a product-driven growth model to a brand-driven one. By introducing additional product types for the relevant parenting scenarios at more accessible price points, we not only diversify revenue streams but also reinforce our brand's strength and enhance our market presence. It demonstrates our ability to enrich offerings and launch popular products by leveraging our premium brand image. We believe that this established growth model provides a robust foundation for our sustained success in the future, allowing us to adapt and thrive in an ever-evolving marketplace.

Our rapid growth validates our business model, as evidenced by our financial success throughout the Track Record Period. We recorded revenue of RMB507.2 million, RMB852.1 million, and RMB884.3 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Our gross profit was RMB241.8 million, RMB427.3 million, and RMB437.8 million, respectively, with a gross profit margin of 47.7%, 50.2%, and 49.5% in the same periods. We had a net loss of RMB21.2 million in 2022, and a net profit of RMB27.2 million and RMB46.4 million in 2023 and the nine months ended September 30, 2024, respectively. Our adjusted net profit for the year/period (non-HKFRS measure) was RMB9.8 million, RMB59.2 million, and RMB73.6 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Additionally, our adjusted EBITDA (non-HKFRS measure) was RMB39.3 million, RMB117.1 million and RMB134.3 million in 2022, 2023 and the nine months ended September 30, 2024, respectively. Building on our current success, we are confident to further solidify our market leadership and brand equity within the premium nursery product industry.

BASIS OF PREPARATION

Prior to the incorporation of our Company, the principal activities were carried out by BeBeBus Technology and its subsidiaries. To rationalize the corporate structure in preparation of the [**REDACTED**] of our Company's Shares on the Stock Exchange, our Group underwent the reorganization, as detailed in the section headed "History, Reorganization and Corporate Structure." Upon completion of the Reorganization, our Company became the holding company of our Group.

As the Reorganization only involved inserting some newly formed entities with no business operations as the new holding companies of BeBeBus Technology, the former holding company of our Group, there were no changes in the economic substance of the ownership and the business of our Group. Accordingly, the Reorganization has been accounted for using principles similar to those for a reverse acquisition, with BeBeBus Technology treated as the acquirer for accounting purposes. The Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of BeBeBus Technology with the assets and liabilities of BeBeBus Technology recognized and measured at their historical carrying amounts prior to the Reorganization. Intra-group balances, transactions and unrealized gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

Our historical financial information has been prepared in accordance with all applicable HKFRS which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The HKICPA has issued a number of new and revised HKFRSs in the Track Record Period. For the purpose of preparing our historical financial information, we have adopted all applicable new and amended HKFRSs throughout the Track Record Period except for any new standards or interpretation that are not yet effective for the accounting period beginning on January 1, 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on January 1, 2024 are set out in Note 32 to the Accountants' Report.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by a number of factors, some of which are outside of our control. These factors include, but are not limited to, the following.

General Factors

Our business and results of operations are impacted by general factors affecting nursery product industry, which include:

- overall economic growth in China and major international markets, such as Europe, Southeast Asia and North America;
- change in per capita disposable income and consumer spending on nursery products;
- evolving family structure and change in birth rates;
- evolving consumption patterns and habits of parents;
- continuous growth and competition landscape of the premium nursery product market; and
- relevant laws and regulations, governmental policies and initiatives affecting the nursery product industry.

Company-Specific Factors

Our results of operations are also affected by a number of key factors specific to us, which include:

Continuous Product Innovation

All of our revenue during the Track Record Period was generated from the sales of our nursery products. The revenue growth was primarily driven by increased sales of our core products, such as car seats and strollers, as well as the expansion of our product offerings into pajamas, pillows and baby care products. To sustain our growth momentum, we must continue to innovate and develop user-centric products that deliver an exceptional user experience. This includes launching new models with enhanced functionality and features and exploring new product categories that address a wider spectrum of family scenarios. To achieve this, we will continue to invest in consumer understanding, drive product innovation, and expand supply chain resources, which will lead to increased costs and expenses. While we believe that our strong market research and product development capacities have allowed, and will continue to allow, us to offer popular premium nursery products to the market, we acknowledge the uncertainties surrounding market reception. Therefore, our ability to enhance and enrich product offerings and the success of their sales will have substantial impact on our future revenue and profit margins.

Marketing and Brand Promotion

The recognition and perception of our brand is essential to our success. We have established a high-end brand image for BeBeBus by creating the exceptional appeal of our products for families pursuing quality and style in their parenting life. We partner with influencers to build trust in the parenting community. We engage social media to spark desire. We operate a membership program to foster brand loyalty. In 2022 and 2023, our selling and distribution expenses was RMB188.9 million and RMB285.7 million, accounting for 37.2% and 33.5% of our total revenue, respectively. Our selling and distribution expenses was RMB184.6 million and RMB270.5 million in the nine months ended September 30, 2023 and 2024, accounting for 32.9% and 30.6% of our total revenue in the same periods. Such increases were largely in line with our business growth and driven by an increased investment in our branding and marketing activities. We will continue to carry on the existing branding and marketing activities as well as take new initiatives, such as forging partnerships with other brands, IPs and celebrities to create co-branded products. We expect the absolute amount of our selling and distribution expenses will continue to increase along with our business growth in the future. However, as we expand the scale and scope of our business, we expect to make continuous improvement to our selling and distribution efficiency and benefit from economies of scale.

Supply Chain Management

Our ability to effectively manage suppliers and integrate resources along our supply chain is the key to our business and the results of operations. Historically, costs of outsourced goods, material costs and transportation fees have collectively accounted for over 90% of our cost of sales. We collaborate with reliable manufacturers to ensure the timely production that meet our stringent quality control requirements. In 2022, 2023, and the nine months ended September 30, 2024, our costs of outsourced goods were RMB171.3 million, RMB281.9 million, and RMB321.9 million, respectively, representing 64.6%, 66.4% and 72.1% of the total cost of sales in the same periods. We work closely with a network of reliable suppliers to maintain a steady and sufficient supply and directly source specific raw materials through third-party manufacturers as needed, such as plastic, steel, paper, cotton and fabrics. Our material costs amounted to RMB46.5 million, RMB73.6 million, and RMB53.3 million in 2022 and 2023, and the nine months ended September 30, 2024, representing 17.5%, 17.3%, and 11.9% of our total cost of sales in the same periods. In addition, we maintain close business relationships with third-party warehouse and logistics providers. We leverage their strong distribution network to achieve a highly efficient delivery from the factories to the consumers. The transportation fees amounted to RMB24.8 million, RMB42.2 million, and RMB48.6 million in 2022 and 2023, and the nine months ended September 30, 2024, representing 9.3%, 9.9%, and 10.9% of our total cost of sales in the same periods.

Our ability to effectively control our supply and other production-related costs has affected and will continue to affect our profitability. We aim to further advance our supply chain management capabilities to improve our operation and management efficiencies, and ultimately improve our financial performance.

Global Expansion

We believe our global opportunity is significant. We strategically target key international markets, including Europe, Southeast Asia and North America. As the initiate step in our global expansion, we launched our new website in October 2024 to facilitate our international sales online. To effectively engage overseas consumers, we will continue to develop both online and offline sales channels. For online sales, we will work with global e-commerce platforms such as *Amazon*. For our offline sales network, we plan to collaborate with local partners who possess in-depth knowledge and extensive resources related to local distribution. We will enhance our sales and marketing efforts, expand our distribution channels, invest in personnel, and if necessary, establish overseas warehouses to support our global expansion. Additionally, since international markets have varying standards for nursery products, we may need to tailor our product offerings to meet local legal requirements and market conditions. Fluctuations in currency exchange rates between Renminbi and foreign currencies used in international markets may impact our financial condition and results of operations.

Seasonality

We have experienced, and we expect to continue to experience, seasonal fluctuations in our business. E-commerce platforms where we sell our products host major shopping events, such as the 618 Shopping Festival and the Double 11 Shopping Festival, which significantly influence market demand. Consequently, during the Track Record Period, we typically recorded higher sales in the second and fourth quarters of the calendar year. As a result, comparisons of our sales and results of operations across different periods within a financial year may not provide a reliable basis for assessing our performance. Seasonal factors specific to the nursery product industry are expected to continue driving fluctuations in our revenue. See "Risk Factors — Risks Relating to Our Business and Industry — Our results of operations may fluctuate due to seasonality, and the results for any period in a year are not necessarily indicative of full-year results" for details.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. See Note 3 and Note 4 to the Accountants' Report for a detailed discussion of our material accounting policies, estimates, assumptions and judgments which are important for understanding our financial condition and results of operations.

Revenue Recognition

We classify income as revenue when it arises from the sale of goods or the provision of services in the ordinary course of our business. Further details of our revenue and other income recognition policies are as follows:

Revenue from Contracts with Customers

Revenue is recognized when control over a product is transferred to the customer at the amount of promised consideration to which we expect to be entitled, excluding amounts collected on behalf of third parties such as value-added tax or other sales taxes.

We primarily sell our products to customers through both online and offline channels. Revenue from product sales is recognized at the point in time when control of the product is transferred to the customer, generally upon their acceptance of the product.

We act as the principal for our revenue transactions and recognize revenue on a gross basis, including for the sale of products sourced externally. In determining whether we act as a principal or an agent, we assess whether we obtain control of the products before transferring them to customers. Control refers to our ability to direct the use of and derive substantially all benefits from the products.

For contracts where we grant customers the option to acquire additional goods (e.g., loyalty points and rebates), we assess whether the option provides a material right to the customer. If it does, we recognize the option as a performance obligation and record revenue when the additional goods are transferred or when the option expires. If the standalone selling price for a customer's option to acquire additional goods is not directly observable, we estimate it, considering all relevant information, including the difference in discounts the customer would receive with or without exercising the option, and the likelihood of the option being exercised.

Other Income

Interest Income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortized cost are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost of the asset.

Government Grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

Property, Plant and Equipment

Properties, plant and equipment are stated at cost less accumulated depreciation and impairment losses. See Note 12 to the Accountants' Report for further details.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off their cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows.

	Estimated useful life
Plant and buildings	20 years
Machinery and equipment	3 to 10 years
Motor vehicles	4 years
Office and other equipment	3 to 5 years
Leasehold improvement	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost is allocated on a reasonable basis between the parts, and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are annually.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses. Cost comprises the purchase costs of the asset and the related construction and installation costs. Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above. No depreciation is provided in respect of construction in progress.

Intangible Assets

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if it can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and we intend to, and have sufficient resources to, complete the development and use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred.

Other intangible assets, including software and patents, that are acquired by us and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. See Note 14 to the Accountants' Report for further details.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Software	3 to 5 years
Patents	5 to 15 years

The estimates and associated assumptions of useful life of software determined by us are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the current functionalities equipped by the software and the daily operation needs, we consider a useful life of three to ten years to be their best estimation.

Patents are capitalized based on the costs incurred to acquire and make them operational. We estimate the useful lives of patents as the shorter of the remaining validity period of the patents or the expected lifespan of the respective products utilizing the patents.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Lease Assets

At inception of a contract, we assess whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a Lessee

Where the contract contains lease component(s) and non-lease component(s), we have elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, we recognize a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less. and leases of low-value items such as laptops and office furniture. When we enter into a lease in respect of a low-value item, we decide whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses. See Note 13 to the Accountants' Report for further details.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in our estimate of the amount expected to be payable under a residual value guarantee, or if we change its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within 12 months after the reporting period.

Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Accounting Estimates and Judgments

The significant sources of estimation uncertainty in the process of applying our accounting policies are as follows:

Net Realizable Value of Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. These estimates are based on the current market condition and our historical experience with selling products of a similar nature. These estimates could significantly as a result of changes in consumer preferences and competitor actions in response to serve industry cycles. Management reassesses these estimates at the end of each period within the Track Record Period.

Depreciation and Amortization

Property, plant and equipment, right-of-use assets and intangible assets are depreciated on a straight-line basis over the estimated useful lives of the assets. We review the estimated useful lives of the assets regularly in order to determine the amount of depreciation or amortization expense to be recorded during the Track Record Period. The useful lives are based on our historical experience with similar assets. The depreciation expense for future periods is adjusted if there are material changes from previous estimates.

Fair Value of Share-Based Payments

We have granted Share Options to a Director and certain employees. We have used binomial option-pricing model to determine the total fair value of the Share Options granted. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate. expected volatility and dividend yield, is required to be made by us in applying the binomial option-pricing model.

Recognition of Deferred Tax Assets

Deferred tax assets related to tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amounts of the relevant assets and liabilities, using tax rates enacted or substantively enacted as of the reporting date. In determining the carrying amounts of deferred tax assets, we estimate expected taxable profits, which involves various assumptions about our operating environment and requires a significant level of judgment by our Directors. Any changes in these assumptions or judgments could affect the carrying amounts of deferred tax assets and, consequently, our net profit in future years.

Warranty Provisions

We make provisions for warranties on product sales based on our recent claim experience. However, since we are continually upgrading our product designs and launching new models, it is possible that recent claim experience may not accurately predict future claims related to past sales. Any adjustments to the warranty provisions would impact profit or loss in future years.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statement of profit or loss with line items in absolute amount and as a percentage of our revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Revenue	507,202	100.0	852,103	100.0	561,005	100.0	884,273	100.0
Cost of sales	(265,421)	(52.3)	(424,764)	(49.8)	(280,609)	(50.0)	(446,472)	(50.5)
Gross profit	**241,781**	**47.7**	**427,339**	**50.2**	**280,396**	**50.0**	**437,801**	**49.5**
Other income and net gain	5,691	1.1	12,145	1.4	10,635	1.9	16,424	1.9
Selling and distribution expenses	(188,869)	(37.2)	(285,738)	(33.5)	(184,581)	(32.9)	(270,495)	(30.6)
Administrative and other expenses	(27,560)	(5.5)	(41,630)	(5.0)	(27,684)	(4.9)	(58,592)	(6.6)
Research and development expenses	(16,247)	(3.2)	(23,845)	(2.8)	(15,654)	(2.8)	(15,861)	(1.8)
(Provision)/reversal of impairment loss on trade receivables	(4)	0.0	(69)	0.0	(3)	0.0	16	0.0
Profit from operations	**14,792**	**2.9**	**88,202**	**10.3**	**63,109**	**11.3**	**109,293**	**12.4**
Finance costs	(27,222)	(5.4)	(27,500)	(3.2)	(20,725)	(3.7)	(21,669)	(2.5)
(Loss)/profit before taxation	**(12,430)**	**(2.5)**	**60,702**	**7.1**	**42,384**	**7.6**	**87,624**	**9.9**
Income tax	(8,799)	(1.7)	(33,478)	(3.9)	(20,709)	(3.7)	(41,203)	(4.7)
(Loss)/profit for the year/period	**(21,229)**	**(4.2)**	**27,224**	**3.2**	**21,675**	**3.9**	**46,421**	**5.2**

NON-HKFRS MEASURES

In order to supplement our consolidated statement of profit or loss and other comprehensive income, which is presented in accordance with HKFRS, we use adjusted net profit for the year/period (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with HKFRS to evaluate our operating performance.

We believe that these non-HKFRS measures help identify underlying trends in our business and provide useful information for [**REDACTED**] and others to understand and evaluate our results of operation. However, adjusted net profit for the year/period (non-HKFRS measure) and adjusted EBITDA (non-HKFRS measure) have material limitations as analytical tools. When assessing our operating and financial performance, you should not consider these non-HKFRS measures in isolation from or as substitutes for financial performance metrics that is calculated in accordance with HKFRS. The term "adjusted net profit for the year/period (non-HKFRS measure)" and "adjusted EBITDA (non-HKFRS measure)" are not defined under HKFRS and may not be comparable to other similarly named measures used by other companies.

We define adjusted net profit for the year/period (non-HKFRS measure) as profit for the year/period adjusted for (i) [**REDACTED**], (ii) equity-settled share-based payment expenses, and (iii) interest on redeemable Preferred Shares. [**REDACTED**] primarily include professional fees incurred in connection with the [**REDACTED**] and the [**REDACTED**]. Equity-settled share-based payment expenses represent non-cash expenses related to the granting of share options to eligible individuals under the Share Incentive Plan. See Note 27 to the Accountants' Report for details. Interest on redeemable Preferred Shares pertains to the preferential rights associated with certain investors' subscriptions to our Company's Shares. See Note 26 to the Accountants' Report for details. We define adjusted EBITDA (non-HKFRS measure) as profit from operations adjusted for (i) depreciation of property, plant and equipment, (ii) depreciation of right-of-use assets, (iii) amortization of intangible assets, (iv) [**REDACTED**], and (v) equity-settled share-based payment expenses.

	Year ended December 31,		Nine months ended September 30,	
	2022	**2023**	**2023**	**2024**
	(RMB in thousands)			
			(Unaudited)	*(Unaudited)*
(Loss)/Profit for the year/period	**(21,229)**	**27,224**	**21,675**	**46,421**
Add:				
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equity-settled share-based payment expenses	5,418	5,418	4,052	1,555
Interest on redeemable Preferred Shares	25,585	25,585	19,136	19,004
Adjusted net profit for the year/period (non-HKFRS measure)	**9,774**	**59,247**	**45,043**	**73,572**

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(Unaudited)	*(Unaudited)*
Profit from operations	**14,792**	**88,202**	**63,109**	**109,293**
Add:				
Depreciation of property, plant and equipment	7,912	9,896	7,149	7,482
Depreciation of right-of-use assets	5,425	6,210	4,695	4,683
Amortization of intangible assets	5,758	6,305	4,736	4,706
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Equity-settled share-based payment expenses	5,418	5,418	4,052	1,555
Adjusted EBITDA (non-HKFRS measure)	**39,305**	**117,051**	**83,921**	**134,311**

DESCRIPTION OF MAJOR COMPONENTS OF RESULTS OF OPERATIONS

Revenue

In 2022 and 2023, we generated revenue of RMB507.2 million and RMB852.1 million, respectively. For the nine months ended September 30, 2023 and 2024, we generated revenue of RMB561.0 million and RMB884.3 million, respectively. Geographically, we generated 99.4%, 99.9%, 99.9% and 99.9% of our revenue in mainland China in 2022 and 2023 and in the nine months ended September 30, 2023 and 2024.

Revenue by Product Type

During the Track Record Period, we generated all of our revenue from sales of products, including: (i) travel gear such as strollers and accessories, car seats, and baby carriers, (ii) sleep gear such as cribs, pajamas and pillows, (iii) feeding gear such as highchairs and tableware, and (iv) baby care products such as diapers and wipes. Our revenue represents the net value of goods sold, after deduction of value-added taxes, allowances for goods returned, and rebates and discounts.

The following table sets forth the breakdown of our revenue by product type, in absolute amount and as a percentage of our total revenue for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Travel Gear								
– Strollers and accessories	124,720	24.6	165,842	19.5	120,178	21.4	177,180	20.0
– Car seats	140,767	27.8	188,015	22.1	132,685	23.7	138,024	15.6
– Baby carriers	59,216	11.7	120,364	14.1	78,743	14.0	100,622	11.4
Subtotal	324,703	64.1	474,221	55.7	331,606	59.1	415,826	47.0
Sleep Gear	124,772	24.6	135,860	15.9	81,811	14.6	146,928	16.6
Feeding Gear	15,543	3.1	41,006	4.8	22,727	4.1	51,209	5.8
Baby Care Products	42,184	8.2	201,016	23.6	124,861	22.2	270,310	30.6
Total	**507,202**	**100.0**	**852,103**	**100.0**	**561,005**	**100.0**	**884,273**	**100.0**

Revenue by Sales Channel

We sell our products through an extensive and diverse sales network integrating offline and online channels to reach a wide range of consumers. Our online channels cover mainstream e-commerce platforms and private domain platforms in China. Our offline channels primarily comprise sales to distributors and key accounts, such as major baby and kids retailers. See "Business — Our Sales Network" for details.

The following table sets out a breakdown of our revenue by sales channel in absolute amounts and as percentages of our revenue for the periods indicated.

	Year Ended December 31,				Nine Months Ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Online Channels								
– E-commerce platforms	408,118	80.5	596,474	70.0	379,626	67.7	572,594	64.8
– Private domain	8,759	1.7	40,027	4.7	24,113	4.3	66,375	7.5
Subtotal	416,877	82.2	636,501	74.7	403,739	72.0	638,969	72.3
Offline Channels								
– Distributors	55,800	11.0	132,398	15.5	100,193	17.9	161,809	18.3
– Key accounts	34,525	6.8	83,204	9.8	57,073	10.1	83,495	9.4
Subtotal	90,325	17.8	215,602	25.3	157,266	28.0	245,304	27.7
Total	**507,202**	**100.0**	**852,103**	**100.0**	**561,005**	**100.0**	**884,273**	**100.0**

Revenue from Online Channels

Online channels are our primary source of revenue, contributing 82.2% and 74.7% of our total revenue in 2022 and 2023, respectively, and 72.0% and 72.3% of our total revenue in the nine months ended September 30, 2023 and 2024, respectively. As part of our omni-channel strategy, we reach consumers across various online scenarios.

E-commerce platforms. We primarily sell through e-commerce platforms such as *Tmall, JD.com* and *Douyin*, which offer a vast range of products to meet the diverse needs of consumers. Our online sales from e-commerce platforms come through two main channels: (i) self-operated stores on major platforms such as *Tmall*, *JD.com* and *Douyin*, and (ii) sales to *JD.com*'s official store. During the Track Record Period, the increase in our revenue generated from e-commerce platforms was primarily driven by the combination of the growing recognition of our BeBeBus brand, the increasing popularity of our products, and the targeted marketing that drove traffic to our stores and increased conversion rate. The decrease in our revenue generated from e-commerce platforms as a percentage of our total revenue during the Track Record Period was primarily due to our efforts to diversify our sales channels and the rapid growth through other online and offline channels.

Private domain. Our private domain includes Weixin mini program and Weixin channels. The increase in revenue generated from our private domain was largely attributed to, in addition to growing brand recognition, our active engagement with members through Weixin. This engagement was strengthened through after-sales customer support, complimentary parenting consultation services, and exclusive promotions, all of which fostered customer loyalty and supported revenue growth.

Revenue from Offline Channels

Our offline sales network effectively complements our digital e-commerce experience. During the Track Record Period, offline channels contributed 17.8% and 25.3% of our total revenue in 2022 and 2023, respectively, and 28.0% and 27.7% of our total revenue in the nine months ended September 30, 2023 and 2024, respectively.

Distributors. We leverage distributors' in-depth understanding of local markets and established local resources to expand our offline presence and increase market penetration. During the Track Record Period, all revenue generated from our distribution channel was attributable to domestic distributors. As of September 30, 2024, we partnered with 123 distributors in China and two distributors overseas. The increase in our revenue generated from distributors during the Track Record Period was primarily due to our efforts to expand our distributor network and optimize our distribution terms which supported increased sales volumes among distributors.

Key accounts. We partner with major baby and kids retailers, among others, to connect more effectively with families. We refer these partners as our key accounts. The increase in our revenue generated from key accounts during the Track Record Period was primarily due to the growing recognition of our BeBeBus brand, the increasing popularity of our products, and the increase in sales of our core products.

Cost of Sales

Our cost of sales consists primarily of (i) costs of outsourced goods, as we continue to collaborate with qualified third-party manufacturers for product production, (ii) material costs, primarily related to the production of car seats and highchairs at our in-house production facilities, (iii) transportation fees, mainly for product distribution and delivery, (iv) depreciation and amortization, primarily associated with our production facilities, and (v) staff costs, including salaries, bonuses, social insurance contributions, housing provident funds, and other employee benefits for personnel at our production facility.

Our cost of sales was RMB265.4 million, RMB424.8 million, RMB280.6 million and RMB446.5 million in 2022, 2023 and for the nine months ended September 30, 2023 and 2024, respectively, according for 52.3%, 49.8%, 50.0% and 50.5% of the total revenue in the same periods. The significant increase in the cost of sales in absolute amount during the Track Record Period reflected the significant growth of our business.

The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Costs of outsourced goods	171,342	64.6	281,852	66.4	177,411	63.2	321,937	72.1
Material costs	46,547	17.5	73,550	17.3	55,663	19.8	53,303	11.9
Transportation fees	24,797	9.3	42,242	9.9	27,563	9.8	48,557	10.9
Depreciation and amortization	15,437	5.8	15,875	3.7	11,983	4.3	10,965	2.5
Staff costs	4,602	1.7	4,504	1.1	3,364	1.2	3,481	0.8
Others[1]	2,696	1.1	6,741	1.6	4,625	1.7	8,229	1.8
Total	**265,421**	**100.0**	**424,764**	**100.0**	**280,609**	**100.0**	**446,472**	**100.0**

Note:

(1) Others mainly represent warranty costs, product scrap costs, repair costs, and utilities expenses.

Gross Profit and Gross Profit Margin

In 2022 and 2023, our gross profit was RMB241.8 million and RMB427.3 million, respectively. In the nine months ended September 30, 2023 and 2024, our gross profit was RMB280.4 million and RMB437.8 million, respectively. Our gross profit margin was 47.7%, 50.2%, 50.0% and 49.5% for the corresponding period.

The following table sets forth our gross profit and our gross profit margin by product type for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Travel Gear								
– Strollers and accessories	55,692	44.7	80,051	48.3	57,057	47.5	83,246	47.0
– Car seats	60,980	43.3	90,842	48.3	64,493	48.6	59,882	43.4
– Baby carriers	34,621	58.5	73,846	61.4	47,233	60.0	62,425	62.0
Subtotal	151,293	46.6	244,739	51.6	168,783	50.9	205,553	49.4
Sleep Gear	66,479	53.3	77,075	56.7	45,054	55.1	88,157	60.0
Feeding Gear	7,672	49.4	26,702	65.1	14,641	64.4	31,938	62.4
Baby Care products	16,337	38.7	78,823	39.2	51,918	41.6	112,153	41.5
Total	**241,781**	**47.7**	**427,339**	**50.2**	**280,396**	**50.0**	**437,801**	**49.5**

Other Income and Net Gain

During the Track Record Period, our other income and net gain consists primarily of income generated from (i) interest income, (ii) net realized and unrealized gain on financial assets measured at FVTPL, and (iii) government grants.

In 2022 and 2023, our other income and net gain was RMB5.7 million and RMB12.1 million, respectively, accounting for 1.1% and 1.4 % of our total revenue for the corresponding period. In the nine months ended September 30, 2023 and 2024, our other income and net gain was RMB10.6 million and RMB16.4 million, respectively, both accounting for 1.9% of our total revenue for the corresponding period.

The following table sets forth a breakdown of our other income and net gain in absolute amount and as a percentage of our total other income and net gain for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Interest income	519	9.1	1,165	9.6	786	7.4	2,486	15.1
Net realized and unrealized gain on financial assets measured at FVTPL	1,820	32.0	1,073	8.8	864	8.1	1,563	9.5
Government grants[(1)]	3,757	66.0	10,250	84.4	8,520	80.1	14,368	87.5
Net loss on disposal of property, plant and equipment	(555)	(9.8)	(998)	(8.2)	47	0.5	–	–
Net foreign exchange gain/(loss)	16	0.3	(9)	(0.1)	2	0.0	(2,456)	(15.0)
Others[(2)]	134	2.4	664	5.5	416	3.9	463	2.9
Total	**5,691**	**100.0**	**12,145**	**100.0**	**10,635**	**100.0**	**16,424**	**100.0**

Notes:

(1) Government grants mainly represent various unconditional cash subsidies granted by certain local government authorities in the PRC.

(2) Others mainly represent payments we received from penalties imposed on suppliers.

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses consist primarily of (i) promotion expenses, mainly including online platform promotion fees, offline promotion costs and new media marketing expenses; (ii) employee benefit expenses, including salaries, bonuses, social insurance contributions, housing provident funds, equity-settled share-based payments and other benefits for sales and marketing personnel; and (iii) platform service fees, mainly including service fees charged by e-commerce platforms.

In 2022 and 2023, our selling and distribution expenses were RMB188.9 million, RMB285.7 million, respectively, accounting for 37.2% and 33.5% of our revenue, respectively. In the nine months ended September 30, 2023 and 2024, our selling and distribution expenses were RMB184.6 million and RMB270.5 million, respectively, accounting for 32.9% and 30.6% of our total revenue in the same periods.

The following table sets forth a breakdown of our selling and distribution expenses in absolute amount and as a percentage of our total selling and distribution expenses for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Promotion expenses	135,394	71.7	209,987	73.5	134,144	72.7	205,221	75.9
Employee benefit expenses	28,041	14.8	39,878	14.0	26,752	14.5	37,025	13.7
Platform service fees	20,610	10.9	30,537	10.7	20,212	11.0	22,550	8.3
Others[(1)]	4,824	2.6	5,336	1.8	3,473	1.8	5,699	2.1
Total	**188,869**	**100.0**	**285,738**	**100.0**	**184,581**	**100.0**	**270,495**	**100.0**

Note:

(1) Others mainly represent office and travel expenses, professional service fees, depreciation and amortization, office and renovation expenses associated with our sales and marketing personnel, as well as miscellaneous expenses related to sales and marketing activities.

Administrative and Other Expenses

During the Track Record Period, our administrative and other expenses consist primarily of (i) employee benefit expenses, comprising salaries, bonuses, social insurance contributions, housing provident funds, equity-settled share-based payment expenses and other benefits for personnel in human resources, finance, risk control and public affairs; (ii) taxes and surcharges; (iii) depreciation and amortization expenses primarily related to office equipment and buildings; (iv) professional and consulting fees, including consulting service costs and legal service expenses; (v) office and travel expenses, consisting mainly of travel, and office-related costs; and (vi) [**REDACTED**].

In 2022 and 2023, our administrative and other expenses were RMB27.6 million and RMB41.6 million, respectively, accounting for 5.5% and 5.0% of our total revenue, respectively. In the nine months ended September 30, 2023 and 2024, our administrative and other expenses were RMB27.7 million and RMB58.6 million, accounting for 4.9% and 6.6% of our total revenue in the same periods.

The following table sets forth a breakdown of our administrative and other expenses in absolute amount and as a percentage of our total administrative and other expenses for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Employee benefit expenses	15,061	54.6	17,794	42.7	12,796	46.2	25,067	42.8
Taxes and surcharges	3,383	12.3	6,877	16.5	4,471	16.1	6,785	11.6
Depreciation and amortization	2,579	9.4	5,070	12.2	3,522	12.7	4,751	8.1
Professional and consulting fees	2,251	8.2	3,952	9.5	2,425	8.8	6,935	11.8
Office and travel expenses	1,726	6.3	3,772	9.1	2,258	8.2	4,437	7.6
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others(1)	2,560	9.3	3,145	7.6	2,032	7.3	4,025	6.9
Total	**27,560**	**100.0**	**41,630**	**100.0**	**27,684**	**100.0**	**58,592**	**100.0**

Note:

(1) Others mainly represent utilities expenses and property management fees.

Research and Development Expenses

During the Track Record Period, our research and development expenses consist primarily of (i) employee benefit expenses, including salaries, bonuses, social insurance contributions, housing provident funds, equity-settled share-based payment expenses and other benefits for R&D personnel; (ii) professional service fees, primarily related to inspection, testing and consulting services, (iii) material costs associated with product research and development; and (iv) depreciation and amortization, mainly related to patents.

In 2022 and 2023, our research and development expenses were RMB16.2 million and RMB23.8 million, respectively, accounting for 3.2% and 2.8% of our total revenue, respectively. In the nine months ended September 30, 2023 and 2024, our research and development expenses were RMB15.7 million and RMB15.9 million, accounting for 2.8% and 1.8% of our total revenue in the same periods.

The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Employee benefit expenses	12,356	76.0	17,019	71.4	11,313	72.3	11,345	71.5
Professional service fees	2,245	13.9	2,520	10.5	1,319	8.4	1,133	7.2
Material costs	512	3.1	2,143	9.0	1,660	10.6	1,962	12.4
Depreciation and amortization	190	1.2	285	1.2	197	1.3	241	1.5
Others[(1)]	944	5.8	1,878	7.9	1,165	7.4	1,180	7.4
Total	**16,247**	**100.0**	**23,845**	**100.0**	**15,654**	**100.0**	**15,861**	**100.0**

Note:

(1) Others mainly represent travel expenses and office expenses associated with our R&D personnel.

Provision/Reversal of Impairment Loss on Trade Receivables

In 2022 and 2023, our provision of impairment loss on trade receivables was RMB4 thousand and RMB69 thousand, respectively. In the nine months ended September 30, 2023 and 2024, our provision of impairment loss on trade receivables was RMB3 thousand and our reversal of impairment loss on trade receivables was RMB16 thousand, respectively.

Finance Costs

During the Track Record Period, our finance costs primarily include interest expenses on bank loans, lease liabilities, and redeemable Preferred Shares.

In 2022 and 2023, our finance costs were RMB27.2 million and RMB27.5 million, respectively, accounting for 5.4% and 3.2% of our total revenue, respectively. In the nine months ended September 30, 2023 and 2024, our finance costs were RMB20.7 million and RMB21.7 million, respectively, accounting for 3.7% and 2.5% of our total revenue in the same periods.

The following table sets forth a breakdown of our finance costs for the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2022		2023		2023		2024	
	RMB	*% of Revenue*	*RMB*	*% of Revenue*	*RMB*	*% of Revenue*	*RMB*	*% of Revenue*
	(RMB in thousands, except percentages)							
					(Unaudited)		*(Unaudited)*	
Interest on redeemable Preferred Shares[1]	25,585	94.0	25,585	93.0	19,136	92.3	19,004	87.7
Interest on bank loans	1,203	4.4	1,322	4.8	1,173	5.7	2,267	10.5
Interest on lease liabilities	434	1.6	593	2.2	416	2.0	398	1.8
Total	**27,222**	**100.0**	**27,500**	**100.0**	**20,725**	**100.0**	**21,669**	**100.0**

Note:

(1) Interest on redeemable Preferred Shares refers to the accrued financial returns payable to holders of convertible redeemable Preferred Shares.

Income Tax

Our income tax expenses represent PRC corporate income tax. In 2022 and 2023, our income tax was RMB8.8 million and RMB33.5 million, respectively. In the nine months ended September 30, 2023 and 2024, our income tax was RMB20.7 million and RMB41.2 million, respectively.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate. We are subject to various rates of income tax under different jurisdictions. During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in jurisdictions we operate in, and we were not aware of any outstanding or potential disputes with such tax authorities.

Loss/profit for the Year/Period

As a result of the foregoing, we had a loss of RMB21.2 million in 2022 and a profit in RMB27.2 million in 2023. In the nine months ended September 30, 2023 and 2024, our profit for the period was RMB21.7 million and RMB46.4 million, respectively.

TAXATION

Cayman Islands and the BVI

Our Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. As such, the results of operations reported by our Company is not subject to any Cayman Islands income tax.

Our entities established under the BVI Business Companies Act of the BVI are exempt from BVI income taxes.

Hong Kong

Hong Kong has adopted a two-tiered profits tax rates regime since March 2018. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. We have not made any provision for Hong Kong profits tax as we did not generate any assessable profits in Hong Kong during the Track Record Period.

PRC

Our subsidiaries in China are generally subject to Enterprise Income Tax ("**EIT**") at the statutory rate of 25% on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the EIT Law.

For the year ended December 31, 2022, two subsidiaries of our Group met the criteria for preferential tax rate granted to small and low profit-making enterprises in the PRC and were entitled to a preferential tax rate of 2.5% on taxable income for the first RMB1,000,000 and 5% on taxable income for the subsequent RMB1,000,000 to RMB3,000,000.

For the year ended December 31, 2023 and the nine months ended September 30, 2024, six subsidiaries of our Group met the criteria for preferential tax rate granted to small and low profit-making enterprises in the PRC and were entitled to a preferential tax rate of 5% on taxable income for RMB3,000,000.

Further, BeBeBus Technology was qualified as a High and New Technology Enterprises ("**HNTE**") in 2020 and was entitled to a preferential tax rate of 15% for the year ended December 31, 2022. For the year ended December 31, 2023 and the nine months ended September 30, 2024, BeBeBus Technology ceased to be entitled to the preferential tax rate for HNTE and thus was subject to a rate of 25% for EIT.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Revenue

We generated all of our revenue from sales of products. Our revenue increased by 57.6% from RMB561.0 million in the nine months ended September 30, 2023 to RMB884.3 million in the nine months ended September 30, 2024, primarily due to increases in revenue of our major products and from both online channels and offline channels.

Revenue by Product Type

- *Travel gear.* Our revenue from travel gear increased by 25.4% from RMB331.6 million in the nine months ended September 30, 2023 to RMB415.8 million in the nine months ended September 30, 2024, primarily driven by (i) a 47.4% increase in sales of strollers and accessories from RMB120.2 million in the nine months ended September 30, 2023 to RMB177.2 million in the nine months ended September 30, 2024, and (ii) a 27.8% increase in sales of baby carriers from RMB78.7 million in the nine months ended September 30, 2023 to RMB100.6 million in the nine months ended September 30, 2024. These increases were primarily driven by the growth of sales volume, as a result of our enhanced brand recognition, improved market acceptance, as well as the introduction of new product lines and the upgrade of existing models.

- *Sleep gear.* Our revenue from sleep gear increased by 79.6% from RMB81.8 million in the nine months ended September 30, 2023 to RMB146.9 million in the nine months ended September 30, 2024, primarily due to the growth of sales volume for cribs, pajamas and pillows, as a result of an expanded and refined product portfolio, as well as improved brand recognition and successful market promotions.

- *Feeding gear.* Our revenue from sales of feeding gear increased by 125.3% from RMB22.7 million in the nine months ended September 30, 2023 to RMB51.2 million in the nine months ended September 30, 2024, primarily driven by the growth of sales volume, particularly from the sales growth of tableware products with higher unit prices.

- *Baby care products.* Our revenue from baby care products increased by 116.5% from RMB124.9 million in the nine months ended September 30, 2023 to RMB270.3 million in the nine months ended September 30, 2024, primarily due to (i) an increase in sales volume driven by the launch of new diaper series and small package edition in late 2023, and (ii) the growth of the sales of existing products.

Revenue by Sales Channel

- *Online Channels.* Our revenue generated from online channels increased by 58.3% from RMB403.7 million in the nine months ended September 30, 2023 to RMB639.0 million in the nine months ended September 30, 2024 due to the revenue increases across all major online sales channels. Revenue generated from e-commerce platforms increased by 50.8% from RMB379.6 million in the nine months ended September 30, 2023 to RMB572.6 million in the nine months ended September 30, 2024. Similarly, revenue generated from private domain sales, specifically our Weixin mini program and Weixin channels, increased by 175.3% from RMB24.1 million in the nine months ended September 30, 2023 to RMB66.4 million in the nine months ended September 30, 2024. The increase of revenue generated from online channels was primarily driven by (i) the growth of sales volumes across both e-commerce and private domain platforms, (ii) the growth of consumers returning to make additional purchases on these platforms, (iii) the growing market presence and recognition of our BeBeBus brand, and (iv) the rising appeal and demand for our product offerings.

- *Offline Channels.* Our revenue generated from offline channels increased by 56.0% from RMB157.3 million in the nine months ended September 30, 2023 to RMB245.3 million in the nine months ended September 30, 2024, primarily due to increases in revenue from sales to both our distributors and key accounts. Specifically, revenue generated from sales to distributors increased by 61.5% from RMB100.2 million in the nine months ended September 30, 2023 to RMB161.8 million in the nine months ended September 30, 2024, primarily due to the expansion of our distributors network. Revenue generated from sales to key accounts increased by 46.3% from RMB57.1 million in the nine months ended September 30, 2023 to RMB83.5 million in the nine months ended September 30, 2024, which was in line with our business growth.

Cost of Sales

Our cost of sales increased by 59.1% from RMB280.6 million in the nine months ended September 30, 2023 to RMB446.5 million in the nine months ended September 30, 2024, which was in line with the growth of our sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 56.1% from RMB280.4 million in the nine months ended September 30, 2023 to RMB437.8 million in the nine months ended September 30, 2024. Our gross profit margin decreased slightly from 50.0% in the nine months ended September 30, 2023 to 49.5% in the nine months ended September 30, 2024.

Gross Profit and Gross Profit Margin by Product Type

For our travel gear, the gross profit increased by 21.8% from RMB168.8 million in the nine months ended September 30, 2023 to RMB205.6 million in the nine months ended September 30, 2024, and the gross profit margin decreased from 50.9% in the nine months ended September 30, 2023 to 49.4% in the nine months ended September 30, 2024, mainly due to (i) higher costs of outsourced goods as we enhanced product quality for our new and upgraded product lines, and (ii) an increase in the cost of complimentary accessories as part of our sales strategy, which are included in our cost of sales.

For our sleep gear, the gross profit increased by 95.7% from RMB45.1 million in the nine months ended September 30, 2023 to RMB88.2 million in the nine months ended September 30, 2024, and the gross profit margin increased from 55.1% in the nine months ended September 30, 2023 to 60.0% in the nine months ended September 30, 2024, mainly due to the introduction of new models and enhancements to existing products in 2024, which supported higher unit prices.

For our feeding gear, the gross profit increased by 118.1% from RMB14.6 million in the nine months ended September 30, 2023 to RMB31.9 million in the nine months ended September 30, 2024, and the gross profit margin slightly decreased from 64.4% in the nine months ended September 30, 2023 to 62.4% in the nine months ended September 30, 2024, mainly due to (i) higher costs of outsourced goods associated with the refinement of our product offerings, and (ii) the inclusion of complimentary accessories and trial products, which were introduced in response to competitive market pressures.

For our baby care products, the gross profit increased by 116.0% from RMB51.9 million in the nine months ended September 30, 2023 to RMB112.2 million in the nine months ended September 30, 2024. The gross profit margin remained relatively stable over the period from the nine months ended September 30, 2023 to the nine months ended September 30, 2024.

Other Income and Net Gain

Our other income and net gain increased by 54.4% from RMB10.6 million in the nine months ended September 30, 2023 to RMB16.4 million in the nine months ended September 30, 2024, primarily due to (i) an increase in interest income resulting from an increase in bank deposits, and (ii) an increase in government grants, partially offset by net foreign exchange loss due to fluctuation of the U.S. dollar to Renminbi exchange rate during our Group's restructuring process.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 46.5% from RMB184.6 million in the nine months ended September 30, 2023 to RMB270.5 million in the nine months ended September 30, 2024, primarily due to (i) an increase in promotion expenses, reflecting our expanded promotional activities across online and offline channels, (ii) an increase in platform service fees in line with the growth of revenue generated from online channels, and (iii) an increase in employee benefit expenses, resulting from the expansion of our sales team and a modest increase in average employee compensation.

Administrative and Other Expenses

Our administrative and other expenses increased by 111.6% from RMB27.7 million in the nine months ended September 30, 2023 to RMB58.6 million in the nine months ended September 30, 2024, primarily due to (i) an increase in employee benefit expenses due to the expansion of our administrative team in late 2023 as a result of our business expansion, and (ii) an increase in [**REDACTED**] in relation to the [**REDACTED**].

Research and Development Expenses

Our research and development expenses remained stable, which was RMB15.7 million in the nine months ended September 30, 2023 and RMB15.9 million in the nine months ended September 30, 2024.

Finance Costs

Our finance costs increased by 4.6% from RMB20.7 million in the nine months ended September 30, 2023 to RMB21.7 million in the nine months ended September 30, 2024, primarily due to an increase in our bank loan balances, which led to an increase in interest costs.

Income Tax

Our income tax increased significantly from RMB20.7 million in the nine months ended September 30, 2023 to RMB41.2 million in the nine months ended September 30, 2024, primarily due to the growth of our profit before income tax. Our effective income tax rate (calculated as income tax expense divided by profit before taxation) remained relatively stable at 48.9% and 47.0% in the nine months ended September 30, 2023 and 2024, respectively.

Loss/Profit for the Period

As a result of the foregoing, our profit for the period increased by 114.2% from RMB21.7 million in the nine months ended September 30, 2023 to RMB46.4 million in the nine months ended September 30, 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

We generated all of our revenue from sales of products. Our revenue increased by 68.0% from RMB507.2 million in 2022 to RMB852.1 million in 2023, primarily due to increases in revenue generated from sales of major products and from both online and offline channels.

Revenue by Product Type

- *Travel gear.* Our revenue from travel gear increased by 46.0% from RMB324.7 million in 2022 to RMB474.2 million in 2023, primarily driven by (i) a 103.3 % increase in sales of baby carriers from RMB59.2 million in 2022 to RMB120.4 million in 2023, and (ii) a 33.6% increase in sales of car seats from RMB140.8 million in 2022 to RMB188.0 million in 2023. These increases were mainly driven by the growth of sales volume, as a result of our enhanced brand recognition, improved market acceptance and the enrichment of our product portfolio.

- *Sleep gear.* Our revenue from sleep gear increased by 8.9% from RMB124.8 million in 2022 to RMB135.9 million in 2023, primarily due to an increase in sales volume of pajamas and pillows resulting from an expanded and refined product portfolio, as well as improved brand recognition and successful market promotions.

- *Feeding gear.* Our revenue from sales of feeding gear increased by 163.8% from RMB15.5 million in 2022 to RMB41.0 million in 2023, primarily driven by the growth of sales volume, as a result of our enhanced brand recognition and an increasingly diverse product portfolio, including the launch of new highchair and tableware series in 2023.

- *Baby care products.* Our revenue from baby care products increased by 376.5% from RMB42.2 million in 2022 to RMB201.0 million in 2023, primarily due to an increase in sales volume resulting from (i) the launch of new diaper series, such as the *Platinum+* Series, which command higher unit prices, (ii) our enhanced brand recognition and broad market acceptance, and (iii) the introduction of small package edition in 2023.

Revenue by Sales Channel

- *Online Channels.* Our revenue generated from online channels increased by 52.7% from RMB416.9 million in 2022 to RMB636.5 million in 2023, primarily due to increases in revenue across all online channels. Specifically, our revenue from e-commerce platforms increased by 46.2% from RMB408.1 million in 2022 to RMB596.5 million in 2023, mainly driven by (i) the growth of sales volumes across e-commerce platforms, and (ii) continued growth of repeat customers on these platforms. Revenue from our private domain increased by 357.0% from RMB8.8 million in 2022 to RMB40.0 million in 2023, primarily driven by (i) the growth of sales volumes due to improved conversion of customers from other platforms, and (ii) the growth of repeat customers driven by enhanced customer engagement through our Weixin mini program and Weixin channels.

- *Offline Channels.* Our revenue generated from offline channels increased by 138.7% from RMB90.3 million in 2022 to RMB215.6 million in 2023, primarily due to increases in revenue from sales to both our distributors and key accounts. Specifically, revenue generated from sales to distributors increased by 137.3% from RMB55.8 million in 2022 to RMB132.4 million in 2023, primarily driven by the expansion of our distributor network, which grew from 56 as of December 31, 2022 to 85 as of December 31, 2023, and our efforts to elevate brand equity that helped improve distributor sales performance. Revenue generated from sales to key accounts increased by 141.0% from RMB34.5 million in 2022 to RMB83.2 million in 2023, primarily due to revenue growth from car seats and strollers at major baby and kids retail chains, supported by the enhanced perception of our brand image.

Cost of Sales

Our cost of sales increased by 60.0% from RMB265.4 million in 2022 to RMB424.8 million in 2023, primarily due to (i) rising costs of outsourced goods due to ongoing collaboration with qualified third-party manufacturers and scaling up the volume of outsourced products to meet growing market demand, and (ii) higher material and transportation costs due to our increased production output. The increase in cost of sales was in line the expansion of our business operations.

Gross Profit and Gross Profit Margin

Our gross profit increased by 76.7% from RMB241.8 million in 2022 to RMB427.3 million in 2023. Our gross profit margin increased from 47.7% in 2022 to 50.2% in 2023, primarily because the growth of revenue outpaced the growth of cost of revenue, which was attributable to (i) our continuous efforts of developing and launching new products, which drove the unit price to increase, and (ii) our successful cost control efforts, such as changing third-party manufacturers for pajama and pillow products, which reduced our outsourcing costs while maintaining high product quality.

Gross Profit and Gross Profit Margin by Product Type

The gross profits and gross profit margins for our travel gear, sleep gear, and baby care products increased from 2022 to 2023, primarily due to economies of scale achieved through increased production volumes. Specifically, the gross profit of our travel gear increased by 61.8%, from RMB151.3 million in 2022 to RMB244.7 million in 2023, and the gross profit margin increased from 46.6% in 2022 to 51.6% in 2023. The gross profit of our sleep gear increased by 15.9%, from RMB66.5 million in 2022 to RMB77.1 million in 2023, and the gross profit margin increased from 53.3% in 2022 to 56.7% in 2023. The gross profit of our baby care products increased by 382.5%, from RMB16.3 million in 2022 to RMB78.8 million in 2023, and the gross profit margin slightly increased from 38.7% in 2022 to 39.2% in 2023.

For our feeding gear, the gross profit increased by 248.0% from RMB7.7 million in 2022 to RMB26.7 million in 2023, and the gross profit margin increased from 49.4% in 2022 to 65.1% in 2023, mainly driven by the successful launch of new products that offered higher gross profit margins.

Other Income and Net Gain

Our other income and net gain increased by 113.4% from RMB5.7 million in 2022 to RMB12.1 million in 2023, primarily due to an increase in government grants from RMB3.8 million to RMB10.3 million, including tax refunds and business innovation incentives provided to our subsidiaries.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 51.2% from RMB188.9 million in 2022 to RMB285.7 million in 2023, primarily due to (i) an increase in promotion expenses driven by the continued expansion of our sales activities both online and offline, and (ii) an increase in employee benefit expenses resulting from the expansion of our sales team in 2023.

Administrative and Other Expenses

Our administrative and other expenses increased by 51.1% from RMB27.6 million in 2022 to RMB41.6 million in 2023, primarily due to (i) an increase in taxes and surcharges in line with our revenue growth; and (ii) an increase in employee benefit expenses, primarily due to the expansion of our management team, and the increased average salary of our management team.

Research and Development Expenses

Our administrative and other expenses increased by 46.8% from RMB16.2 million in 2022 to RMB23.8 million in 2023, primarily due to (i) an increase in employee benefit expenses resulting from the expansion of our R&D team, and (ii) increased material costs related to the scaling of our business and the development of new products.

Finance Costs

Our finance costs remained stable, which was RMB27.2 million in 2022 and RMB27.5 million in 2023.

Income Tax

Our income tax increased significantly from RMB8.8 million in 2022 to RMB33.5 million in 2023. Our effective income tax rate (calculated as income tax expense divided by profit before taxation) was (70.8%) in 2022 and 55.2% in 2023, primarily due to (i) the growth of our profit before income tax, as we began generating profits in 2023, (ii) an increase in interest expenses related to redeemable Preferred Shares and non-deductible marketing and promotion expenses in 2023, which are non-deductible for tax purposes, and (iii) one of our subsidiaries, BeBeBus Technology, ceased to qualify for preferential corporate income tax rates in 2023. See Note 8 to the Accountants' Report for further details.

Loss/Profit for the Year

As a result of the foregoing, we recorded a loss of RMB21.2 million in 2022 and a profit of RMB27.2 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report.

	As of December 31,		As of September 30,
	2022	**2023**	**2024**
	(RMB in thousands)		
			(Unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	31,599	48,521	49,428
Right-of-use assets	8,171	14,229	38,984
Intangible assets	41,701	35,724	31,018
Deferred tax assets	22,208	25,207	26,063
Total non-current assets	**103,679**	**123,681**	**145,493**
Current assets			
Inventories	52,833	61,110	98,466
Trade and other receivables	39,803	49,429	55,846
Financial assets measured at FVTPL	73,593	36,637	60,097
Restricted bank deposits	–	6,851	7,127
Cash and cash equivalents	49,715	118,686	216,380
Total current assets	**215,944**	**272,713**	**437,916**
Total assets	**319,623**	**396,394**	**583,409**

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
LIABILITIES			
Current liabilities			
Bank loans	59,850	29,452	70,000
Trade and other payables	82,658	98,963	184,644
Contract liabilities	1,964	9,267	10,198
Income tax payables	9,019	26,462	25,739
Lease liabilities	6,241	6,589	3,358
Provisions	2,555	4,259	4,435
Total current liabilities	**162,287**	**174,992**	**298,374**
Total assets less current liabilities	**157,336**	**221,402**	**285,035**
Non-current liabilities			
Lease liabilities	2,040	7,918	6,123
Redeemable Preferred Shares	300,140	325,725	342,047
Total non-current liabilities	**302,180**	**333,643**	**348,170**
Total liabilities	**464,467**	**508,635**	**646,544**
Net liabilities	**(144,844)**	**(112,241)**	**(63,135)**

Assets

Property, Plant and Equipment

Our property, plant and equipment mainly comprise plant and buildings, machinery and equipment, motor vehicles, office and other equipment, leasehold improvement and construction in progress. We had property, plant and equipment of RMB31.6 million, RMB48.5 million and RMB49.4 million as of December 31, 2022, 2023 and September 30, 2024, respectively. The following table sets forth a breakdown of the net book value of our property, plant and equipment of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Plant and buildings	12,032	21,771	20,937
Machinery and equipment	15,097	9,634	12,720
Motor vehicles	982	2,461	2,715
Office and other equipment	1,518	1,728	1,696
Leasehold improvement	1,524	9,101	7,533
Construction in progress	446	3,826	3,827
Total	**31,599**	**48,521**	**49,428**

Our property, plant and equipment increased from RMB31.6 million as of December 31, 2022 to RMB48.5 million as of December 31, 2023, primarily due to (i) an increase in plant and buildings from RMB12.0 million as of December 31, 2022 to RMB21.8 million as of December 31, 2023, mainly in relation to the purchase of new office in Kunshan, and (ii) an increase in leasehold improvement from RMB1.5 million as of December 31, 2022 to RMB9.1 million as of December 31, 2023, mainly in relation to the leasehold of plant and buildings in Shanghai, Ningbo and Kunshan. The increase was partially offset by a decrease in machinery and equipment, primarily resulting from the depreciation of machinery and equipment. Our property, plant and equipment increased from RMB48.5 million as of December 31, 2023 to RMB49.4 million as of September 30, 2024, primarily due to an increase in machinery and equipment from RMB9.6 million as of December 31, 2023 to RMB12.7 million as of September 30, 2024, mainly related to the acquisition of new mold equipment, partially offset by a decrease in leasehold improvements from RMB9.1 million as of December 31, 2023 to RMB7.5 million as of September 30, 2024, due to the amortization of office and store decoration costs.

Right-of-use Assets

Our right-of-use assets mainly comprise leased properties for our own use. We had right-of-use assets of RMB8.2 million, RMB14.2 million and RMB39.0 million as of December 31, 2022, 2023 and September 30, 2024, respectively. Our right-of-use assets increased from RMB8.2 million as of December 31, 2022 to RMB14.2 million as of December 31, 2023, primarily due to an increase in leasehold properties in Shanghai and Ningbo, Zhejiang. Our right-of-use assets increased from RMB14.2 million as of December 31, 2023 to RMB39.0 million as of September 30, 2024, primarily due to the purchase of land use rights in Ningbo and an increase in leasehold properties in Hong Kong.

The following table sets forth a breakdown of our right-of-use assets for the periods indicated:

	As of December 31,		As of September 30,
	2022	**2023**	**2024**
		(RMB in thousands)	
			(Unaudited)
Leasehold land	–	–	28,323
Properties	8,171	14,229	10,661
Total	**8,171**	**14,229**	**38,984**

Intangible Assets

Our intangible assets mainly comprise software and patents in connection with our operations. We had intangible assets of RMB41.7 million, RMB35.7 million and RMB31.0 million as of December 31, 2022, 2023 and September 30, 2024, respectively. Our intangible assets decreased from RMB41.7 million as of December 31, 2022 to RMB35.7 million as of December 31, 2023, primarily due to the amortization of patents. Our intangible assets decreased from RMB35.7 million as of December 31, 2023 to RMB31.0 million as of September 30, 2024, primarily due to the amortization of software and patents.

Deferred Tax Assets

Our deferred tax assets mainly arise from financial assets measured at FVTPL, deductible losses and lease liabilities. We had deferred tax assets of RMB22.2 million, RMB25.2 million and RMB26.1 million as of December 31, 2022, 2023 and September 30, 2024, respectively. Our deferred tax assets increased from RMB22.2 million as of December 31, 2022 to RMB25.2 million as of December 31, 2023, primarily due to deductible temporary differences arising from deductible losses. Our deferred tax assets remained relatively stable from RMB25.2 million as of December 31, 2023 to RMB26.1 million as of September 30, 2024.

Inventories

Our inventories consist of (i) raw materials, primarily including raw materials and subcontracting materials in our production facility in Ningbo, (ii) work in progress, mainly including car seats and highchairs during production in our Ningbo production facility, and (iii) finished goods. Under our inventory management policies, we regularly monitor and analyze our historical procurement, inventory level and projected usage of our inventories to meet the demand of our customers in the ordinary course of our business. See "Business — Inventory" for details. Finished goods represented a significant portion of our inventories, accounting for 69.1%, 88.1% and 85.9% of our total inventories, respectively, as of December 31, 2022, 2023 and September 30, 2024.

The following table sets forth our inventories as of the date indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Raw materials	10,053	4,405	8,400
Work in progress	6,263	2,856	5,501
Finished goods	36,517	53,849	84,565
Total	**52,833**	**61,110**	**98,466**

Our inventories increased by 15.7% from RMB52.8 million as of December 31, 2022 to RMB61.1 million as of December 31, 2023, primarily due to an increase in finished goods from RMB36.5 million as of December 31, 2022 to RMB53.8 million as of December 31, 2023 in the anticipation of the increasing demand for our products, which was also in line with our sales volume growth. Our inventories increased by 61.1% from RMB61.1 million as of December 31, 2023 to RMB98.5 million as of September 30, 2024, primarily due to an increase in the stock of finished goods in the anticipation of the increasing demand during Double Eleven Festival for our products, which was in line with the growth of sales volume and the expansion of our product offerings.

The following table sets forth the number of our inventories turnover days for the periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2022	**2023**	**2024**
Inventory turnover days[(1)]	58	49	49

Note:

(1) Inventory turnover days for a given period is the average of the opening and ending balances of inventories divided by cost of sales for that period and multiplied by the number of days in the relevant period.

Our inventory turnover days were 58, 49 and 49 in 2022, 2023 and the nine months ended September 30, 2024, respectively. Our inventories turnover days decreased from 58 days in 2022 to 49 days in 2023, primarily due to an increase in sales volume in 2023, resulting in a quicker inventory turnover. Our inventories turnover days remained stable for the nine months ended September 30, 2024.

As of November 30, 2024, 92.0% of our inventories as of September 30, 2024, or RMB91.0 million, had been subsequently sold or consumed.

Trade and Other Receivables

Our trade and other receivables consist primarily of amounts due from trade receivables (net of loss allowance), prepayments for purchase of raw material and merchandise, advertising and promotion expenses, land use right and [**REDACTED**], other receivables and deposits, VAT recoverable, and amounts due from related parties.

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,		As of September 30,
	2022	**2023**	**2024**
	(RMB in thousands)		
			(Unaudited)
Trade receivables, net of loss allowance	12,890	26,656	23,467
Amounts due from related parties	7,842	5,442	300
Prepayment for purchase of raw material and merchandise	10,907	3,858	7,334
Prepayment for advertising and promotion expenses	1,290	4,791	8,661
Prepayment for [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
VAT recoverable	301	1,947	7,703
Other receivables and deposits	6,573	6,555	7,041
Total	**39,803**	**49,429**	**55,846**

Our trade receivables, net of loss allowance, increased from RMB12.9 million as of December 31, 2022 to RMB26.7 million as of December 31, 2023, primarily due to an increase in trade receivables from an e-commerce platform customer and one of our key accounts, partially offset by a decrease in trade receivables from another key account. Prepayments decreased from RMB12.2 million as of December 31, 2022 to RMB8.8 million as of December 31, 2023, primarily due to a decrease in the prepayments for purchase of raw material and merchandise, driven mainly by the recovery of certain mold development fees prepaid to suppliers in 2022.

Our trade and other receivables further increased to RMB55.8 million as of September 30, 2024, primarily due to a significant increase in prepayments from RMB8.8 million as of December 31, 2023 to RMB17.3 million as of September 30, 2024, resulting from an increased marketing prepayments as we continued to enhance market promotions to support business growth. All of the trade and other receivables are expected to be recovered or recognized as expenses within one year.

The following table sets forth our trade receivables turnover days for the periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2022	2023	2024
Trade receivables turnover days[1]	8	8	8

Note:

(1) Average turnover days of trade receivables are equal to the average of the beginning and ending net trade receivable balances of a period divided by revenue for that period and multiplied by the number of days in the relevant period.

Our trade receivables turnover days remained stable, which was eight days in 2022, 2023 and for the nine months ended September 30, 2024.

The following table sets forth an aging analysis of our trade and other receivables, based on the date of revenue recognition, as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Within 90 days	12,890	26,656	23,467

As of November 30, 2024, 100.0% of our trade receivables as of September 30, 2024, or RMB23.5 million, had been subsequently settled.

Financial Assets at FVTPL

Our financial assets at FVTPL represents our investments in the wealth management products. Our financial assets at FVTPL decreased from RMB73.6 million as of December 31, 2022 to RMB36.6 million as of December 31, 2023, primarily due to the redemption of wealth management products. Our financial assets at FVTPL increased to RMB60.1 million as of September 30, 2024, primarily due to the purchase of wealth management.

Restricted Bank Deposits

Restricted bank deposits mainly represent security deposits placed at certain banks for issuance of note payables. Our restricted bank deposits increased from nil as of December 31, 2022 to RMB6.9 million as of December 31, 2023, primarily due to the placement of security deposits for bank acceptance notes in 2023. Our restricted bank deposits increased to RMB7.1 million as of September 30, 2024, primarily due to increase in security deposits for bank acceptance notes.

Cash and Cash Equivalents

Our cash and cash equivalents mainly represent our cash at bank and on hand generated from our daily operations. Our cash and cash equivalents increased from RMB49.7 million as of December 31, 2022 to RMB118.7 million as of December 31, 2023, due to operational cash inflow as a result of the growth of our business. Our cash and cash equivalents increased to RMB216.4 million as of September 30, 2024. See Note 19 to the Accountants' Report.

Liabilities

Bank Loans

Our bank loans, comprising both secured and unsecured loans from commercial banks in China, amounted to RMB59.9 million, RMB29.5 million and RMB70.0 million as of December 31, 2022, 2023 and September 30, 2024, respectively, as a result of our demand for capital due to our business development and expansion.

The following table sets forth our bank loans obtained as of the dates indicated.

	As of December 31,		As of September 30,
	2022	**2023**	**2024**
		(RMB in thousands)	
			(Unaudited)
Secured	–	4,200	–
Unsecured	59,850	25,252	70,000
Total	**59,850**	**29,452**	**70,000**

As of December 31, 2022, we have drawn down unsecured bank loans of RMB29.9 million, bearing interest at 4.7% per annum. Our controlling Shareholders provided guarantees for these loans, and these guarantees were all released in 2023 when the loans matured. In addition, we have drawn down another unsecured bank loan of RMB30.0 million, bearing interest at 3.4% per annum.

As of December 31, 2023, we have drawn down a secured bank loan of RMB4.2 million, bearing interest at 3.15% per annum. This loan was secured by our properties with carrying amount of RMB12.7 million as of December 31, 2023. In addition, we have drawn down the unsecured bank loan of RMB25.3 million, bearing interest at 3.6% per annum.

As of September 30, 2024, we have drawn down unsecured bank loans of RMB40.0 million, RMB20.0 million, and RMB10.0 million, bearing interest at 3.1%, 3.6%, and 3.3% per annum respectively, which will be repaid within one year upon drawn down.

Trade and Other Payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
		(RMB in thousands)	
			(Unaudited)
Trade payables	55,084	59,397	126,977
Note payables	–	13,700	22,430
Accrued salaries and employee benefits	6,516	11,643	13,172
Payables for property, plant and equipment	9,434	–	1,238
Other payables and accrued charges	11,624	14,223	20,827
Total	**82,658**	**98,963**	**184,644**

Our trade and other payables mainly include trade payables, note payables, accrued salaries and employee benefits, payables for property, plant and equipment, and other payables and accrued charges. Our trade and other payables increased from RMB82.7 million as of December 31, 2022 to RMB99.0 million as of December 31, 2023, primarily due to (i) an increase in note payables from nil as of December 31, 2022 to RMB13.7 million as of December 31, 2023 that we paid to suppliers, (ii) an increase in accrued salaries and employee benefits from RMB6.5 million as of December 31, 2022 to RMB11.6 million as of December 31, 2023 due to increase in the number of employees in line with the increase of our business scale, which was partially offset by the decrease in payable for property, plant and equipment from RMB9.4 million as of December 31, 2022 to nil as of December 31, 2023 as the settlement of the payables for the asset acquisition. Our trade and other payables further increased to RMB184.6 million as of September 30, 2024, primarily due to the increased external procurement in the anticipation of the increasing demand during Double 11 Shopping Festival for our products. All trade and other payables are expected to be settled within one year or are repayable on demand.

The following table sets forth our trade payables turnover days for the periods indicated.

	For the year ended December 31,		For the nine months ended September 30,
	2022	2023	2024
Trade payables turnover days[1]	74	49	56

Note:

(1) Average turnover days of trade payables are equal to the average of the beginning and ending trade payable balances of a period divided by cost of sales for that period and multiplied by the number of days in the relevant period.

Our trade payables turnover days decreased from 74 days in 2022 to 49 days in 2023, primarily attributable to our improved inventory management capabilities that optimized inventory levels and kept them from rising in line with sales growth, and increased to 56 days for the nine months ended September 30, 2024, primarily attributable to higher procurement activity in anticipation of upcoming sales peaks in November and December.

The following table sets forth an aging analysis of our trade and other payables, based on the invoice date, as of the dates indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		
			(Unaudited)
Within 90 days	51,039	59,174	126,502
91 to 180 days	4,045	223	475
Total	**55,084**	**59,397**	**126,977**

As of November 30, 2024, 89.0% of our trade payables as of September 30, 2024, or RMB113.0 million, had been subsequently settled.

Contract Liabilities

Our contract liabilities represent (i) advance receipts from customers for sales, (ii) prepaid card we sold to customers but not yet used, and (iii) customer loyalty program points liability.

The following table sets forth our contract liabilities as of the date indicated.

	As of December 31,		As of September 30,
	2022	2023	2024
	(RMB in thousands)		*(Unaudited)*
Advanced receipts from customers for sales[2]	1,592	3,903	3,015
Prepaid card[1]	–	3,556	3,921
Customer loyalty program points liability[3]	372	1,808	3,262
Total	**1,964**	**9,267**	**10,198**

Notes:

(1) Redemption of prepaid cards for sales of goods through e-commerce platforms is recognized as when the related goods are accepted by customers.

(2) The amounts of consideration received in advance as prepayments by customers for wholesale business are short term as the respective revenue is expected to be recognized when the goods are delivered and accepted by the distributors.

(3) We operate a customer loyalty program for sales to customers where points can be earned by customers and to be used to reduce the cost of future purchases. The contract liability in respect of unredeemed customer loyalty points will be recognized as revenue when the points are redeemed by those customers or expire, which is expected to occur before the end of the following year based on the expiry terms of the loyalty points.

Our contract liabilities increased from RMB2.0 million as of December 31, 2022 to RMB9.3 million as of December 31, 2023, primarily due to (i) the growth of sales volume, and (ii) the increased use of our prepaid card program, which was first launched in May 2021. Our contract liabilities further increased to RMB10.2 million as of September 30, 2024, primarily due to (i) the increased use of our prepaid card program, and (ii) an increase in customer loyalty program points liability, attributable to an increase in revenue generated from private domain.

Income Tax Payables

Income tax liabilities are mainly in relation to our payment and provision for income tax. Our income tax liabilities increased from RMB9.0 million as of December 31, 2022 to RMB26.5 million as of December 31, 2023, and further increased to RMB25.7 million as of September 30, 2024, which was in line with the increase in profit before tax.

Lease Liabilities

Our lease liabilities are mainly in relation to our leased properties for offices and production facilities. As of December 31, 2022, 2023, and September 30, 2024, our lease liabilities in respect of our leased properties amounted to RMB8.3 million, RMB14.5 million and RMB9.5 million, respectively, due to an increase in our office rental costs.

The following table sets forth a breakdown of repayable lease liabilities as of the dates indicated.

	As of December 31,		As of September 30,
	2022	**2023**	**2024**
	(RMB in thousands)		*(Unaudited)*
Within 1 year or on demand	6,241	6,589	3,358
After 1 year but within 2 years	2,040	2,208	2,657
After 2 years but within 5 years	–	5,710	3,466
Total	**8,281**	**14,507**	**9,481**

Redeemable Preferred Shares

Our redeemable Preferred Shares are classified as financial liabilities because they are subject to redemption in cash by the holders upon the occurrence of specific triggering events. As of December 31, 2022, 2023, and September 30, 2024, our redeemable Preferred Shares amounted to RMB300.1 million, RMB325.7 million and RMB342.0 million, respectively, due to the accrual of interest expenses.

The following table sets forth the movement of the carrying amount of redeemable Preferred Shares as of the dates indicated.

	Redeemable Preferred Shares
	RMB'000
As of January 1, 2022	274,555
Interest expenses charged	25,585
As of December 31, 2022 and January 1, 2023	300,140
Interest expenses charged	25,585
As of December 31, 2023 and January 1, 2024	325,725
Re-designation of redeemable Preferred Shares to ordinary shares	(2,682)
Interest expenses charged	19,004
As of September 30, 2024 (unaudited)	342,047

Current Assets and Current Liabilities

The following table sets forth a summary of our current assets and liabilities as of the dates indicated.

	As of December 31,		As of September 30,	As of November 30,
	2022	2023	2024	2024
	(RMB in thousands)			
			(Unaudited)	*(Unaudited)*
Current assets				
Inventories	52,833	61,110	98,466	93,771
Trade and other receivables	39,803	49,429	55,846	58,765
Financial assets measured at FVTPL	73,593	36,637	60,097	45,375
Restricted bank deposits	–	6,851	7,127	8,283
Cash and cash equivalents	49,715	118,686	216,380	266,680
Total current assets	**215,944**	**272,713**	**437,916**	**472,874**
Current liabilities				
Bank loans	59,850	29,452	70,000	60,000
Trade and other payables	82,658	98,963	184,644	171,602
Contract liabilities	1,964	9,267	10,198	5,592
Income tax liabilities	9,019	26,462	25,739	32,022
Lease liabilities	6,241	6,589	3,358	2,852
Provision	2,555	4,259	4,435	5,734
Total current liabilities	**162,287**	**174,992**	**298,374**	**277,802**
Net current assets	**53,657**	**97,721**	**139,542**	**195,072**

Our net current assets increased from RMB139.5 million as of September 30, 2024 to RMB195.1 million as of November 30, 2024, due to the increase of cash and cash equivalents and the decrease of trade and other payables. Our current assets increased from RMB437.9 million as of September 30, 2024 to RMB472.9 million as of November 30, 2024, primarily due to the increase of trade and other receivables, restricted bank deposits, and cash and cash equivalents which was partially offset by the decrease in financial assets measured at FVTPL.

Our net current assets increased from RMB97.7 million as of December 31, 2023 to RMB139.5 million as of September 30, 2024, due to the increase of cash and cash equivalents and the decrease of income tax liabilities, which was partially offset by the increase of bank loans and trade and other payables. Our current assets increased from RMB272.7 million as of December 31, 2023 to RMB437.9 million as of September 30, 2024, primarily due to the increase of our inventories, financial assets measured at FVTPL, and cash and cash equivalents.

Our net current assets increased from RMB53.6 million as of December 31, 2022 to RMB97.7 million as of December 31, 2023, due to the increase in our restricted bank deposits and cash and cash equivalents. Our total current liabilities increased from RMB162.3 million as of December 31, 2022 to RMB175.0 million as of December 31, 2023, primarily due to an increase of RMB17.4 million in income tax liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Track Record Period, we have financed our operations primarily through cash generated from our operating activities and debt financing activities. In the foreseeable future, we believe that our liquidity requirements will be satisfied with a combination of cash flow generated from our operating activities, the net [**REDACTED**] received from the [**REDACTED**], and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations. Our cash and cash equivalents were RMB49.7 million, RMB118.7 million and RMB216.4 million as of December 31, 2022, 2023 and September 30, 2024, respectively.

Cash Flows

The following table sets forth a summary of our consolidated statement of cash flows for the periods indicated.

	Year ended December 31,		Nine months ended September 30,	
	2022	2023	2023	2024
	(RMB in thousands)			
			(Unaudited)	*(Unaudited)*
Net cash generated from operating activities.	29,543	96,467	47,792	127,243
Net cash (used in)/generated from investing activities. . .	(63,779)	11,048	34,736	(56,218)
Net cash generated from/(used in) financing activities	52,330	(38,535)	(31,365)	29,125
Net increase in cash and cash equivalents.	18,094	68,980	51,163	100,150
Cash and cash equivalents at the end of the year/period	**49,715**	**118,686**	**100,880**	**216,380**

Operating Activities

For the nine months ended September 30, 2024, our net cash generated from operating activities amounted to RMB127.2 million. The difference between our net cash generated from operating activities and our profit before income tax of RMB87.6 million primarily resulted from (i) certain provisions for non-cash items, such as interest on redeemable Preferred Shares of RMB19.0 million, depreciation of owned property, plant and equipment of RMB7.5 million, depreciation of right-of-use assets of RMB4.7 million, and amortization of intangible assets of RMB4.7 million, (ii) changes in working capital that resulted in a net cash inflow, such as an increase in trade and other payables of RMB85.7 million, which was partially offset by an increase in inventories of RMB37.4 million, and (iii) an income tax paid of RMB42.8 million.

In 2023, our net cash generated from operating activities amounted to RMB96.5 million. The difference between our net cash generated from operating activities and our profit before income tax of RMB60.7 million primarily resulted from (i) certain provisions for non-cash items, such as interest on redeemable Preferred Shares of RMB25.6 million, depreciation of owned property, plant and equipment of RMB9.9 million, depreciation of right-of-use assets of RMB6.2 million, and amortization of intangible assets of RMB6.3 million, (ii) changes in working capital that affected cash flow such as an increase in trade and other payables of RMB16.3 million and an increase in contract liabilities of RMB7.3 million, which were partially offset by an increase in trade and other receivables of RMB9.4 million, and an increase in restricted bank deposits of RMB6.9 million, and (iii) an income tax paid of RMB19.0 million.

In 2022, our net cash generated from operating activities amounted to RMB29.5 million. The difference between our net cash generated from operating activities and our loss before income tax of RMB12.4 million primarily resulted from (i) certain provisions for non-cash items, such as interest on redeemable Preferred Shares of RMB25.6 million, depreciation of owned property, plant and equipment of RMB7.9 million, depreciation of right-of-use assets of RMB5.4 million, and amortization of intangible assets of RMB5.8 million, (ii) changes in working capital that affected cash flow such as an increase in inventories of RMB22.8 million, which was partially offset by an decrease in trade and other receivables of RMB15.5 million, and (iii) an income tax paid of RMB6.3 million.

Investing Activities

For the nine months ended September 30, 2024, our net cash used in investing activities amounted to RMB56.2 million, primarily representing payment for purchase of property, plant and equipment and intangible assets of RMB36.8 million, and net cash outflow from financial assets measured at FVTPL of RMB21.9 million.

In 2023, our net cash generated from investing activities amounted to RMB11.0 million, primarily representing net cash inflow related to financial assets measured at FVTPL of RMB38.0 million, partially offset by payment for purchase of property, plant and equipment and intangible assets of RMB28.6 million.

In 2022, our net cash used in investing activities amounted to RMB63.8 million, primarily representing net cash outflow from financial assets measured at FVTPL of RMB49.5 million, and payment for purchase of property, plant and equipment and intangible assets of RMB14.9 million.

Financing Activities

For the nine months ended September 30, 2024, our net cash generated from financing activities amounted to RMB29.1 million, primarily representing net cash inflow from bank loans of RMB40.5 million, partially offset by interest paid of RMB2.3 million, and capital element of lease rentals paid of RMB6.0 million.

In 2023, our net cash used in financing activities amounted to RMB38.5 million, primarily representing net cash outflow from of bank loans of RMB30.4 million, interest paid of RMB1.3 million, and capital element of lease rentals paid of RMB6.0 million.

In 2022, our net cash generated from financing activities amounted to RMB52.3 million, primarily representing proceeds from bank loans of RMB59.9 million, partially offset by interest paid of RMB1.2 million, and capital element of lease rentals paid of RMB5.9 million.

Working Capital Sufficiency

We intend to finance our future working capital requirements with cash generated from our operations, the net [**REDACTED**] from the [**REDACTED**] and other funds raised from the capital markets from time to time. Our future working capital requirements will depend on a number of factors, including, but not limited to, our operating income, our business expansion plan, and hiring qualified employees for our business operations. Based on our available cash balance, the anticipated cash flow from operations, available banking facilities and the anticipated net [**REDACTED**] from the [**REDACTED**], our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this document.

INDEBTEDNESS

During the Track Record Period, our indebtedness mainly consisted of bank loans and lease liabilities.

The following table sets forth the details of our indebtedness as of the dates indicated.

	As of December 31,		As of September 30,	As of November 30,
	2022	2023	2024	2024
	(RMB in thousands)			
			(Unaudited)	*(Unaudited)*
Current				
Bank loans	59,850	29,452	70,000	60,000
Lease liabilities	6,241	6,589	3,358	2,852
Subtotal	66,091	36,041	73,358	62,852
Non-current				
Lease liabilities	2,040	7,918	6,123	6,469
Redeemable Preferred Shares	300,140	325,725	342,047	348,960
Subtotal	302,180	333,643	348,170	355,429
Total	**368,271**	**369,684**	**421,528**	**418,281**

Bank Loans

Our bank loans consist of secured loans and unsecured loans, which in total amounted to RMB59.9 million, RMB29.5 million and RMB70.0 million as of December 31, 2022, 2023 and September 30, 2024, respectively. See "— Discussion of Selected Items from the Consolidated Statement of Financial Position — Liabilities — Bank Loans" for details.

Lease Liabilities

Our lease liabilities are mainly in relation to our leased properties for offices and production facilities. As of December 31, 2022, 2023, and September 30, 2024, our lease liabilities in respect of our leased properties amounted to RMB8.3 million, RMB14.5 million and RMB9.5 million, respectively, due to an increase in leasehold land and rent of office building. See "— Discussion of Selected Items from the Consolidated Statement of Financial Position — Liabilities — Lease Liabilities" for details.

Redeemable Preferred Shares

Our redeemable Preferred Shares are classified as financial liabilities because they are subject to redemption in cash by the holders upon the occurrence of specific triggering events. As of December 31, 2022, 2023, and September 30, 2024, our redeemable Preferred Shares amounted to RMB300.1 million, RMB325.7 million and RMB342.0 million, respectively, due to the accrual of interest expenses. See "— Discussion of Selected Items from the Consolidated Statement of Financial Position — Liabilities — Redeemable Preferred Shares" for details.

Indebtedness Statement

Except as discussed above, as of November 30, 2024, being the indebtedness statement date, we did not have any outstanding mortgages, charges, debentures, loan capital, debt securities, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

Our Directors confirm that (i) as of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, and (ii) we did not have any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that (i) we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date, and (ii) there has not been any material adverse change in our indebtedness since November 30, 2024 and up to the date of this document. As of November 30, 2024, we did not have plans for other materials external debt financing.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period consisted primarily of expenditures in relation to our payment for purchase of property, plant and equipment, right-of-use assets and intangible assets. Our capital expenditures were RMB14.9 million, RMB28.6 million and RMB36.8 million in years ended December 31, 2022, 2023 and the nine months ended September 30, 2024, respectively. We plan to fund our planned capital expenditures primarily by using the cash on our consolidated balance sheet, cash generated from operating activities and the net [**REDACTED**] from the [**REDACTED**].

The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	As of December 31,		**As of September 30,**
	2022	**2023**	**2024**
		(RMB in thousands)	
			(Unaudited)
Payment for purchase of property, plant and equipment, right-of-use assets and intangible assets	14,868	28,603	36,807
Total	**14,868**	**28,603**	**36,807**

CAPITAL COMMITMENT

Our capital commitments are mainly related to purchase of equipment and right-of-use assets, and cost of related patents. As of December 31, 2022 and 2023, we had RMB10.0 million and RMB27.6 million of capital commitments, arising from the cost of patents and our purchase of equipment for car seats production in 2022, and our purchase of right-of-use assets in relation to our subsidiary in Ningbo in 2023, respectively. As of September 30, 2024, we had nil of capital commitments contracted for but not yet recognized.

DIVIDEND

During the Track Record Period, we did not declare or distribute any dividend. We have no present plan to pay any dividends on our Shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any future determination to pay dividends will be made at the discretion of our Board of Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

DISTRIBUTABLE RESERVES

We had no reserve available for distribution to the Shareholders as of September 30, 2024.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the periods indicated.

	As of/for year ended December 31,		As of/for nine months ended September 30,
	2022	2023	2024
Revenue growth	N/A	68.0%	57.6%
Gross profit margin(1)	47.7%	50.2%	49.5%
Current ratio(2) (times)	1.3	1.6	1.5
Quick ratio(3) (times)	1.0	1.2	1.1
Debt ratio(4)	18.7%	7.4%	12.0%
Adjusted return on total assets(5)	3.4%	16.5%	20.0%*
Adjusted return on invested capital(6)	4.5%	24.4%	28.1%*

Notes:

* The rate is annualized to reflect a yearly rate.

(1) Calculated by dividing gross profit by revenue for the year or period.

(2) Calculated by dividing total current assets by total current liabilities as of the end of the year or period.

(3) Calculated by dividing total current assets (excluding inventories) by total current liabilities as of the end of the year or period.

(4) Calculated by dividing total bank loans by total assets as of the end of the year or period.

(5) Calculated by dividing adjusted net profit (non-HKFRS measure) of the respective year or period by arithmetic mean of the opening and closing balances of total assets.

(6) Calculated by dividing adjusted net profit (non-HKFRS measure) of the respective year or period by the sum of equity, bank loans and redeemable Preferred Shares as of the end of the year or period.

FINANCIAL RISKS

Our activities are exposed to a variety of financial risks, including credit risks, liquidity risks and interest rate risks. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our operation management is responsible for the risk management. See Note 29 to the Accountants' Report.

Credit Risk

Credit risk mainly arises from cash and cash equivalents, trade receivables and other receivables.

In respect of trade receivables, we have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Normally, we do not obtain collateral from debtors.

Our exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual debtors. As of December 31, 2022, 2023 and September 30, 2024, 71%, 67% and 54% of total receivables were due from our largest customer and 100%, 99% and 99% of the total trade receivables were due from our five largest customers.

We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between our different customer bases.

Credit risk in respect of other receivables is limited since the balance mainly includes prepayments, deposits, value-added-tax recoverable, and amounts due from related parties. We have assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. We do not expect any losses from nonperformance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

Our exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high-credit-quality, for which we consider having low credit risk.

Liquidity Risk

In management of liquidity risk, our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Historically, we have relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development.

We considered historical cash requirements, working capital and capital expenditures plans, estimated cash flows provided by operations, existing cash on hand as well as other key factors, including utilization of credit facilities granted by financial institutions.

The following tables show the remaining contractual maturities at the end of each reporting period of our Group's financial liabilities, which are based on contractual undiscounted cash flows including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date, and the earliest date our Group and can be required to pay.

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	(RMB in thousands)				
As of December 31, 2022					
Bank loans	61,024	–	–	61,024	59,850
Lease liabilities	6,485	2,090	–	8,575	8,281
Redeemable Preferred Shares	–	–	386,401	386,401	300,140
Trade and other payables	82,658	–	–	82,658	82,658
Total	**150,167**	**2,090**	**386,401**	**538,568**	**450,929**
As of December 31, 2023					
Bank loans	30,232	–	–	30,232	29,452
Lease liabilities	7,083	2,538	6,004	15,625	14,507
Redeemable Preferred Shares	–	–	386,401	386,401	325,725
Trade and other payables	98,963	–	–	98,963	98,963
Total	**136,278**	**2,538**	**392,405**	**531,221**	**468,467**
As of September 30, 2024					
Bank loans	71,426	–	–	71,426	70,000
Lease liabilities	3,763	2,909	3,590	10,262	9,481
Redeemable Preferred Shares	–	386,401	–	386,401	342,047
Trade and other payables	184,644	–	–	184,644	184,644
Total	**259,833**	**389,310**	**3,590**	**652,733**	**606,172**

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from bank loans. Borrowings issued at fixed rates expose us to fair value interest rate risk.

Interest Rate Sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50-basis point increase or decrease in bank loans are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, our Group's post-tax profit for the year ended December 31, 2022 and 2023 and the nine months ended September 30 2024 would decrease/increase by RMB1.2 million, RMB1.1 million and RMB1.1 million respectively. This is mainly attributable to our Group's exposure to interest rates on its bank loans, lease liabilities and redeemable Preferred Shares.

Currency Risk

Our Group's businesses are principally conducted in Renminbi and most of our Group's monetary assets and liabilities are denominated in Renminbi. Accordingly, the Directors consider our Group's exposure to foreign currency risk is not significant.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not related parties, details of which are set forth in Note 31 of the Accountants' Report.

Our Directors believe that each of the related party transactions set out in Note 31 to the Accountants' Report was conducted on an arm's length basis and would not distort our track record results or make our historical results not reflective of our future performance.

[**REDACTED**]

Our [**REDACTED**] mainly include [**REDACTED**]-related expenses, professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] (based on the mid-point of our [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, excluding any discretionary incentive fee which may be payable by us) for the [**REDACTED**] are approximately RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million), representing [**REDACTED**]% of the gross [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million), which has been charged to our consolidated statements of profit and loss. We expect to incur additional [**REDACTED**] of approximately RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million), of which RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million) is expected to be charged to our consolidated statements of profit and loss and RMB[**REDACTED**] million (equivalent to approximately HK$[**REDACTED**] million) will be capitalized expenses. This calculation is subject to adjustment based on the actual amount incurred or to be incurred.

[**REDACTED**]

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[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial and trading positions or prospects since September 30, 2024, being the date on which our latest unaudited consolidated financial statements were prepared, and there has been no event since September 30, 2024 which would materially affect the information in the Accountants' Report.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the [**REDACTED**] of the Shares on the Stock Exchange.

FUTURE PLANS

See "Business — Growth Strategies" for a detailed description of our future business plans and strategies.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting estimated [**REDACTED**], fees and expenses payable by us in connection with the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised.

We currently intend to apply the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to enhance our production capabilities. We aim to achieve greater operational efficiency and maintain a more consistent level of production quality than what could be achieved through outsourcing or retrofitting existing facilities.

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be allocated to the construction of a new production facility in Ningbo, Zhejiang. The facility, which is expected to be completed by 2026, will have an annual design capacity of 800,000 units of strollers, car seats, cribs and highchairs. See "Business — Production and Supply Chain Management — Production Facilities — Production Facility Under Construction" for details.

  (ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for purchasing new equipment and upgrading production processes. These improvements are aimed at increasing operational efficiency, enhancing product quality, and meeting the growing demand in our markets.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for expanding our presence in overseas markets such as Europe, Southeast Asia, and North America, including (i) strengthening our brand recognition in these markets through both online and offline channels, including activities such as new product launches and influencer events; (ii) establishing an offline interactive store to directly engage with consumers in overseas markets, while expanding distribution networks to support sales growth; (iii) recruiting and training local personnel to enhance operational efficiency and customer services; and (iv) investing in research and development to to adapt our products to meet the specific needs and preferences of local markets.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for our branding activities and the expansion of our sales network. We plan to invest in online marketing initiatives to raise brand awareness and drive sales growth, including: (i) collaborating with reputable influencers to create high-quality promotional content that increases engagement with our target audience; (ii) producing promotional videos and documentaries for distribution on e-commerce platforms and private domains; and (iii) recruiting e-commerce sales personnel and increasing digital advertising efforts to support the continued growth of our online business.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for the research and development of new products, aimed at expanding both the breadth and depth of our product portfolio, including (i) recruiting product development personnel, (ii) purchasing equipment for product analysis and testing, and (iii) improving production techniques.

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

If the net [**REDACTED**] from the [**REDACTED**] exceed the above funding requirements and, to the extent permitted by applicable laws and regulations, we will use the surplus funds for working capital. If we urgently need the funds for the above purposes but cannot immediately obtain the net [**REDACTED**] from the [**REDACTED**], we will use self-raised funds to meet the relevant funding requirements and replace these self-raised funds with the net [**REDACTED**] from the [**REDACTED**] when the [**REDACTED**] become available to us. If the net [**REDACTED**] of the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit those net [**REDACTED**] into short term interest-bearing bank accounts at licensed commercial banks or other authorized financial institutions.

If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the high end of the [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will increase to approximately HK$[**REDACTED**] million. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the low end of the [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will decrease to approximately HK$[**REDACTED**] million. The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the [**REDACTED**] stated in this document.

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**] million, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**]). In the event that the [**REDACTED**] is exercised, we intend to apply the additional net [**REDACTED**] to the above purposes in the proportions stated above.

If any part of our plan does not proceed as planned for reasons such as changes government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[REDACTED]

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[REDACTED]

The following is the text of a report set out on pages I-1 to I-54, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BUTONG GROUP, CITIC SECURITIES (HONG KONG) LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of BUTONG GROUP (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-54, which comprises the consolidated statements of financial position of the Group as at 31 December 2022 and 2023, the statements of financial position of the Company as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2022 and 2023 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-54 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's financial position as at 31 December 2023, the Group's financial position as at 31 December 2022 and 2023 and the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of interim financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for the nine months ended 30 September 2023 and 2024 and other explanatory information (the "Interim Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 28(c) to the Historical Financial Information which contains information about the dividend paid by the Company in respect of the Track Record Period.

No statutory statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Revenue	*5*	507,202	852,103	561,005	884,273
Cost of sales		(265,421)	(424,764)	(280,609)	(446,472)
Gross profit		241,781	427,339	280,396	437,801
Other income and net gain	*6*	5,691	12,145	10,635	16,424
Selling and distribution expenses		(188,869)	(285,738)	(184,581)	(270,495)
Administrative and other expenses		(27,560)	(41,630)	(27,684)	(58,592)
Research and development expenses		(16,247)	(23,845)	(15,654)	(15,861)
(Provision)/reversal of Impairment loss on trade receivables		(4)	(69)	(3)	16
Profit from operations		14,792	88,202	63,109	109,293
Finance costs	*7(a)*	(27,222)	(27,500)	(20,725)	(21,669)
(Loss)/profit before taxation	*7*	(12,430)	60,702	42,384	87,624
Income tax	*8(a)*	(8,799)	(33,478)	(20,709)	(41,203)
(Loss)/profit for the year/period		(21,229)	27,224	21,675	46,421
Other comprehensive income for the year/period (after tax and reclassification adjustments)		–	–	–	–
Total comprehensive income for the year/period		(21,229)	27,224	21,675	46,421
Earnings per share					
Basic and diluted (RMB)	*11*	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at 31 December 2022	As at 31 December 2023	As at 30 September 2024
		RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Non-current assets				
Property, plant and equipment	*12*	31,599	48,521	49,428
Right-of-use assets	*13*	8,171	14,229	38,984
Intangible assets	*14*	41,701	35,724	31,018
Deferred tax assets	*23(b)*	22,208	25,207	26,063
		103,679	123,681	145,493
Current assets				
Inventories	*16*	52,833	61,110	98,466
Trade and other receivables	*17*	39,803	49,429	55,846
Financial assets measured at fair value through profit and loss ("FVTPL")	*18*	73,593	36,637	60,097
Restricted bank deposits	*19(a)*	–	6,851	7,127
Cash and cash equivalents	*19(a)*	49,715	118,686	216,380
		215,944	272,713	437,916
Current liabilities				
Bank loans	*20*	59,850	29,452	70,000
Trade and other payables	*21*	82,658	98,963	184,644
Contract liabilities	*22*	1,964	9,267	10,198
Income tax payables	*23(a)*	9,019	26,462	25,739
Lease liabilities	*24*	6,241	6,589	3,358
Provisions	*25*	2,555	4,259	4,435
		162,287	174,992	298,374
Net current assets		53,657	97,721	139,542
Total assets less current liabilities		157,336	221,402	285,035
Non-current liabilities				
Lease liabilities	*24*	2,040	7,918	6,123
Redeemable preferred shares	*26*	300,140	325,725	342,047
		302,180	333,643	348,170
Net liabilities		(144,844)	(112,241)	(63,135)
Capital and reserves	*28*			
Paid-in capital/share capital		1,259	1,220	39
Reserves		(146,103)	(113,461)	(63,174)
Total deficit		(144,844)	(112,241)	(63,135)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at 31 December 2023 *RMB'000*	As at 30 September 2024 *RMB'000* *(Unaudited)*
Non-current assets			
Investment in subsidiaries	*15*	–	344,509
		–	344,509
Current assets			
Other receivables		34	–
Cash and cash equivalents		–	2,407
		34	2,407
Current liability			
Amounts due to subsidiaries		–	3,209
		–	3,209
Net current asset/(liability)		34	(802)
Total assets less current liability		34	343,707
Non-current liability			
Redeemable preferred shares	*26*	–	342,047
		–	342,047
Net assets		34	1,660
Capital and reserves	*28(b)*		
Share capital		36	39
Reserves		(2)	1,621
Total equity		34	1,660

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Note	Paid-in capital/Share capital	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 28(a))	(Note 28(a))	(Note 28 (d)(i))	(Note 28 (d)(ii))		
Balance at 1 January 2022		1,259*	–	5,299	(50,929)	(84,662)	(129,033)
Changes in equity for 2022:							
Loss for the year		–	–	–	–	(21,229)	(21,229)
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	–	–	(21,229)	(21,229)
Equity-settled share-based transactions	27	–	–	5,418	–	–	5,418
Balance at 31 December 2022		1,259*	–	10,717	(50,929)	(105,891)	(144,844)
Balance at 1 January 2023		1,259*	–	10,717	(50,929)	(105,891)	(144,844)
Changes in equity for 2023:							
Profit for the year		–	–	–	–	27,224	27,224
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	–	–	27,224	27,224
Effect arising from Reorganisation		(39)	–	–	–	–	(39)
Equity-settled share-based transactions	27	–	–	5,418	–	–	5,418
Balance at 31 December 2023		1,220*	–	16,135	(50,929)	(78,667)	(112,241)

	Note	**Paid-in capital/Share capital**	**Share premium**	**Share-based payment reserve**	**Other reserves**	**Accumulated losses**	**Total deficit**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 28(a))	*(Note 28(a))*	*(Note 28 (d)(i))*	*(Note 28 (d)(ii))*		
(Unaudited)							
Balance at 1 January 2023		1,259*	–	10,717	(50,929)	(105,891)	(144,844)
Changes in equity for nine months ended 30 September 2023:							
Profit for the period		–	–	–	–	21,675	21,675
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	–	–	21,675	21,675
Equity-settled share-based transactions	27	–	–	4,052	–	–	4,052
Balance at 30 September 2023		1,259*	–	14,769	(50,929)	(84,216)	(119,117)
(Unaudited)							
Balance at 1 January 2024		1,220*	–	16,135	(50,929)	(78,667)	(112,241)
Changes in equity for nine months ended 30 September 2024:							
Profit for the period		–	–	–	–	46,421	46,421
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	–	–	46,421	46,421
Effect arising from Reorganisation		(1,181)	–	–	(371)	–	(1,552)
Re-designation of redeemable preferred shares to ordinary shares	26	–	2,682	–	–	–	2,682
Equity-settled share-based transactions	27	–	–	1,555	–	–	1,555
Balance at 30 September 2024		39	2,682	17,690	(51,300)	(32,246)	(63,135)

* The balance as at 1 January 2022, 31 December 2022 and 2023, and 30 September 2023 represents the paid-in capital of BeBeBus Technology prior to the completion of Reorganisation.

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

	Note	Year ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Operating activities:					
Cash generated from operations	*19(b)*	35,795	115,501	66,723	170,025
Income tax paid	*23(a)*	(6,252)	(19,034)	(18,931)	(42,782)
Net cash generated from operating activities		29,543	96,467	47,792	127,243
Investing activities:					
Payment for purchase of property, plant and equipment, right-of-use assets and intangible assets		(14,868)	(28,603)	(23,091)	(36,807)
Proceeds from disposal of property, plant and equipment		64	457	165	–
Payment for purchase of financial assets measured at FVTPL		(188,100)	(313,400)	(218,500)	(596,000)
Proceeds from disposal of financial assets measured at FVTPL		138,606	351,429	275,376	574,103
Interest income received		519	1,165	786	2,486
Net cash (used in)/generated from investing activities		(63,779)	11,048	34,736	(56,218)
Financing activities:					
Proceeds from bank loans	*19(c)*	59,850	29,452	6,276	169,591
Repayments of bank loans	*19(c)*	–	(59,850)	(29,850)	(129,043)
Interest paid	*19(c)*	(1,203)	(1,322)	(1,173)	(2,267)
Proceeds received for the issuance of ordinary shares	*28(a)*	–	–	–	36
Effect arising from Reorganisation		–	–	–	(1,588)
Payment for [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Capital element of lease rentals paid	*19(c)*	(5,883)	(6,042)	(6,170)	(6,046)
Interest element of lease rentals paid	*19(c)*	(434)	(593)	(416)	(398)
Net cash generated from/(used in) financing activities		52,330	(38,535)	(31,365)	29,125
Net increase in cash and cash equivalents		18,094	68,980	51,163	100,150
Cash and cash equivalents at the beginning of the year/period		31,605	49,715	49,715	118,686
Effect of foreign exchange rate changes		16	(9)	2	(2,456)
Cash and cash equivalents at the end of the year/period	*19(a)*	49,715	118,686	100,880	216,380

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

BUTONG GROUP (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act (as Revised) of the Cayman Islands on 2 August 2023. The registered office address of the Company is 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, the Cayman Islands.

The Company is an investment holding company and has not carried out any business operations since the date of its incorporation. The Company and its subsidiaries, (together, the "Group") are principally engaged in designing, manufacturing and selling of premium nursery products in the People's Republic of China (the "PRC").

2 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Prior to the incorporation of the Company, the aforementioned principal activities were carried out by BeBeBus loT Technology (Shanghai) Co., Ltd. ("BeBeBus Technology") and its subsidiaries. To rationalise the corporate structure in preparation of the [**REDACTED**] of the Company's shares on the Stock Exchange of Hong Kong Limited, the Group underwent the reorganisation, as detailed in the section headed "History, Reorganisation and Corporate Structure" in the Document (the "Reorganisation"). Upon completion of the Reorganisation, the Company became the holding company of the Group. Details of the Group's subsidiaries as at 30 September 2024 are set out below.

Name of company	Note	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
				Held by the Company	*Held by the subsidiary*	
BUTONG GROUP HOLDING INC.	*(ii)*	The British Virgin Islands/ 10 August 2023	50,000 shares of US$1 each	100%	–	Investment holding
BUTONG GROUP INVESTMENT LIMITED	*(ii)*	Hong Kong/ 24 August 2023	HK$1	–	100%	Investment holding
BUTONG GROUP INTERNATIONAL LIMITED	*(ii)*	Hong Kong/ 13 March 2024	HK$1	–	100%	Provision of product sales in overseas regions
Create Butong Holding Co., Ltd. 創造不同控股(寧波)有限公司	*(i) (ii)*	The PRC/ 27 September 2023	US$30,000,000/ US$20,116,678	–	100%	No substantial operation
BeBeBus IOT Technology (Shanghai) Co., Ltd. 布童物聯網科技(上海)有限公司	*(i) (ii)*	The PRC/ 14 November 2018	RMB110,666,160/ RMB73,052,242	–	100%	Investment holding, product procurement, sales, design and research and development

Name of company	Note	Date and location of incorporation/ establishment/ operation	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
				Held by the Company	*Held by the subsidiary*	
Ningbo BeBeBus Network Technology Co., Ltd. 寧波布童網絡科技有限公司 . . .	*(i) (ii)*	The PRC/ 27 September 2019	RMB1,000,000	–	100%	E-commerce business
BeBeBus Network Technology (Kunshan) Co., Ltd. 布童網絡科技(昆山)有限公司	*(i) (ii)*	The PRC/ 2 July 2020	RMB15,000,000	–	100%	Sales and after-sales service
BeBeBus Safety Technology (Ningbo) Co., Ltd. 布童安全科技(寧波)有限公司 . .	*(i) (ii)*	The PRC/ 6 August 2021	RMB100,000,000/ RMB83,000,000	–	100%	Manufacturing and production
BeBeBus Network Technology (Shanghai) Co., Ltd. 布童網絡科技(上海)有限公司	*(i) (ii)*	The PRC/ 22 February 2023	RMB1,000,000/ RMB100,000	–	100%	Marketing and promotion
BeBeBus Real Estate (Shanghai) Co., Ltd. 布童置業(上海)有限公司.	*(i) (ii)*	The PRC/ 23 February 2023	RMB11,500,000	–	100%	No substantial operation
BeBeBus Electronic Information Technology (Ningbo) Co., Ltd. 布童電子信息科技(寧波)有限公司	*(i) (ii)*	The PRC/ 5 September 2023	RMB500,000	–	100%	Marketing and promotion
Create Butong Technology (Ningbo) Co., Ltd. 創造不同科技(寧波)有限公司 . .	*(i) (ii)*	The PRC/ 30 October 2023	RMB50,000,000	–	100%	No substantial operation
Zhepu Technology (Shanghai) Co., Ltd. 哲普科技(上海)有限公司.	*(i) (ii)*	The PRC/ 6 March 2024	RMB1,000,000/–	–	100%	No substantial operation

Notes:

(i) The official name of these entities is in Chinese. The English name is for identification purpose only.

(ii) No audited financial statements of these entities for the years ended 31 December 2022 and 2023 were prepared as they are either newly incorporated or not required to issue audited financial statements under local statutory requirements of their respective places of incorporation.

(iii) All the above PRC companies are the limited liability companies.

(iv) All companies now comprising the Group have adopted 31 December as their financial year end date.

As the Reorganisation only involved inserting some newly formed entities with no business operations as the new holding companies of BeBeBus Technology, the former holding company of the Group, there were no changes in the economic substance of the ownership and the business of the Group. Accordingly, the Reorganisation has been accounted for using principles similar to those for a reverse acquisition, with BeBeBus Technology treated as the acquirer for accounting purposes. The Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of BeBeBus Technology with the assets and liabilities of BeBeBus Technology recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at 30 September 2024, the Group had net liabilities of RMB63,135,000, including the redeemable preferred shares amounted to RMB342,047,000. The directors of the Company are of the opinion that no payment is expected for the settlement of the redeemable preferred shares issued to investors as the rights would be suspended upon first submission of an [**REDACTED**] ("[**REDACTED**]") [**REDACTED**]. Taken the above into consideration, and together with cashflow forecast for the next twelve months from the date of this report prepared by management of the Company, the directors of the Company are of the opinion that the Group will have sufficient financial resources to continue as a going concern for the next twelve months. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Further details of the material accounting policy information are set out in Note 3.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2024 are set out in Note 32.

The Historical Financial Information also complies with the applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information. The Interim Financial Information has been prepared in accordance with same basis of preparation and presentation adopted in respect of the Historical Financial Information.

3 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

Item included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "Functional Currency"). The Historical Financial Information and the Interim Financial Information are presented in Renminbi ("RMB"), rounded to the nearest thousand except when otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except certain financial assets, which are stated at their fair value as explained in Note 3(d).

(b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 4.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses (see Note 3(h)(ii)). Cost includes deemed investment arising from the Reorganisation and equity-settled share-based payment expenses.

(d) Investments in securities other than equity investments

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 3(s)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income ("FVOCI") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses and interest income (calculated using the effective interest method). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– fair value through profit or loss ("FVTPL") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Property, plant and equipment

Properties, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 3(h)(ii)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

Plant and buildings	20 years
Machinery and equipment	3 to 10 years
Motor vehicles	4 years
Office and other equipment	3 to 5 years
Leasehold improvement	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are annually.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses (see Note 3(h)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs. Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above. No depreciation is provided in respect of construction in progress.

(f) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred.

Other intangible assets, including software and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 3(h)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of intangible assets are as follows:

– Software	3 to 5 years
– Patents	5 to 15 years

The estimates and associated assumptions of useful life of software determined by the Group are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the current functionalities equipped by the software and the daily operation needs, the Group considers a useful life of 3 to 5 years to be their best estimation.

Patents are capitalised on the basis of the cost incurred to acquire and bring to use. The patents owned by the Group consists of the invention patents, the appearance design patents and the utility model patents, which have different validity periods as required by the Patent Law of PRC. The estimated useful lives of patents are determined based on the shorter between the residual validity period of the patents and the expected lifespan of the respective products using the patents.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Lease assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 3(h)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on the financial assets measured at amortised cost, including cash and cash equivalents, trade receivables and other receivables. Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

Interest income recognised in accordance with Note 3(s)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial assets.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication of impairment:

– property, plant and equipment, including the construction in progress;

– right-of-use assets;

– intangible assets;

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Reversals of impairment losses

For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 3(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 3(s)(ii)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 3(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 3(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Redeemable preferred shares

The Group's redeemable preferred shares are classified, on the basis of their component parts, as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's contractual obligations to purchase its own shares for cash upon the occurrence of events that are beyond the control of both the Group and the holders give rise to financial liabilities. Accordingly, the shares are classified as financial liabilities and initially measured at the present value of the redemption amount. Non-discretionary dividends thereon are recognised on an accrual basis in profit or loss as part of finance costs.

The Group derecognises the redeemable preferred shares when, and only when, the Group's redemption obligations are discharged, cancelled, or have expired. When the redeemable preferred shares expire without exercise, the carrying amount of the redeemable preferred shares are reclassified to equity.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 3(u)).

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial option pricing model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the options. The amount recognised as an expense is adjusted to reflect the number of options for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of options that meet the related service conditions at the vesting date. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The equity amount is recognised in the reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. A provision for warranties is recognised when the underlying products of services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

The Group primarily sells its products to customers through online channels and offline channels. Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally upon the acceptance by the customer.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

For the contract which the Group grants a customer the option to acquire additional goods (such as loyalty points and rebates), the Group assesses whether the option provides a material right to the customer. If the option provides a material right, the Group recognises the option as a performance obligation, and recognises revenue when those future goods are transferred or when the option expires. If the stand-alone selling price for a customer's option to acquire additional goods is not directly observable, the Group estimates it, taking into account all relevant information, including the difference in the discount that the customer would receive when exercising the option or without exercising the option, and the likelihood that the option will be exercised.

(ii) Other income

(a) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipt through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to non-controlling interest.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4 ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to serve industry cycles. Management reassesses these estimates at the end of each reporting period.

(ii) Depreciation and amortisation

Property, plant and equipment, right-of-use assets and intangible assets are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation or amortisation expense to be recorded during the Track Record Period. The useful lives are based on the Group's historical experience with similar assets. The depreciation and amortisation expenses for future periods are adjusted if there are material changes from previous estimates.

(iii) Fair value of share-based payments

As mentioned in Note 27, the Group has granted share options to a director and certain employees. The Group has used binomial option-pricing model to determine the total fair value of the share options granted. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Group in applying the binomial option-pricing model.

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(v) Warranty provisions

As explained in Note 25, the Group makes provisions under the warranties it gives on sale of products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are designing, researching and developing, and manufacturing and selling of premium nursery products.

The Group's chief operating decision maker is the chief executive officer of the Group, who reviews the Group's results of operations as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has one reportable operating segment with no reportable segment information presented.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major product type is as follows:

	Note	Year ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		Rmb'000	*Rmb'000*	*Rmb'000*	*Rmb'000*
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by major product type					
Travel Gear					
– Strollers and accessories		124,720	165,842	120,178	177,180
– Car seats		140,767	188,015	132,685	138,024
– Baby carriers		59,216	120,364	78,743	100,622
Subtotal		324,703	474,221	331,606	415,826
Sleep Gear		124,772	135,860	81,811	146,928
Feeding Gear		15,543	41,006	22,727	51,209
Baby Care Products		42,184	201,016	124,861	270,310
Total		507,202	852,103	561,005	884,273
Disaggregated by timing of revenue recognition					
– Point in time		507,202	852,103	561,005	884,273

The Group's customer base is diversified and only includes one customer with whom transaction has exceeded 10% of the Group's revenue for the years ended 31 December 2022, 2023 and the nine months ended 30 September 2023 and 2024 respectively. During the Track Record Period, revenue from sales of products to the customer, including sales to entities which are known to the Group to be under common control with the customers, are set out below.

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Customer A	58,347	97,733	58,021	106,779

(ii) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

As at 31 December 2022, 2023 and 30 September 2024, the Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sales of products such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of products that had an expected duration of one year or less.

(b) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers at which the goods were delivered.

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Mainland China	504,221	850,857	560,289	883,785
The Oversea	2,981	1,246	716	488
	507,202	852,103	561,005	884,273

The geographical location of specified non-current assets (primarily property, plant and equipment, right-of-use assets and intangible assets) is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets, and the location of the operation to which they are allocated, in the case of intangible assets. During the Track Record Period, all of the Group's specified non-current assets are physically located in the Mainland China except that one newly-leased office in 2024 was located in Hong Kong, the right-of-use of which is RMB1,084,000 as at 30 September 2024.

6 OTHER INCOME AND NET GAIN

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Interest income	519	1,165	786	2,486
Net realised and unrealised gain on financial assets measured at FVTPL	1,820	1,073	864	1,563
Government grants *(i)*	3,757	10,250	8,520	14,368
Net (loss)/gain on disposal of property, plant and equipment	(555)	(998)	47	–
Net foreign exchange gain/(loss)	16	(9)	2	(2,456)
Others	134	664	416	463
	5,691	12,145	10,635	16,424

(i) Government grants mainly represented various unconditional cash subsidies granted by certain local government authorities in the PRC.

7 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Interest on bank loans	1,203	1,322	1,173	2,267
Interest on lease liabilities	434	593	416	398
Interest on redeemable preferred shares	25,585	25,585	19,136	19,004
	27,222	27,500	20,725	21,669

(b) Staff costs

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Salaries, wages, and other benefits	52,207	70,382	47,772	71,819
Contributions to defined contribution retirement plan *(note)*	2,436	3,396	2,400	3,545
Equity-settled share-based payment expenses *(Note 27)*	5,418	5,418	4,052	1,555
	60,061	79,196	54,224	76,919

Note: The employees of the subsidiaries of the Group, which were established in the PRC, participate in a defined contribution basic pension scheme managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in the PRC, from the aforementioned retirement scheme at their normal retirement age.

The subsidiaries incorporated in Hong Kong operate a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Cost of inventories sold #	265,421	424,764	280,609	446,472
Depreciation of property, plant and equipment	7,912	9,896	7,149	7,482
Depreciation of right-of-use assets	5,425	6,210	4,695	4,683
Amortisation of intangible assets	5,758	6,305	4,736	4,706
Lease expenses not included in the measurement of lease liabilities – short-term leases *(Note 13)*	1,325	1,354	949	796
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

\# Cost of inventories includes RMB20,039,000, RMB20,379,000, RMB15,347,000 (unaudited) and RMB14,446,000 (unaudited), for the years ended 31 December 2022 and 2023, and the nine months ended 30 September 2023 and 2024, respectively, relating to staff costs, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit and loss and other comprehensive income represents:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Current tax:				
Provision for the year/period	9,433	36,477	21,453	42,059
Deferred tax:				
Origination and reversal of temporary differences	(634)	(2,751)	(496)	(856)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	(248)	(248)	–
Subtotal	(634)	(2,999)	(744)	(856)
	8,799	33,478	20,709	41,203

(b) Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
(Loss)/profit before taxation	(12,430)	60,702	42,384	87,624
Notional tax on (loss)/profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned *(i, ii & iii)*	(3,107)	15,175	10,596	24,695
Tax benefit for subsidiaries subject to preferential tax rates *(iii, iv)*	(6,148)	(716)	(618)	(361)
Additional deduction for qualified research and development costs *(v)*	(2,592)	(4,478)	(3,688)	(3,823)
Effect on deferred tax balances at 1 January resulting from a change of tax rate *(iv)*	–	(248)	(248)	–
Tax effect of non-deductible expenses	20,646	23,745	14,667	20,692
	8,799	33,478	20,709	41,203

(i) Pursuant to the tax rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI.

(ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong was 16.5% for the Trace Record Period, except for one subsidiary of the Group which is qualifying corporation under two-tiered Profits Tax rates regime. For this subsidiary, the first HK$2,000,000 of assessable profits are taxed at half of the current tax rate (8.25%) and the remaining assessable profits are taxed at 16.5%.

The subsidiaries in Hong Kong of the Group did not have any assessable profits for the Trace Record Period.

(iii) Taxable income for the subsidiaries of the Company in the Mainland China are subject to PRC income tax rate of 25% for the Track Record Period, unless otherwise specified below.

For the year ended 31 December 2022, two subsidiaries of the Group met the criteria required for preferential tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential tax rate of 2.5% on taxable income for the first RMB1,000,000 and 5% on taxable income for the subsequent RMB1,000,000 to RMB3,000,000.

For the year ended 31 December 2023 and the nine months ended 30 September 2024, six subsidiaries of the Group met the criteria required for preferential tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential tax rate of 5% on taxable income for RMB3,000,000.

(iv) BeBeBus Technology was qualified as a High and New Technology Enterprises ("HNTE") in December 2020 and was entitled for a preferential tax rate of 15% for the years ended 31 December 2020, 2021 and 2022, and is liable to PRC income tax at a rate of 25% during the year ended 31 December 2023 and the nine months ended 30 September 2024.

(v) Prior to 1 October 2022, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and relevant regulations. Starting from 1 October 2022, the additional deduction ratio was increased to 100%.

(vi) According to the New Corporate Income Tax Law ("New EIT Law"), distribution of profits earned by companies in the Mainland China since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors, upon the distribution of profits to overseas-incorporated immediate holding companies. The Group did not have any distributable profit in its PRC subsidiaries as of 30 September 2024.

9 DIRECTORS' EMOLUMENTS

Directors' emoluments as recorded in the Historical Financial Information are as follows:

Year ended 31 December 2022

	Note	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Wang Wei	(i)	–	1,254	200	63	1,517	–	1,517
Ms. Shen Ling	(ii)	–	1,254	200	63	1,517	–	1,517
		–	2,508	400	126	3,034	–	3,034

Year ended 31 December 2023

	Note	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Wang Wei	(i)	–	1,268	2,000	68	3,336	–	3,336
Ms. Shen Ling	(ii)	–	1,268	1,200	68	2,536	–	2,536
Mr. Yan Dong	(iii)	–	184	50	8	242	–	242
		–	2,720	3,250	144	6,114	–	6,114

Nine months ended 30 September 2023 (unaudited)

	Note	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Wang Wei	(i)	–	951	1,500	50	2,501	–	2,501
Ms. Shen Ling	(ii)	–	951	900	50	1,901	–	1,901
Mr. Yan Dong	(iii)	–	106	38	5	149	–	149
		–	2,008	2,438	105	4,551	–	4,551

Nine months ended 30 September 2024 (unaudited)

	Note	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Wang Wei	(i) (v)	–	1,997	1,279	40	3,316	88	3,404
Ms. Shen Ling	(ii)	–	1,175	–	53	1,228	–	1,228
Mr. Yan Dong	(iii)	–	236	50	11	297	–	297
		–	3,408	1,329	104	4,841	88	4,929

Notes:

(i) Mr. Wang Wei was appointed as a director of BeBeBus Technology on 14 November 2018 and as a director of the Company on 2 August 2023. He was appointed as the chairman of the board and re-designated as an executive director on 31 December 2024.

(ii) Ms. Shen Ling was appointed as a director of BeBeBus Technology on 13 October 2020 and as a director of the Company on 9 January 2024. She was re-designated as an executive director on 31 December 2024.

(iii) Mr. Yan Dong joined the Group on 1 June 2023 and was appointed as an executive director of the Company on 31 December 2024.

(iv) Mr. Yan Jianjun, Mr. Yu Chun Kau and Ms. Chan Wing Ki were appointed as independent non-executive directors on 31 December 2024, which will be effective from the [**REDACTED**].

(v) These equity-settled share-based payment expenses above represent the estimated value of share options granted to a director under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 3(p)(ii). The details of share-based payment, including the principal terms and number of options granted, are disclosed in Note 27.

During the Track Record Period, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 10 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two, two, two (unaudited) and two (unaudited) are directors whose emoluments are disclosed in Note 9 during the years ended 31 December 2022, 2023 and the nine months ended 30 September 2023 and 2024, respectively. The aggregate of the emoluments in respect of the paid amount to remaining individuals are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000* (*Unaudited*)
Salaries, allowances and benefits in kind	1,873	1,807	1,326	2,709
Discretionary bonuses	135	550	413	278
Contributions to retirement benefit schemes	26	28	20	30
Equity-settled share-based payment expenses	2,987	2,987	2,234	431
	5,021	5,372	3,993	3,448

The emoluments of the three, three, three (unaudited) and three (unaudited) individuals with the highest emoluments are within the following bands:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	Number of individuals	**Number of individuals**	**Number of individuals**	**Number of individuals**
			(Unaudited)	*(Unaudited)*
Hong Kong Dollar ("HKD")				
Nil-1,000,000	–	–	–	2
1,000,001-1,500,000	3	3	3	1

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

11 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to Reorganisation and the basis of preparation and presentation set out Note 2.

12 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2022	12,684	20,102	1,355	1,600	2,174	–	37,915
Additions	–	2,516	150	981	439	1,191	5,277
Transfer	–	745	–	–	–	(745)	–
Disposals	–	(707)	–	(12)	–	–	(719)
At 31 December 2022 and 1 January 2023	12,684	22,656	1,505	2,569	2,613	446	42,473
Additions	10,724	951	2,415	960	9,722	3,618	28,390
Transfer	–	219	–	–	19	(238)	–
Disposals	–	(3,524)	(999)	(4)	(117)	–	(4,644)
At 31 December 2023 and 1 January 2024	23,408	20,302	2,921	3,525	12,237	3,826	66,219
Additions	–	534	845	600	435	5,975	8,389
Transfer	–	5,974	–	–	–	(5,974)	–
At 30 September 2024 (unaudited)	23,408	26,810	3,766	4,125	12,672	3,827	74,608
Accumulated depreciation:							
At 1 January 2022	(50)	(2,104)	(186)	(480)	(242)	–	(3,062)
Charge for the year	(602)	(5,549)	(337)	(577)	(847)	–	(7,912)
Written back on disposals	–	94	–	6	–	–	100
At 31 December 2022 and 1 January 2023	(652)	(7,559)	(523)	(1,051)	(1,089)	–	(10,874)
Charge for the year	(985)	(5,563)	(551)	(750)	(2,047)	–	(9,896)
Written back on disposals	–	2,454	614	4	–	–	3,072
At 31 December 2023 and 1 January 2024	(1,637)	(10,668)	(460)	(1,797)	(3,136)	–	(17,698)
Charge for the period	(834)	(3,422)	(591)	(632)	(2,003)	–	(7,482)
At 30 September 2024 (unaudited)	(2,471)	(14,090)	(1,051)	(2,429)	(5,139)	–	(25,180)
Net book value:							
At 31 December 2022	12,032	15,097	982	1,518	1,524	446	31,599
At 31 December 2023	21,771	9,634	2,461	1,728	9,101	3,826	48,521
At 30 September 2024 (unaudited)	20,937	12,720	2,715	1,696	7,533	3,827	49,428

Note: As at 31 December 2023, the properties with carrying amount of RMB12,684,000 were secured for bank loans amounting to RMB4,200,000. This collateral was released in May 2024 upon the repayment of the loan. No properties were secured and pledged for bank loans as at 31 December 2022 or 30 September 2024.

13 RIGHT-OF-USE ASSETS

The analysis of the carrying amount of the Group's right-of-use assets by class of underlying asset is as follows:

	Leasehold land	Properties	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2022	–	15,300	15,300
Additions	–	1,753	1,753
Disposals	–	(3,580)	(3,580)
At 31 December 2022 and 1 January 2023	–	13,473	13,473
Additions	–	12,268	12,268
Disposals	–	(1,401)	(1,401)
At 31 December 2023 and 1 January 2024	–	24,340	24,340
Additions	28,418	1,020	29,438
At 30 September 2024 (unaudited)	28,418	25,360	53,778
Accumulated depreciation:			
At 1 January 2022	–	(3,457)	(3,457)
Charge for the year	–	(5,425)	(5,425)
Disposals	–	3,580	3,580
At 31 December 2022 and 1 January 2023	–	(5,302)	(5,302)
Charge for the year	–	(6,210)	(6,210)
Disposals	–	1,401	1,401
At 31 December 2023 and 1 January 2024	–	(10,111)	(10,111)
Charge for the period	(95)	(4,588)	(4,683)
At 30 September 2024 (unaudited)	(95)	(14,699)	(14,794)
Net book value:			
At 31 December 2022	–	8,171	8,171
At 31 December 2023	–	14,229	14,229
At 30 September 2024 (unaudited)	28,323	10,661	38,984

The right-of-use assets represented the land and properties leased for own use. The Group obtained land use rights in the PRC with lease period of no more than 50 years when granted. The other properties leases typically run for an initial period of lease terms of 2 to 5 years. The additions to right-of-use assets primarily related to capitalised lease payable under new tenancy agreements. None of the leases include variable lease payments.

As at 30 September 2024, the Group is still in the process to apply the legal title certificate for certain land use right with carrying amount of RMB9,373,000.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Depreciation charge of right-of-use assets of properties and land	5,425	6,210	4,695	4,683
Interest on lease liabilities *(Note 7(a))*	434	593	416	398
Expenses relating to short-term leases *(Note 7(c))*	1,325	1,354	949	796

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 19(d) and Note 24 respectively.

14 INTANGIBLE ASSETS

	Software	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2022	–	40,104	40,104
Additions	178	9,434	9,612
At 31 December 2022 and 1 January 2023	178	49,538	49,716
Additions	328	–	328
At 31 December 2023 and 1 January 2024	506	49,538	50,044
Additions	–	–	–
At 30 September 2024 (unaudited)	506	49,538	50,044
Accumulated amortisation:			
At 1 January 2022	–	(2,257)	(2,257)
Charge for the year	(19)	(5,739)	(5,758)
At 31 December 2022 and 1 January 2023	(19)	(7,996)	(8,015)
Charge for the year	(92)	(6,213)	(6,305)
At 31 December 2023 and 1 January 2024	(111)	(14,209)	(14,320)
Charge for the period	(110)	(4,596)	(4,706)
At 30 September 2024 (unaudited)	(221)	(18,805)	(19,026)
Net book value:			
At 31 December 2022	159	41,542	41,701
At 31 December 2023	395	35,329	35,724
At 30 September 2024 (unaudited)	285	30,733	31,018

The patents capitalised by the Group represented primarily the consideration paid for those patents acquired from third parties.

15 INVESTMENTS IN SUBSIDIARIES

	As at 30 September
	2024
	RMB'000 *(Unaudited)*
Investment in subsidiaries	344,509

Investment in subsidiaries represented the total equity in the separate financial statements of BeBeBus Technology at the date of the Reorganisation and the deemed investment arising from equity-settled share based payments in respect of the share options granted by the Company to qualifying participants of the specified subsidiaries under the Company's equity-settled shares option scheme as disclosed in Note 27.

16 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
Raw materials	10,053	4,405	8,400
Work in progress	6,263	2,856	5,501
Finished goods	36,517	53,849	84,565
	52,833	61,110	98,466

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000* (*Unaudited*)
Carrying amount of inventories sold	265,110	424,336	280,269	446,056
Write-down of inventories	311	428	340	416
	265,421	424,764	280,609	446,472

17 TRADE AND OTHER RECEIVABLES

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
Trade receivables, net of loss allowance	12,890	26,656	23,467
Amounts due from related parties *(Note 31(d))*	7,842	5,442	300
Prepayment for purchase of raw material and merchandise	10,907	3,858	7,334
Prepayment for advertising and promotion expenses	1,290	4,791	8,661
Prepayment for [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
VAT recoverable	301	1,947	7,703
Other receivables and deposits	6,573	6,555	7,041
	39,803	49,429	55,846

All of the trade and other receivables of the Group are expected to be recovered or recognised as expenses within one year.

Ageing analysis of trade receivables

As of the end of each reporting period, the ageing analysis of net trade receivables, based on the date of revenue recognition date, is as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Within 90 days	12,890	26,656	23,467

Further details of the Group's credit policy are set out in Note 29(a).

18 FINANCIAL ASSETS MEASURED AT FVTPL

As at 31 December 2022 and 2023 and 30 September 2024, financial assets measured at FVTPL held by the Group were wealth management products issued by certain financial institutions in the PRC. Neither the principal amount nor the expected returns of these wealth management products are guaranteed.

19 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Cash at bank and on hand	49,715	125,537	223,507
Less: Restricted bank deposits *(i)*	–	(6,851)	(7,127)
Cash and cash equivalents in the consolidated statements of financial position and cash flow statements	49,715	118,686	216,380

(i) Restricted bank deposits mainly represent security deposits placed at certain banks for issuance of note payables.

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Note	Year ended 31 December		Nine months ended 30 September	
		2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
(Loss)/profit before taxation		(12,430)	60,702	42,384	87,624
Adjustments for:					
Depreciation of owned property, plant and equipment	*7(c)*	7,912	9,896	7,149	7,482
Depreciation of right-of-use assets	*7(c)*	5,425	6,210	4,695	4,683
Amortisation of intangible assets	*7(c)*	5,758	6,305	4,736	4,706
Net loss/(gain) on disposal of property, plant and equipment	*6*	555	998	(47)	–
Net realised and unrealised gain on financial assets measured at FVTPL	*6*	(1,820)	(1,073)	(864)	(1,563)
Interest on redeemable preferred shares	*7(a)*	25,585	25,585	19,136	19,004
Interests on bank loans and lease liabilities	*7(a)*	1,637	1,915	1,589	2,665
Net foreign exchange (gain)/loss	*6*	(16)	9	(2)	2,456
Equity-settled share-based payment expenses	*7(b)*	5,418	5,418	4,052	1,555
Interest income		(519)	(1,165)	(786)	(2,486)
Operating profit before changes in working capital		37,505	114,800	82,042	126,126
Increase in inventories		(22,750)	(8,277)	(16,867)	(37,356)
Decrease/(increase) in restricted bank deposits		1,123	(6,851)	(8,600)	(276)
Decrease/(increase) in trade and other receivables		15,483	(9,446)	(411)	(5,257)
Increase in trade and other payables		2,608	16,268	6,590	85,681
(Decrease)/increase in provisions		(76)	1,704	250	176
Increase in contract liabilities		1,902	7,303	3,719	931
Cash generated from operations		35,795	115,501	66,723	170,025

(c) Reconciliation of liabilities arising from financing activities:

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

	Bank loans	Redeemable preferred shares	Lease liabilities	Total
	RMB'000 *(Note 20)*	*RMB'000* *(Note 26)*	*RMB'000* *(Note 24)*	*RMB'000*
At 1 January 2022	–	274,555	12,411	286,966
Changes from financing cash flows:				
Proceeds from bank loans	59,850	–	–	59,850
Capital element of lease rentals paid	–	–	(5,883)	(5,883)
Interest element of lease rentals paid	–	–	(434)	(434)
Interest of bank loans paid	(1,203)	–	–	(1,203)
Total changes from financing cash flows	58,647	–	(6,317)	52,330
Other changes:				
Interest charges *(Note 7(a))*	1,203	25,585	434	27,222
Increase in lease liabilities from entering into new leases during the year	–	–	1,753	1,753
Total other changes	1,203	25,585	2,187	28,975
At 31 December 2022 and 1 January 2023	59,850	300,140	8,281	368,271
Changes from financing cash flows:				
Proceeds from bank loans	29,452	–	–	29,452
Repayments of bank loans	(59,850)	–	–	(59,850)
Capital element of lease rentals paid	–	–	(6,042)	(6,042)
Interest element of lease rentals paid	–	–	(593)	(593)
Interest of bank loans paid	(1,322)	–	–	(1,322)
Total changes from financing cash flows	(31,720)	–	(6,635)	(38,355)
Other changes:				
Interest charges *(Note 7(a))*	1,322	25,585	593	27,500
Increase in lease liabilities from entering into new leases during the year	–	–	12,268	12,268
Total other changes	1,322	25,585	12,861	39,768
At 31 December 2023 and 1 January 2024	29,452	325,725	14,507	369,684
Changes from financing cash flows:				
Proceeds from bank loans	169,591	–	–	169,591
Repayments of bank loans	(129,043)	–	–	(129,043)
Capital element of lease rentals paid	–	–	(6,046)	(6,046)
Interest element of lease rentals paid	–	–	(398)	(398)
Interest of bank loans paid	(2,267)	–	–	(2,267)
Total changes from financing cash flows	38,281	–	(6,444)	31,837
Other changes:				
Interest charges *(Note 7(a))*	2,267	19,004	398	21,669
Re-designation of redeemable preferred shares to ordinary shares	–	(2,682)	–	(2,682)
Increase in lease liabilities from entering into new leases during the period	–	–	1,020	1,020
Total other changes	2,267	16,322	1,418	20,007
At 30 September 2024 (unaudited)	70,000	342,047	9,481	421,528

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following:

	Year ended 31 December		Nine months ended 30 September	
	2022	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Within operating cash flows	1,325	1,354	949	796
Within financing cash flows	6,317	6,635	6,586	6,444
	7,642	7,989	7,535	7,240

20 BANK LOANS

	As at 31 December		As at 30 September
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Secured	–	4,200	–
Unsecured	59,850	25,252	70,000
	59,850	29,452	70,000

As at 31 December 2022, the Group had unsecured bank loans of RMB29,850,000, bearing interest at 4.7% per annum, which was guaranteed by the controlling shareholder of the Company. In addition, the Group had another unsecured bank loan of RMB30,000,000, bearing interest at 3.4% per annum.

As at 31 December 2023, the Group had a secured bank loan of RMB4,200,000, bearing interest at 3.15% per annum. This loan was secured by the Group's properties with carrying amount of RMB12,684,000 as at 31 December 2023. In addition, the Group had an unsecured bank loan of RMB25,252,000, bearing interest at 3.6% per annum.

As at 30 September 2024, the Group had unsecured bank loans of RMB40,000,000, RMB20,000,000 and RMB10,000,000, bearing interest at 3.1%, 3.6% and 3.3% per annum respectively, which will be repaid within one year upon drawn down.

21 TRADE AND OTHER PAYABLES

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Trade payables	55,084	59,397	126,977
Notes payable	–	13,700	22,430
Accrued salaries and employee benefits	6,516	11,643	13,172
Payables for property, plant and equipment	9,434	–	1,238
Other payables and accrued charges	11,624	14,223	20,827
	82,658	98,963	184,644

All trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of each reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Within 90 days	51,039	59,174	126,502
91 to 180 days	4,045	223	475
	55,084	59,397	126,977

22 CONTRACT LIABILITIES

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Prepaid card *(i)*	–	3,556	3,921
Advance receipts from customers for sales *(ii)*	1,592	3,903	3,015
Customer loyalty program points liability *(iii)*	372	1,808	3,262
	1,964	9,267	10,198

(i) Redemption of prepaid cards for sales of goods through e-commerce channel is recognised as when the related goods are accepted by customers.

(ii) The amounts of consideration received in advance as prepayments by distributors in the offline business are short-term. And the respective revenue is expected to be recognised when the goods are delivered and accepted by the distributors.

(iii) The Group operates a customer loyalty program for sales to customers where points can be earned by customers and to be used to reduce the cost of future purchases. The contract liability in respect of unredeemed customer loyalty points will be recognised as revenue when the points are redeemed by those customers or expire, which is expected to occur before the end of the following year based on the expiry terms of the loyalty points.

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

Movements in contract liabilities

	Year ended 31 December		Nine months ended 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
At the beginning of the year/period	62	1,964	9,267
Net increase in contract liabilities during the year/period	1,964	9,267	10,198
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(62)	(1,964)	(9,267)
Balance at the end of the year/period	1,964	9,267	10,198

23 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Income tax payable in the consolidated statements of financial position represent:

	Year ended 31 December		Nine months ended 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Balance at the beginning of the year/period	5,838	9,019	26,462
Provision for current income tax for the year/period *(Note 8(a))*	9,433	36,477	42,059
Income tax paid	(6,252)	(19,034)	(42,782)
Balance at the end of the year/period	9,019	26,462	25,739

(b) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

	Financial assets measured at FVTPL *(Note)*	Deductible losses	Right-of-use assets	Lease liabilities	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets/(liabilities) arising from:						
At 1 January 2022	21,134	307	(1,738)	1,862	9	21,574
(Charged)/credited to profit or loss *(Note 8(a))*	(273)	(1)	593	(620)	935	634
At 31 December 2022 and 1 January 2023	20,861	306	(1,145)	1,242	944	22,208
(Charged)/credited to profit or loss *(Note 8(a))*	(268)	1,010	(1,583)	1,557	2,035	2,751
Effect on deferred tax balances resulting from a change in tax rate	(182)	–	(763)	828	365	248
At 31 December 2023 and 1 January 2024	20,411	1,316	(3,491)	3,627	3,344	25,207
(Charged)/credited to profit or loss *(Note 8(a))*	(391)	(848)	1,215	(1,257)	2,137	856
At 30 September 2024 (unaudited)	20,020	468	(2,276)	2,370	5,481	26,063

Note: Deferred tax assets arising from the financial assets measured at FVTPL represented deferred tax over the temporary differences for fair value changes of the wealth management products invested by the Group.

(c) Reconciliation to consolidated statements of financial position

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
Total deferred tax assets	23,353	28,698	28,339
Total deferred tax liabilities	(1,145)	(3,491)	(2,276)
Net deferred tax assets recognised in the consolidated statement of financial position	22,208	25,207	26,063

24 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were payable as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
Within 1 year or on demand	6,241	6,589	3,358
After 1 year but within 2 years	2,040	2,208	2,657
After 2 years but within 5 years	–	5,710	3,466
	2,040	7,918	6,123
Total	8,281	14,507	9,481

25 PROVISIONS

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
Warranty	2,555	4,259	4,435

Set out below is the movement for the warranty provision during the Track Record Period.

	Year ended 31 December		Nine months ended 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
At the beginning of the year/period	2,630	2,555	4,259
Additions	819	2,225	2,272
Utilised	(894)	(521)	(2,096)
Balance at the end of the year/period	2,555	4,259	4,435

The Group provides warranties to its customers on certain of its products, under which faulty products are repaired or replaced. The amount of provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

26 REDEEMABLE PREFERRED SHARES

The movement of the carrying amount of redeemable preferred shares is as follows.

	Redeemable preferred shares
	RMB'000
At 1 January 2022	274,555
Interest expenses charged	25,585
At 31 December 2022 and 1 January 2023	300,140
Interest expenses charged	25,585
At 31 December 2023 and 1 January 2024	325,725
Re-designation of redeemable preferred shares to ordinary shares	(2,682)
Interest expenses charged	19,004
At 30 September 2024 (unaudited)	342,047

In November 2020, January and August 2021, BeBeBus Technology completed the Series A, Series A+ and Series B financing from certain third party investors through capital subscription of BeBeBus Technology's registered capital of RMB333,300, RMB302,260 and RMB273,644, respectively, with total consideration received amounting to RMB206,299,000. In connection with the Series A+ and Series B financing, Mr. Wang Wei, together with certain equity shareholders controlled by him, transferred their own equity interest in BeBeBus Technology with total registered capital of RMB390,606 to the new investors with total consideration amounting to RMB51,320,000. Pursuant to the investment agreements with the investors above, BeBeBus Technology granted redemption rights to the investors whereby the total consideration paid by the investors are redeemable in cash by these investors when certain conditions are met. Accordingly, the total consideration paid by the new investors were classified as financial liabilities.

On 9 January 2024, as part of the Reorganisation, the Company reached a new agreement with these investors. From January 2024 to April 2024, the Company allotted and issued a total of 6,222,000 Series A preferred shares, 11,511,800 Series A+ preferred shares and 7,818,400 Series B preferred shares with certain preferential rights respectively, to replace the original shares issued by BeBeBus Technology. Besides, the previously issued and allotted 444,000 ordinary shares to one of investors on 2 August 2023 was re-designated into Series A preferred shares in January 2024. The key preferential rights attributable to the investors are set out below.

In June 2024, one of the investors transferred 444,000 preferred shares with carrying amount of RMB2,682,000 to Mr. Wang Wei. The 444,000 preferred shares were then fully cancelled and re-designated to ordinary shares pursuant to the shareholders' resolution on 26 September 2024.

Redemption rights

The investors shall have the right to request the Company to redeem all or part of the issued and outstanding shares upon the occurrence of certain contingent events including but not limited to the failure of [**REDACTED**] before 30 June 2026 or shares sale by a specified date and any breaches of the agreements by the founders. The redemption price is determined by the 100% of the issue price with a 10% per annum return calculated from the issue date, plus any accrued but unpaid dividends upon maturity redemption event.

The redemption rights granted to the investors shall be suspended upon first submission of an [**REDACTED**] and will be automatically restored if such [**REDACTED**] is withdrawn or rejected.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or in the event of any Deemed Liquidation Event, all assets and funds of the Company should be used to settle the liquidation expenses, staff costs, social funds and statutory compensation, outstanding taxation expenses and the debts of Company first. And then the remaining legally available for distribution shall be distributed at the issue price of the preferred shares in the following order: (1) Series B preferred shares; (2) Series A and A+ preferred shares. After the amounts of preferred shares have been paid in full, the remaining assets and funds of the Company available for distribution shall be ratably distributed among all ordinary shareholders and preferred shareholders on an as-converted basis.

A Deemed Liquidation Event includes (i) a sale or transfer of all or a significant portion of assets or business of the Group, or (ii) a change in control of the Company upon a merger, acquisition, reorganisation or consolidation of the Group.

The liquidation preference rights granted to the investors will be automatically terminated upon the completion of a qualified [**REDACTED**].

27 EQUITY-SETTLED SHARE-BASED PAYMENT

On 9 January 2021, BeBeBus Technology granted share options (the "2021 Options") as equity-based awards to qualified employees with the purpose of motivating and rewarding certain employees. The exercise price is nil and the options were valid and effective for 10 years from the grant date of options. The 2021 Options shall vest upon the completion of [**REDACTED**].

In anticipation of the [**REDACTED**] and as part of the Reorganisation, in September 2024, the Company adopted a [**REDACTED**] Share Option Scheme (the "[**REDACTED**] ESOP") and granted 2,989,240 share options to entirely replace the previous 2021 Options. As compared with those for the replaced share options, other than the change of issuer of shares from BeBeBus Technology to the Company, there are no other changes in the terms of these new options. This change constituted a modification of the 2021 Options without material change to the total fair value of the options as at the modification date.

In addition, the Company granted additional 2,835,680 options under the [**REDACTED**] ESOP to other qualified employees. The additional share options issued under the [**REDACTED**] plan requires the employees to remain service for a 48 months period from the date of grant, and to meet certain performance conditions, along with a qualified [**REDACTED**] of the Company. The additional options granted under the [**REDACTED**] ESOP have exercise price of US$1.23 per share (equivalent to RMB8.64 per share) and are valid and effective for 10 years from the approval.

The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
– In 2021, which were replaced with the [**REDACTED**] ESOP options in 2024 . .	2,989,240	Vest on a qualified [**REDACTED**]	10 years
– Under the [**REDACTED**] ESOP in 2024.	2,835,680	48 months from the date of grant and a qualified [**REDACTED**]	10 years
Options outstanding at 30 September 2024.	5,824,920		

No options were forfeited during the Track Record Period as no employees resigned and left the Group. There is no exercisable options at the end of each reporting period as Company has not completed a qualified [**REDACTED**].

During the year ended 31 December 2023 and the nine months ended 30 September 2024, 2,989,240 and 1,586,398 ordinary shares were issued and allotted to WEILING HOLDING INC ("WEILING") respectively. WEILING is wholly owned by Futu Trustee Limited indirectly, the trustee of the [**REDACTED**] ESOP Trust ("Trustee"). Such shares will be distributed to the qualified employees upon the exercise of the options granted under the [**REDACTED**] ESOP. The Trustee shall not exercise the voting rights in respect of any shares held upon trust by WEILING.

Fair value of share options

The fair value of share options was estimated using the Binomial Option Pricing Model. The determination of estimated fair value of the 2021 Options and new options issued in the [**REDACTED**] ESOP on the grant date is affected by the fair value of the Company's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of the shares of the Company over the expected term of the options, actual and projected employee share option exercise behaviors, a risk-free interest rate and expected dividends, if any. The grant date fair value of the share options was determined with the assistance of an independent third-party valuation firm. The fair value of the ordinary shares was principally developed through the application of the discounted cash flow (DCF) model. Based on fair value of the underlying ordinary shares, the Group has used Binomial Optional Pricing Model to determine the fair value of the share option as at grant date.

Key assumptions of the share options issued to the qualified employees in 2021 Options which was subsequently replaced in 2024 are set as below.

	As at 9 January 2021 (the grant date)
Risk-free interest rates	3.14%
Expected volatility	58.34%
Dividend yield	0%
Exercise price	–

Key assumptions of the share options issued to the other qualified employees in [**REDACTED**] ESOP in 2024 are set as below.

	As at 26 September 2024 (the grant date)
Risk-free interest rates	1.62%
Expected volatility	52.97%
Dividend yield	0%
Exercise price	US$1.23

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital and share premium

	Number of ordinary shares	**Share capital**		**Share premium**
		US$'000	*RMB'000*	*RMB'000*
Ordinary shares, issued and allotted:				
At 1 January 2022, 31 December 2023 and 1 January 2023	–	–	–	–
Issue of ordinary shares upon the incorporation of the Company	50,630,160	5	36	–
At 31 December 2023 and 1 January 2024	50,630,160	5	36	–
Issue of ordinary shares	3,588,118	–*	3	–
Re-designation of ordinary shares to redeemable preferred shares	(444,000)	(–*)	(–*)	–
Re-designation of redeemable preference shares to ordinary shares	444,000	–*	–*	2,682
At 30 September 2024 (unaudited)	54,218,278	5	39	2,682

* The amount is under US$1,000/RMB1,000.

On 2 August 2023, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of US$50,000 dividend into 500,000,000 shares with a par value of US$0.0001 each. On 2 August 2023, a total of 50,630,160 ordinary shares were issued and allotted to the shareholders at the incorporation date.

On 9 January 2024 and 22 April 2024, 1,228,840 and 772,880 ordinary shares were issued and allotted to two investors respectively, and previously issued 444,000 ordinary shares were re-designated into Series A preferred shares. On 26 September 2024, 1,586,398 ordinary shares were issued and allotted to WEILING.

As at 31 December 2023 and 30 September 2024, included in the total number of ordinary shares in issue of the Company, 2,989,240 and 4,575,638 ordinary shares were held by WEILING respectively for the [**REDACTED**] ESOP as set out in Note 27.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year/period are set out below:

	Note	**Share capital**	**Share premium**	**Share-based payment reserve**	**Other reserve**	**Accumulated loss**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 2 August 2023 (date of incorporation)		–	–	–	–	–	–
Issue of ordinary shares	*28(a)*	36	–	–	(2)	–	34
Balance at 31 December 2023 and 1 January 2024		36	–	–	(2)	–	34
Loss for the period		–	–	–	–	(18,380)	(18,380)
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	–	–	(18,380)	(18,380)
Issue of ordinary shares	*28(a)*	3	–	–	(1)	–	2
Equity-settled share-based transactions	*27*	–	–	17,690	–	–	17,690
Re-designation of redeemable preferred shares to ordinary shares	*26*	–	2,682	–	–	–	2,682
Effect arising Reorganisation		–	–	–	(368)	–	(368)
Balance at 30 September 2024 (unaudited)		39	2,682	17,690	(371)	(18,380)	1,660

(c) Dividends

No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group during the Track Record Period.

(d) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of share options granted to a director and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments reserve in Note 3(p)(ii).

(ii) Other reserve

The other reserve represents the deemed distribution arising from (i) the fair value of the additional preferential rights granted for nil consideration upon the recognition of redeemable preferred shares; and (ii) tax expenses arising from the Reorganisation paid by the Group for the shareholders. The details of redeemable preferred shares is disclosed in Note 26.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk.

Trade receivables

In respect of trade receivables, the Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from debtors.

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. As at 31 December 2022, 2023 and 30 September 2024, 71%, 67% and 54% of total receivables were due from the Group's largest customer and 100%, 99% and 99% of the total trade receivables were due from the Group's five largest customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022, 2023 and 30 September 2024:

	As at 31 December 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 90 days	0.50%	12,955	65

	As at 31 December 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 90 days	0.50%	26,790	134

	As at 30 September 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Within 90 days	0.50%	23,585	118

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended 31 December		Nine months ended 30 September
	2022	2023	2024
	RMB'000	RMB'000	RMB'000 (Unaudited)
Balance at the beginning of the year/period	61	65	134
Loss allowance recognised/(reversed)	4	69	(16)
Balance at the end of the year/period	65	134	118

Other receivables

Credit risk in respect of other receivables is limited since the balance mainly includes prepayments, deposits, value-added-tax recoverable, and amounts due from related parties.

The Group has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

(b) Liquidity risk

In management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development.

The Group considered historical cash requirements, working capital and capital expenditures plans, estimated cash flows provided by operations, existing cash on hand as well as other key factors, including utilization of credit facilities granted by financial institutions. Management believes the assumptions used in the cash forecast are reasonable.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group and can be required to pay.

	As at 31 December 2022				
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	61,024	–	–	61,024	59,850
Lease liabilities	6,485	2,090	–	8,575	8,281
Redeemable preferred shares	–	–	386,401	386,401	300,140
Trade and other payables	82,658	–	–	82,658	82,658
	150,167	2,090	386,401	538,658	450,929

	As at 31 December 2023				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	30,232	–	–	30,232	29,452
Lease liabilities	7,083	2,538	6,004	15,625	14,507
Redeemable preferred shares	–	–	386,401	386,401	325,725
Trade and other payables	98,963	–	–	98,963	98,963
	136,278	2,538	392,405	531,221	468,647

	As at 30 September 2024				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000 *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Bank loans	71,426	–	–	71,426	70,000
Lease liabilities	3,763	2,909	3,590	10,262	9,481
Redeemable preferred shares	–	386,401	–	386,401	342,047
Trade and other payables	184,644	–	–	184,644	184,644
	259,833	389,310	3,590	652,733	606,172

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loss. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	As at 31 December				As at 30 September	
	2022		2023		2024	
	Effective interest rate	*RMB'000*	*Effective interest rate*	*RMB'000*	*Effective interest rate (Unaudited)*	*RMB'000 (Unaudited)*
Fixed rate borrowings:						
– Bank loans	3.40% – 4.70%	59,850	3.15% – 3.60%	29,452	3.10% – 3.60%	70,000
– Lease liabilities	4.90%	8,281	4.90%	14,507	4.90% – 5.88%	9,481
– Redeemable preferred shares	10.00%	300,140	10.00%	325,725	10.00%	342,047
		368,271		369,684		421,528

It is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax by approximately RMB1,243,000, RMB1,137,000 and RMB1,126,000 for the year ended 31 December 2022 and 2023, and the nine months ended 30 September 2024.

(d) Currency risk

The Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the directors consider the Group's exposure to foreign currency risk is not significant.

(e) Fair value measurement

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

The following table presents the Group's financial assets that are measured at fair value at the end of each reporting dates:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* (unaudited)
Financial assets measured at FVTPL			
Level 3 – Wealth management products	73,593	36,637	60,097

During the Track Record Period, there were no transfers between Level 2 and Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	As at 31 December 2022	As at 31 December 2023	As at 30 September 2024
					(unaudited)
Wealth management products	Net asset value	Expected rate of return	1.8% to 2.8%	2.2% to 2.8%	2.0% to 2.9%

The fair values of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

As at 31 December 2022, 2023 and 30 September 2024, if expected rate of return higher/lower by 0.5%, fair value of financial assets at FVTPL would have been approximately RMB128,000, RMB131,000 and RMB21,000 higher/lower respectively.

The movements during the Track Record Period in the balance of the Level 3 fair value measurements are as follows:

	Financial assets
	RMB'000
At 1 January 2022	22,279
Addition for purchase	188,100
Decrease from disposal	(138,606)
Changes in fair value recognised in profit or loss during the year	1,820
At 31 December 2022 and 1 January 2023	73,593
Addition for purchase	313,400
Decrease from disposal	(351,429)
Changes in fair value recognised in profit or loss during the year	1,073
At 31 December 2023 and 1 January 2024	36,637
Addition for purchase	596,000
Decrease from disposal	(574,103)
Changes in fair value recognised in profit or loss during the period	1,563
At 30 September 2024 (unaudited)	60,097

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of all financial assets and liabilities measured at amortised cost are not materially different from their fair values as at the end of each reporting period.

30 COMMITMENTS

Capital commitments outstanding as at 31 December 2022, 2023 and 30 September 2024 not provided for in the Historical Financial Information were as follows:

	As at 31 December		As at 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Contracted for	10,000	27,590	–

31 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Salaries, allowances, and benefits in kind	4,381	4,527	3,334	6,117
Discretionary bonus	535	3,800	2,851	1,607
Contribution to defined contribution retirement plan	152	172	125	134
Equity-settled share-based payment expenses	2,987	2,987	2,234	519
	8,055	11,486	8,544	8,377

(b) Name and relationship with related parties

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

Name of party *(i)*	Relationship
Mr. Wang Wei	Ultimate controlling shareholder of the Company
Aimu Jia Information Consulting (Shanghai) Co., Ltd. 艾母加信息諮詢(上海)有限公司	Associate of ultimate controlling shareholder
Aimujia Catering Management (Shanghai) Co., Ltd. 艾母加餐飲管理(上海)有限公司	Associate of ultimate controlling shareholder

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(c) Material related party transactions

Particulars of material transactions between the Group and the above related parties during the Track Record Period are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Interest-free advances made to Mr. Wang Wei	18,700	10,489	7,107	1,434
Interest-free advances repaid by Mr. Wang Wei	10,858	12,949	7,068	6,815
Purchase of motor vehicles from Mr. Wang Wei	–	1,080	–	–
Payment for the service received				
– Aimu Jia Information Consulting (Shanghai) Co., Ltd.	–	200	200	–
– Aimujia Catering Management (Shanghai) Co., Ltd.	–	700	200	600
	–	900	400	600

(d) Balances with related parties

Balances with related parties at the end of each reporting period are as follows:

	At 31 December		At 30 September
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Non-trade amounts due from:			
Mr. Wang Wei	7,842	5,342	–
Aimujia Catering Management (Shanghai) Co., Ltd.	–	100	300
	7,842	5,442	300

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the HKICPA has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9 and HKFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and Disclosure in Financial Statement*	1 January 2027
HKFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of developments are expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on consolidated financial statements of the Group.

33 SUBSEQUENT EVENT

[There were no material subsequent events after 30 September 2024 up to the date of this report].

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 September 2024.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on August 2, 2023 under the Cayman Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] and will become effective on the [**REDACTED**]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of Shares

The share capital of the Company consists of a single class of ordinary shares.

(b) Variation of Rights of Existing Shares or Classes of Shares

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply mutatis mutandis to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person or by proxy may demand a poll.

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) Alteration of Capital

The Company may by ordinary resolution:

(i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;

(ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; and

(iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Cayman Companies Act.

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognized clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Cayman Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognize any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognize any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Redemption of Shares

Subject to the provisions of the Cayman Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its own Shares

Subject to the Cayman Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorized by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the SFC from time to time in force.

(g) Power of any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(h) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, the Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns from his office as Director;

(ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

(iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(v) the Director is prohibited from being or ceases to be a Director by operation of law;

(vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or

(vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and any directions given by special resolution of the Company, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles and no direction given by special resolution of the Company shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Cayman Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Board or the Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an [**REDACTED**] of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for [**REDACTED**] or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the [**REDACTED**] or [**REDACTED**] of the [**REDACTED**];

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) Special and Ordinary resolutions

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to the Company's constitutional documents or a voluntary winding up of the Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person or by proxy or, in the case of any members which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person or by proxy or, in the case of any member which is a corporation, by its duly authorized representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other join holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorized shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognized clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorize such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorized, the authorization shall specify the number and class of Shares in respect of which each such person is so authorized. A person so authorized shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll.

All members of the Company (including a member which is a recognized clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by the Company.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting and the general nature of the business to be considered at the meeting.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(i) the Company shall endeavor to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;

(ii) the Board shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(iii) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) Proxies

Any member of the Company (including a member which is a recognized clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorized representative.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Cayman Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Cayman Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or as authorized by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Cayman Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorize payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realized or unrealized profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

(a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to the Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is [**REDACTED**] on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarized in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Cayman Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

(a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and

(b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Cayman Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on August 2, 2023 subject to the Cayman Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

3.2 Share Capital

Under the Cayman Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Cayman Companies Act;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorize the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Cayman Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Cayman Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of Directors and Officers

Pursuant to the Cayman Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and Consolidations

The Cayman Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Cayman Companies Act or that would amount to a "fraud on the minority".

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2024 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. If a company is considered to be a "relevant entity" and is conducting one or more of the nine "relevant activities", then such company will be required to comply with the economic substance requirements in relation to the relevant activity from July 1, 2019. All companies whether a relevant entity or not is required to file an annual report with the Registrar of Companies of the Cayman Islands confirming whether or not it is carrying on any relevant activities.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands laws, has sent to the Company a letter of advice summarizing the aspects of the Cayman Companies Act set out in section 3 above. This letter, together with copies of the Cayman Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in "Appendix V — Documents Delivered to the Registrar of Companies and Available on Display." Any person wishing to have a detailed summary of the Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on August 2, 2023. Our registered office address is at 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands. Our operation is subject to the relevant laws and regulations of the Cayman Islands, the Memorandum of Association and the Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of our Memorandum of Association and the Articles of Association is set out in "Appendix III — Summary of the Constitution of Our Company and Cayman Islands Company Laws."

Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●]. Our principal place of business in Hong Kong is at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Ms. Au Wing Han (區泳嫻) has been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong. The address for service of process and notices in Hong Kong is the same as our principal place of business in Hong Kong.

As of the date of this document, our Company's headquarters are located at 3-4/F, Building 10, Lane 28, Danba Road, Putuo District, Shanghai, PRC.

2. Changes in the Share Capital of Our Company

As of the date of incorporation of our Company, our authorized share capital was US$50,000 divided into 500,000,000 Shares with a nominal value of US$0.0001 each.

Save as disclosed below and in "History, Reorganization and Corporate Structure," there has been no alteration in the share capital of our Company within the two years immediately preceding the issue of this document:

(a) on August 2, 2023, our Company allotted and issued shares in the following manner:

(i) one Share to ICS Corporate Services (Cayman) Limited;

(ii) 41,796,919 Shares to WANGBOYAN;

(iii) 5,400,000 Shares to SLING;

(iv) 444,000 Shares to Chickadee X HOLDING INC;

(v) 2,989,240 Shares to WEILING;

(b) on January 9, 2024, our Company allotted and issued shares in the following manner:

(i) 6,222,000 Series A Preferred Shares, 605,120 Series A+ Preferred Shares, and 547,280 Series B Preferred Shares to Tiantu VC USD Fund I L.P.;

(ii) 6,5440,000 Series A+ Preferred Shares and 492,560 Series B Preferred Shares to Gaorong Partners Fund IV, L.P.;

(iii) 727,120 Series A+ Preferred Shares and 54,720 Series B Preferred Shares to Gaorong Partners Fund IV-A, L.P.;

(iv) 1,228,840 Shares to xu tai Limited;

(c) on March 22, 2024, our Company allotted and issued 3,635,560 Series A+ Preferred Shares and 2,619,180 Series B Preferred Shares to Tembusu B Limited;

(d) On April 22, 2024, our Company allotted and issued shares in the following manner:

(i) 4,104,660 Series B Preferred Shares to Taikang Life;

(ii) 772,880 Shares to DKT Limited; and

(e) On September 26, 2024, our Company allotted and issued 1,586,398 Shares to WEILING.

3. Changes in the Capital of Our Subsidiaries

A summary of the particulars of our subsidiaries can be found in Note 2 to the Accountants' Report.

Save as disclosed below, there has been no alteration in the capital of any of our subsidiaries within the two years immediately preceding the issue of this document:

(a) on August 10, 2023, Butong BVI was incorporated in the BVI with an authorized share capital of US$50,000;

(b) on August 24, 2023, Butong Investment HK was incorporated in Hong Kong with a share capital of HK$1;

(c) on September 5, 2023, BeBeBus Electronic was established in the PRC with a registered capital of RMB500,000;

(d) on September 27, 2023, Create Butong Ningbo was established in the PRC with a registered capital of US$30,000,000;

(e) on October 12, 2023, the registered capital of BeBeBus Technology was decreased from RMB4,050,988 to RMB3,494,374;

(f) on October 30, 2023, Create Butong Technology was established in the PRC with a registered capital of RMB50,000,000;

(g) on March 6, 2024, Zhepu Technology was established in the PRC with a registered capital of RMB1,000,000;

(h) on March 13, 2024, Butong International HK was incorporated in Hong Kong with a share capital of HK$1;

(i) on April 11, 2024, the registered capital of BeBeBus Technology was increased from RMB3,494,374 to RMB110,666,160;

(j) on October 4, 2024, BeBeBus USA was incorporated in the United States with an authorized share capital of 200 shares with no nominal value;

(k) on October 24, 2024, BeBeBus E-commerce was established in the PRC with a registered capital of RMB35,000,000;

(l) on November 22, 2024, BeBeBus International HK was incorporated in Hong Kong with a share capital of HK$10,000; and

(m) on December 3, 2024, BeBeBus Indonesia was established in Indonesia with an authorized share capital of IDR 11,000,000,000.

4. Resolutions of Our Shareholders

Our Shareholders passed resolutions on [●], pursuant to which, among others:

(a) our Company approved and adopted the Memorandum of Association and the Articles of Association with effect from the [**REDACTED**];

(b) conditional on (i) the Stock Exchange granting the [**REDACTED**] of, and permission to [**REDACTED**], the Shares [**REDACTED**] (including the Shares outstanding and to be converted from the Preferred Shares) and to be [**REDACTED**] as stated in this document and such [**REDACTED**] and permission not subsequently having been revoked prior to the commencement of [**REDACTED**] the Shares on the Stock Exchange, (ii) the [**REDACTED**] having been determined, (iii) the obligations of the [**REDACTED**] under the [**REDACTED**] becoming unconditional and not being terminated in accordance with the terms of the [**REDACTED**] or otherwise, in each case on or before such dates as may be specified in the [**REDACTED**], and (iv) the [**REDACTED**] having been duly executed by the [**REDACTED**] and our Company:

   (i) the [**REDACTED**] (including the [**REDACTED**]) was approved, and the proposed allotment and issue of the [**REDACTED**] under the [**REDACTED**] were approved, and our Directors were authorized to determine the [**REDACTED**] for, and to allot and issue, the [**REDACTED**];

(ii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes, and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with, and/or to sell or transfer treasury shares of our Company, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued together with the treasury shares of our Company resold or transferred or to be resold or transferred, otherwise than by way of the [**REDACTED**], rights issue or pursuant to the exercise of Share Options or any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and Share Options;

(iii) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and Share Options; and

(iv) the general unconditional mandate as mentioned in paragraph (ii) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the Repurchase Mandate up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and Share Options.

Each of the general mandates referred to in paragraphs (b)(ii), (b)(iii), and (b)(iv) above will remain in effect until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

(c) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

5. Repurchase of Our Own Shares

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below.

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on [●], the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**], excluding any treasury shares of our Company and any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] and Share Options, with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association, or (iii) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(ii) Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of Cayman Islands law, any purchases by our Company may be made out of profits or out of proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Islands company laws. Any premium payable on the purchase over the nominal value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Islands company laws.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to 10% of the aggregate nominal value of the shares in issue (excluding treasury shares) on the date the repurchase mandate is granted. A listed company whose primary listing is on the Stock Exchange generally may not (i) issue new securities or sale or transfer treasury shares, or (ii) announce a proposed issue of new securities or sale or transfer of treasury shares for a period of 30 days after a repurchase without the prior approval of the Stock Exchange. A listed company whose primary listing is on the Stock Exchange may not repurchase any of its own securities on the Stock Exchange for a period of 30 days after any sale or transfer of treasury shares on the Stock Exchange without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

(iv) Status of repurchased securities

The shares repurchased by a listed company shall be held as treasury shares or cancelled. The listing of all shares held as treasury shares shall be retained. The listing of all shares repurchased (whether effected on the Stock Exchange or otherwise) but not held as treasury shares shall be automatically cancelled upon repurchase. The listed company shall ensure that the documents of title of these repurchased shares are cancelled and destroyed.

Under the laws of the Cayman Islands, unless the directors resolve to hold the shares repurchased by the company as treasury shares prior to the repurchase, shares repurchased by the company shall be treated as cancelled and the amount of the company's issued share capital shall be diminished by the nominal value of those shares. However, the repurchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands laws.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (ii) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its securities on the Stock Exchange, unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly breakdown of shares repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person, and a core connected person is prohibited from knowingly selling securities to the listed company on the Stock Exchange.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchase of Shares will only be made when our Directors believe that such repurchase will be in the interest of our Company and our Shareholders. Such repurchase may, depending on market conditions, funding arrangements and other circumstances at the time, lead to an enhancement in the net value of our Company and our assets and/or earnings per Share.

(c) Funding of repurchase

Repurchase of Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. Our Directors may not repurchase Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, our Directors may make repurchase with profits of our Company or out of a new issuance of shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or, if authorized by the Articles of Association and applicable laws and regulations of Hong Kong and the Cayman Islands, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to the Cayman Islands company law, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing position of our Company which in the opinion of our Directors are from time to time appropriate for our Company.

(d) Share capital

The exercise in full of the Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options), could accordingly result in up to [**REDACTED**] Shares being repurchased by our Company during the period until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or

(iii) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(e) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws.

If, as a result of any repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

We have entered into the following contract (not being contract entered into in our ordinary course of business) within the two years immediately preceding the issue of this document that is or may be material:

(a) the [**REDACTED**].

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business.

No.	Trademark	Owner
1. . .	BeBeBus	BeBeBus Technology
2. . .	BeBeBus	BeBeBus Technology
3. . .	BeBeBus	BeBeBus Technology
4. . .	BeBeBus	BeBeBus Technology
5. . .	bebebus	BeBeBus Technology
6. . .	bebebus	BeBeBus Technology
7. . .	bebebus	BeBeBus Technology
8. . .	bebebus	BeBeBus Technology
9. . .	bebebus	BeBeBus Technology
10. .	bebebus	BeBeBus Technology
11. .	bebebus Home	BeBeBus Technology
12. .	bebebus Travel	BeBeBus Technology
13. .	BeBeBus	BeBeBus Technology
14. .	bebebus	BeBeBus Technology

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business.

No.	Patent name	Owner	Date of authorization	Place of registration
1.	Child car seat (Galaxy) (兒童安全座椅(銀河Galaxy))	BeBeBus Safety	May 11, 2018	PRC
2.	A child car seat angle adjustment mechanism (一種兒童安全座椅角度調節機構)	BeBeBus Safety	June 22, 2018	PRC
3.	A five-point child car seat with seatbelt storage design (一種安全帶收納式五點兒童安全座椅)	BeBeBus Safety	June 14, 2019	PRC
4.	A head and neck protection structure for car-mounted child car seat and car-mounted child car seat (一種車載兒童安全座椅的頭頸防護結構及車載兒童安全座椅)	BeBeBus Safety	June 14, 2019	PRC
5.	A polyurethane foam part, its preparation method, and the child car seat made from it (一種聚氨酯發泡件、製備方法及其製備的兒童安全座椅)	BeBeBus Safety	June 18, 2019	PRC
6.	Basket-style child car seat (提籃式兒童安全座椅)	BeBeBus Safety	July 30, 2019	PRC
7.	Child car seat (360 rotating model) (兒童安全座椅(360旋轉型))	BeBeBus Safety	November 8, 2019	PRC
8.	Backpack (背包)	BeBeBus Technology	February 4, 2020	PRC
9.	Highchair (餐椅)	BeBeBus Technology	February 7, 2020	PRC
10.	Handbag (手提包)	BeBeBus Technology	February 7, 2020	PRC
11.	A mechanism for synchronously adjusting the headrest height and side wing width for child car seat (兒童安全座椅頭枕高度及側翼寬度同步調節機構)	BeBeBus Safety	March 3, 2020	PRC
12.	Child car seat (YM05) (兒童安全座椅(YM05))	BeBeBus Safety	March 3, 2020	PRC
13.	Child car seat (YM03) (兒童安全座椅(YM03))	BeBeBus Safety	March 3, 2020	PRC

No.	Patent name	Owner	Date of authorization	Place of registration
14. . .	Child car seat (YM06) (兒童安全座椅(YM06))	BeBeBus Safety	March 3, 2020	PRC
15. . .	A stroller with seat that can be reversed forward and backward (一種座椅可前後換向的嬰兒車)	BeBeBus Technology, Zhengzhou Biuco Children Products Co., Ltd. (鄭州貝歐科兒童用品股份有限公司) ("**Zhengzhou Biuco**")	May 29, 2020	PRC
16. . .	Baby stroller (white) (嬰兒推車(白色))	BeBeBus Technology	June 23, 2020	PRC
17. . .	Milk cup (牛奶杯)	BeBeBus Technology	July 14, 2020	PRC
18. . .	Baby food bowl (輔食碗)	BeBeBus Technology	July 14, 2020	PRC
19. . .	Folding bed (折疊床)	BeBeBus Technology	July 14, 2020	PRC
20. . .	Insulated bowl (保溫碗)	BeBeBus Technology	July 14, 2020	PRC
21. . .	Balance bike (平衡車)	BeBeBus Technology	July 14, 2020	PRC
22. . .	Scooter (滑板車)	BeBeBus Technology	September 29, 2020	PRC
23. . .	A rotating structure for child seat (一種兒童座椅的旋轉結構)	BeBeBus Safety	December 15, 2020	PRC
24. . .	Baby stroller (嬰兒推車)	BeBeBus Technology, Zhengzhou Biuco	December 25, 2020	PRC
25. . .	Divided plate (餐盤(分格))	BeBeBus Technology	December 25, 2020	PRC
26. . .	Child bib (cat design) (兒童圍兜(貓咪))	BeBeBus Technology	January 19, 2021	PRC
27. . .	Baby stroller (white) (嬰兒車(白色))	BeBeBus Technology	March 9, 2021	PRC
28. . .	Child highchair (兒童餐椅)	BeBeBus Technology	March 9, 2021	PRC
29. . .	Butterfly-shaped baby carrier (蝶型嬰兒背帶)	BeBeBus Technology	March 30, 2021	PRC
30. . .	A foldable baby crib (一種可收合的嬰兒床)	BeBeBus Technology	May 4, 2021	PRC

No.	Patent name	Owner	Date of authorization	Place of registration
31. . .	Child stroller (Trip+) (兒童推車(旅享家))	BeBeBus Technology	November 12, 2021	PRC
32. . .	Child stroller (Armor+) (兒童推車(啟航家))	BeBeBus Technology	November 12, 2021	PRC
33. . .	A type of baby head shaping pillow (一種嬰兒定型枕)	BeBeBus Technology	December 7, 2021	PRC
34. . .	A type of child stroller (一種兒童推車)	BeBeBus Technology	March 11, 2022	PRC
35. . .	Baby crib (multi-functional and foldable) (嬰兒床(多功能可折疊))	BeBeBus Technology	June 21, 2022	PRC
36. . .	A type of diaper with an air cushion core (一種具有氣墊芯的紙尿褲)	BeBeBus Technology	June 21, 2022	PRC
37. . .	A type of rotating car seat (一種可旋轉安全座椅)	BeBeBus Safety	July 19, 2022	PRC
38. . .	Folding chair (card chair) (折疊椅(卡片椅子))	BeBeBus Technology	September 16, 2022	PRC
39. . .	Packaging box (diapers) (包裝盒(紙尿褲))	BeBeBus Technology	November 18, 2022	PRC
40. . .	Stroller (Art+ plus) (推車(藝術家plus))	BeBeBus Technology	December 27, 2022	PRC
41. . .	A type of pajama with visible temperature and humidity changes (一種溫度和濕度變化可視的睡袋)	BeBeBus Technology	December 27, 2022	PRC
42. . .	Bassinet (Armor+) (睡籃(啟航家))	BeBeBus Technology	December 30, 2022	PRC
43. . .	Temperature sensor (感溫器)	BeBeBus Technology	January 20, 2023	PRC
44. . .	Child seat backrest (兒童座椅背靠)	BeBeBus Technology, Zhongshan Weiya Technology Co., Ltd. (中山市威雅科技有限公司) ("**Zhongshan Weiya**")	March 14, 2023	PRC
45. . .	Child car seat (Smart+) (兒童安全座椅(智慧家))	BeBeBus Technology	March 14, 2023	PRC
46. . .	Stroller frame (嬰兒車車架)	BeBeBus Technology, Zhongshan Weiya	March 14, 2023	PRC
47. . .	Child car seat (Moon+) (兒童安全座椅(探月家))	BeBeBus Technology	March 14, 2023	PRC

No.	Patent name	Owner	Date of authorization	Place of registration
48. . .	Crib (嬰兒床)	BeBeBus Technology	August 1, 2023	PRC
49. . .	A multi-functional auxiliary seat (一種多功能輔助座椅)	BeBeBus Technology	September 26, 2023	PRC
50. . .	Child car seat (Astron+ pro smart edition) (兒童安全座椅(天文家pro智能版))	BeBeBus Safety	October 17, 2023	PRC
51. . .	An electric rotating structure for car seat (一種安全座椅電動旋轉結構)	BeBeBus Safety	December 22, 2023	PRC
52. . .	Baby carrier (floating cloud) (腰凳(浮雲))	BeBeBus Technology	December 26, 2023	PRC
53. . .	Car seat backrest adjustment structure (安全座椅靠背調節結構)	BeBeBus Safety	December 29, 2023	PRC
54. . .	Crib (Wish+) (嬰兒床(夢享家))	BeBeBus Safety	February 2, 2024	PRC
55. . .	A seat pocket steering mechanism for stroller (一種童車的座兜轉向機構)	BeBeBus Technology	March 15, 2024	PRC
56. . .	Learning-to-sit highchair (Bloom+) (學坐餐椅(花瓣))	BeBeBus Technology	March 29, 2024	PRC
57. . .	A head and neck side wing shock absorption structure, safety headrest, and child car seat (一種頭頸側翼減震結構、安全頭枕及兒童安全座椅)	BeBeBus Safety	May 24, 2024	PRC
58. . .	A self-locking headrest height adjustment mechanism (一種自鎖式頭枕高度調節機構)	BeBeBus Safety	May 24, 2024	PRC
59. . .	Split seat base structure and child seat (分體式坐兜結構及兒童座椅)	BeBeBus Safety	May 24, 2024	PRC
60. . .	Crib (Bloom+) (嬰兒床(花瓣))	BeBeBus Technology	May 24, 2024	PRC
61. . .	Child bicycle (兒童自行車)	BeBeBus Technology	May 24, 2024	PRC
62. . .	A new type of crib (一種新型嬰兒床)	BeBeBus Safety	June 7, 2024	PRC
63. . .	Child sun hat (elastic version) (兒童防曬帽(鬆緊款))	BeBeBus Technology	July 19, 2024	PRC
64. . .	Adult sun hat (成人防曬帽)	BeBeBus Technology	August 23, 2024	PRC
65. . .	Adjustable child sun hat (可調節式兒童防曬帽)	BeBeBus Technology	September 13, 2024	PRC
66. . .	Baby bottle (small) (奶瓶(小))	BeBeBus Technology	September 13, 2024	PRC

No.	Patent name	Owner	Date of authorization	Place of registration
67. . .	Baby carrier (breathable version) (腰凳(透氣款))	BeBeBus Technology	September 17, 2024	PRC
68. . .	Bed rail (angel wings) (床護欄(天使之翼))	BeBeBus Technology	September 20, 2024	PRC
69. . .	Baby stroller (Art+) (嬰兒推車(藝術家))	BeBeBus Technology	September 27, 2024	PRC
70. . .	Child sun hat (buckle version) (兒童防曬帽(鎖扣款))	BeBeBus Technology	November 2, 2024	PRC
71. . .	Stroller (Butterfly+) (遛娃推車(蝴蝶款))	BeBeBus Technology	November 2, 2024	PRC

(c) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we considered to be material to our business.

No.	Copyright name	Owner	Date of registration	Place of registration
1. . .	BEBEBUS brand LOGO (BEBEBUS品牌LOGO)	BeBeBus Technology	June 4, 2019	PRC
2. . .	BEBEBUS brand LOGO (BEBEBUS品牌LOGO)	BeBeBus Technology	January 8, 2021	PRC
3. . .	Car seat screen icon (安全座椅屏幕圖標icon)	BeBeBus Safety	June 13, 2023	PRC
4. . .	BeBeBus text-only logo (BeBeBus純文字logo)	BeBeBus Technology	August 13, 2024	PRC
5. . .	BeBeBus + seven-color rainbow horizontal logo (BeBeBus+七色彩虹圖橫板logo)	BeBeBus Technology	August 21, 2024	PRC
6. . .	BeBeBus + three-color vertical logo (BeBeBus+三色圖豎板logo)	BeBeBus Technology	August 21, 2024	PRC
7. . .	BeBeBus + seven-color rainbow vertical logo (BeBeBus+七色彩虹圖豎板logo)	BeBeBus Technology	August 21, 2024	PRC
8. . .	BeBeBus + three-color horizontal logo (BeBeBus+三色圖橫板logo)	BeBeBus Technology	August 21, 2024	PRC
9. . .	BeBeBus Free+ 30° baby hip seat carrier – seat surface design diagram (BeBeBus輕享家30°腰凳–凳面設計圖)	BeBeBus Technology	November 15, 2024	PRC
10. . .	BeBeBus Free+ baby hip seat carrier M sitting position illustration (BeBeBus輕享家腰凳M坐姿插畫)	BeBeBus Technology	November 15, 2024	PRC

No.	Copyright name	Owner	Date of registration	Place of registration
11. . .	BeBeBus Free+ baby hip seat carrier function illustration (BeBeBus輕享家腰凳功能插畫)	BeBeBus Technology	November 15, 2024	PRC
12. . .	BeBeBus Free+ baby hip seat carrier – black gold and champagne gold design combination diagram (BeBeBus輕享家腰凳黑金和香檳金設計組合圖)	BeBeBus Technology	November 15, 2024	PRC
13. . .	BeBeBus Free+ baby hip seat carrier – black gold design diagram (BeBeBus輕享家腰凳–黑金設計圖)	BeBeBus Technology	November 15, 2024	PRC
14. . .	BeBeBus Free+ baby hip seat carrier – champagne gold design diagram (BeBeBus輕享家腰凳–香檳金設計圖)	BeBeBus Technology	November 15, 2024	PRC
15. . .	Quality sampling inspection system for baby products at production and factory release (母嬰用品生產出廠質量抽樣檢測系統)	BeBeBus Technology	June 23, 2020	PRC
16. . .	Internet-of-things based intelligent control system for production equipment (基於物聯網的生產設備智能控制系統)	BeBeBus Technology	June 23, 2020	PRC
17. . .	Comprehensive management system for baby product research and development projects (母嬰用品研發項目綜合管理系統)	BeBeBus Technology	June 23, 2020	PRC
18. . .	Intelligent information traceability system for product supply chain (產品供應鏈智能信息追溯系統)	BeBeBus Technology	June 23, 2020	PRC
19. . .	Intelligent design assistance software for baby stroller structures (嬰兒推車結構智能化設計輔助軟件)	BeBeBus Technology	June 23, 2020	PRC
20. . .	E-commerce big data analysis and processing system (電子商務大數據分析處理系統)	BeBeBus Technology	June 23, 2020	PRC
21. . .	Offline chain sales management platform for baby products (母嬰用品線下連鎖銷售管理平臺)	BeBeBus Technology	June 23, 2020	PRC
22. . .	Car seat performance testing data reporting management system (安全座椅性能檢測數據報告管理系統)	BeBeBus Technology	June 23, 2020	PRC

No.	Copyright name	Owner	Date of registration	Place of registration
23. . .	Online shopping mall product promotion planning and management system (網上商場產品促銷活動策劃管理系統)	BeBeBus Technology	June 23, 2020	PRC
24. . .	Internet-of-things product ERP intelligent inventory management software (物聯網產品ERP進銷存智能管理軟件)	BeBeBus Technology	June 23, 2020	PRC
25. . .	BeBeBus APP software (BeBeBus APP 軟件)	BeBeBus Technology	November 1, 2022	PRC

(d) Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we considered to be material to our business.

No.	Domain name	Owner	Expiration date
1.. . .	butong.com	Butong International HK	June 27, 2026
2.. . .	bebebus.cn	BeBeBus Technology	December 7, 2025

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors

Each of our executive Directors has entered into a service contract with us. The initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other not less than two months' prior notice.

Pursuant to the service contracts entered into with us, our executive Directors will receive no remuneration as director's fee.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with us effective from the [**REDACTED**]. The initial term of their appointment letters shall be three years commencing from the date of their appointment or until the third annual general meeting of our Company after the [**REDACTED**], whichever is earlier (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than two months' prior notice.

Pursuant to the appointment letters entered into with us, our independent non-executive Directors will each receive a monthly director's fee ranging from HK$15,000 to HK$18,000 commencing on the effective date of their respective appointment.

2. Remuneration of Directors

Save as disclosed in "Directors and Senior Management" and "Appendix I — Accountants' Report — Notes to The Historical Financial Information — 9. Directors' Emoluments," none of our Directors received other remunerations or benefits in kind from us.

3. Disclosure of Interests

(a) Interests of our Directors and chief executive in the Shares and underlying Shares of our Company and our associated corporation

Save as disclosed below, so far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options), none of our Directors or chief executive has any interests or short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange.

(i) Interests in the Shares

Name	Position	Nature of interest	Number of Shares[1]	Approximate percentage of interest in our Company immediately following the completion of the [REDACTED][2]
				(%)
Mr. Wang	Chairman of our Board and executive Director	Beneficial interest[3]	1,249,282 (L)	[**REDACTED**]
		Interest in controlled corporation[4][5]	47,640,920 (L)	[**REDACTED**]
Ms. Shen	Executive Director and CEO	Interest in controlled corporation[6]	5,400,000 (L)	[**REDACTED**]

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Based on the assumption that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options.

(3) Mr. Wang is entitled to acquire 1,249,282 Shares pursuant to the Share Options granted to him under the Share Incentive Plan, subject to the relevant conditions (including vesting conditions) thereunder.

(4) WANGBOYAN is owned by Boyan Holdings as to 65% and WWANG as to 35%. Boyan Holdings is indirectly controlled by the Boyan Family Trust with Mr. Wang as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and WWANG as the beneficiary. WWANG is wholly owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in the Shares held by WANGBOYAN under the SFO.

(5) Pursuant to a deed of voting proxy entered into between SLING and WANGBOYAN on February 2, 2024, WANGBOYAN, as the true and lawful attorney of SLING, has the right to vote over all the Shares held by SLING, being 5,400,000 Shares, from the date of execution of the deed of voting proxy. For details of the voting proxy, see "History, Reorganization and Corporate Structure — Voting Proxy."

(6) SLING is owned by SHENLING HOLDING INC ("**SHENLING**") as to 50% and SL Family Limited ("**SL**") as to 50%. SHENLING is wholly owned by Ms. Shen. SL is indirectly controlled by the Shen Ling Family Trust with Ms. Shen as the settlor, Vistra Trust (Singapore) Pte. Limited as the trustee, and SHENLING as the beneficiary. Accordingly, Ms. Shen is deemed to be interested in the Shares held by SLING under the SFO.

(b) Interests of our substantial Shareholders in the Shares and underlying Shares of our Company

For the information on the persons who will, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options), have interests or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders."

4. Disclaimers

Save as disclosed above and in "History, Reorganization and Corporate Structure" and "Business":

(a) none of our Directors or experts named in "— Qualification of Experts" in this section is:

(i) interested in our promotion, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group;

(b) none of our Directors or their respective close associates or our Shareholders which to the knowledge of our Directors own more than 5% of the number of our issued Shares (excluding treasury shares) has any interest in our five largest customers or suppliers during the Track Record Period; and

(c) none of our Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. SHARE INCENTIVE PLAN

Our Company adopted the Share Incentive Plan on September 26, 2024. The Share Incentive Plan is a [**REDACTED**] share option scheme. As of the Latest Practicable Date, all Share Options under the Share Incentive Plan have been granted, and no further Share Option will be granted after the [**REDACTED**].

1. Summary of the Principal Terms of the Share Incentive Plan

(a) Purposes

The purposes of the Share Incentive Plan are to (i) improve the corporate governance structure of our Company and establish a mechanism for sharing returns and risks among our Company, Shareholders and employees, and (ii) attract, motivate and stabilize the employees of our Group, fully mobilize their enthusiasm and support the realization of our Company's strategies and long-term sustainable development.

(b) Eligible optionees

Eligible optionees (each an "**Optionee**") of the Share Incentive Plan include:

(i) senior and middle management and core employees who have worked full-time in our Group for more than 12 months;

(ii) employees to whom our Company has made oral or written undertaking regarding the grant of Share Options; and

(iii) other personnel recognized by our Board.

(c) Plan limit

The maximum number of Shares underlying the Share Options is 5,824,920, representing approximately [**REDACTED**]% of the Shares in issue immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options).

(d) Term

The Share Incentive Plan took effect upon adoption by our Company and should be valid for a maximum term of ten years.

(e) Administration

The Share Incentive Plan shall be managed by our Board. Our Board shall be entitled to:

(i) determine the list of Optionees;

(ii) determine the number of Share Options to be granted to the Optionees;

(iii) determine the exercise price of the Share Options;

(iv) amend, suspend or terminate the Share Incentive Plan;

(v) formulate, amend and cancel the terms of the Share Incentive Plan; and

(vi) determine other matters relating to the implementation of the Share Incentive Plan.

(f) Grant of Share Options

Our Board shall be entitled to determine whether to grant Share Options to an Optionee and the number of Share Options to be granted pursuant to the Share Incentive Plan, taking into account the Optionee's position, seniority, length of service, work performance, etc.

When granting Share Options to an Optionee, our Company shall enter into an option agreement (the "**Option Agreement**") with the Optionee. The Option Agreement shall comply with the terms of the Share Incentive Plan.

If our Company increases or reduces share capital, the number of Share Options granted to the Optionee shall remain unchanged, but the percentage of shareholding of the Optionee in our Company after exercise of Share Options will be adjusted accordingly.

(g) Vesting of Share Options

Vesting schedule. Unless otherwise stipulated in the Share Incentive Plan and the Option Agreement, Share Options granted to an Optionee shall vest in four installments within 48 months (each an "**Vesting Period**") from the vesting commencement date (the "**Vesting Commencement Date**") stipulated in the Option Agreement. Specifically, 25% of the Share Options granted shall vest when the Optionee works in our Group for 12 months from the Vesting Commencement Date, 25% of the Share Options granted shall vest when the Optionee works in our Group for 24 months from the Vesting Commencement Date, 25% of the Share Options granted shall vest when the Optionee works in our Group for 36 months from the Vesting Commencement Date, and 25% of the Share Options granted shall vest when the Optionee works in our Group for 48 months from the Vesting Commencement Date.

Performance goals. The vesting conditions of Share Options granted under the Share Incentive Plan include company performance goals and individual performance goals.

(i) Company performance goals: during each Vesting Period, the corresponding percentage of Share Options granted to an Optionee can only vest if the completion rate of the performance goals of our Company for the year is no less than 80% and the operating income of our Company increases compared to that of the previous year; if the completion rate of the performance goals of our Company for the year is less than 80% or the operating income of our Company decreases compared to that of the previous year, unless otherwise resolved by our Board, the corresponding percentage of Share Options will be automatically cancelled, and the Optionee will no longer have any right to such cancelled Share Options; and

(ii) Individual performance goals: our Company will conduct performance appraisals of the Optionee during each Vesting Period. The appraisal results are divided into three levels: 80 points or above, 70 — 79 points, and 69 points or below, corresponding to a standard coefficient of 1.0, 0.8, and 0, respectively. The number of Share Options that can vest in each Vesting Period equals the number of Share Options that may vest in that Vesting Period multiplies the standard coefficient corresponding to the appraisal results. Share Options not vested because the appraisal results are below 80 points will be automatically cancelled, and the Optionee will no longer have any right to such cancelled Share Options.

If a Vesting Period spans two calendar years, unless otherwise resolved by the administrator of the Share Incentive Plan appointed by our Board, if the Vesting Commencement Date falls on or before June 30, the company performance goals and individual performance goals of the current year shall apply, and if the Vesting Commencement Date falls on or after July 1, the company performance goals and individual performance goals of the following year shall apply.

Suspension of vesting. Unless otherwise stipulated in the Option Agreement or resolved by our Board, if the number of absence days of the Optionee due to sick leaves, personal leaves or other reasons reaches 30 in any calendar year, the corresponding percentage of Share Options that may otherwise vest during the Vesting Period will cease to vest for a period equal to the number of absence days in the calendar year, and the vesting of the Share Options will be deferred accordingly.

(h) Exercise of Share Options

Exercise conditions. Share Options granted to an Optionee which are vested pursuant to the Share Incentive Plan may be exercised in compliance with relevant laws and regulations. The Optionee cannot exercise any Share Options before the [**REDACTED**].

Exercise price. Unless otherwise resolved by our Board, the exercise price of the Share Options shall be 35% of the price per Share based on the valuation of our Company in the latest round of equity financing before the grant of the Share Options. Our Board shall determine the payment method of exercise price.

Exercise procedures and deadline. Upon satisfaction of the exercise conditions, the Optionee shall exercise Share Options in accordance with the procedures and deadline determined by our Board. The Optionee shall cooperate in executing all relevant documents as required by our Board. If the Optionee cannot exercise Share Options due to his/her failure to execute relevant documents as required by our Board, the Optionee shall bear full responsibilities. The Optionee shall also indemnify our Company if our Company suffers any loss because of such failure. The Optionee shall exercise Share Options within 10 years from the date of grant of the Share Options and pay the exercise price. Any Share Options not exercised before expiration will be automatically cancelled.

Rights of Optionee. Before exercise of Share Options, the Optionee shall not enjoy any voting rights, dividend rights or any other rights of the Shares underlying the Share Options. After exercise of Share Options, the Optionee shall hold the Shares directly or through trust as resolved by our Board.

Legal restrictions. If, in the opinion of our Company's legal counsel, exercising Share Options would result in a violation of any applicable laws, including but not limited to any applicable securities laws, the Optionee shall not exercise any Share Options, and our Company shall have no obligation to transfer any Shares to the Optionee.

(i) Cancellation of Share Options

Cancellation of Share Options due to misconduct. After the [**REDACTED**], if the Optionee commits any misconduct, unless otherwise resolved by our Board, from the date such misconduct occurs, (i) Share Options that have not been exercised by the Optionee (whether vested or not) will be automatically cancelled, and the Optionee will no longer have any right to such cancelled Share Options, and (ii) Share Options that have been exercised by the Optionee can be disposed of by the Optionee in accordance with the rules of the exchange where the Shares of our Company are [**REDACTED**]. The Optionee shall also indemnify our Group for all losses incurred due to his or her misconduct.

Misconduct refers to any of the following acts committed by the Optionee intentionally or due to gross negligence:

(i) violating any law, regulation, policy or employee handbook of our Group;

(ii) establishing employment relationships with other employers simultaneously which seriously affects completion of tasks of our Group or refusing to rectify the issue despite requests from our Group;

(iii) causing our Group to execute or modify employment agreement with the Optionee against its true will by fraud, coercion or taking advantage of our Company, rendering the employment agreement invalid;

(iv) violating professional ethics or committing serious dereliction or malfeasance of duty or fraud that causes significant monetary losses of RMB5,000 or more to our Group, or the foregoing acts indirectly or the Optionee makes negative remarks about our Group directly that causes negative impact on the reputation of our Group;

(v) disclosing our Group's confidential information such as trade secrets or violating our Group's confidentiality policies or confidentiality agreements executed with our Group;

(vi) violating non-compete agreements or non-solicitation obligations;

(vii) termination of employment by our Group due to sub-par performance appraisals or inability to perform job duties;

(viii) been absent for more than 12 consecutive months due to sick leaves or personal leaves that comply with our Company's labor and personnel related policies and approved by the relevant department or other reasons;

(ix) violating the Share Incentive Plan or relevant agreements executed in accordance with the Share Incentive Plan;

(x) being held criminally liable for committing a crime according to the law; and

(xi) other acts that cause significant loss or material adverse effects to our Group.

Cancellation of Share Options due to termination of employment other than for misconduct. After the [**REDACTED**], if the Optionee's employment is terminated other than for misconduct, from the date the Optionee resigns/ceases to provide services or terminates or rescinds the employment agreement, (i) Share Options that have not been vested will be automatically cancelled, and the Optionee will no longer have any right to such cancelled Share Options, (ii) Share Options that have been vested but not exercised will be automatically cancelled, and the Optionee will no longer have any right to such cancelled Share Options, unless the Optionee exercises such Share Options and pays the exercise price within 15 business days, and (iii) Share Options that have been exercised by the Optionee can be disposed of by the Optionee in accordance with the rules of the exchange where the Shares of our Company are [**REDACTED**].

Termination of employment other than for misconduct refers to any circumstance where the Optionee resigns or ceases to provide services or terminates or rescinds employment, service or cooperation agreement with our Group for any reason other than for misconduct specified above, including but not limited to the following circumstances:

(i) the Optionee voluntarily resigns (including circumstances where the Optionee unilaterally notifies our Group to terminate the employment agreement before expiration, or the Optionee decides not to renew the employment agreement upon expiration even though our Group keeps or improves the terms of employment, or the Optionee terminates the employment agreement with a subsidiary of our Company due to its lawful dissolution and does not execute a new employment agreement with our Company or another entity designated by our Company);

(ii) the Optionee leaves due to reasons attributable to our Group (including but not limited to circumstances where our Group proposes to terminate the employment agreement before expiration, or our Group and the Optionee mutually agree to terminate the employment agreement before expiration, or our Group decides not to renew the employment agreement upon expiration, or our Group terminates or rescinds the employment agreement due to economic redundancy);

(iii) the Optionee is unable to perform the employment agreement due to termination or rescission of the employment agreement;

(iv) the Optionee terminates the employment agreement with our Group as he/she reaches the statutory retirement age or begins to receive basic pension benefits according to law;

(v) the Optionee is unable to perform his or her original job or any other job assigned by our Group due to sickness or non work-related injury, resulting in the termination of the employment agreement by our Group;

(vi) the Optionee loses the ability to work and is unable to continue working in our Group, resulting in the termination of the employment agreement by our Group; and

(vii) the Optionee is declared dead or missing in law or is deceased.

Cancellation of Share Options before the [**REDACTED**]. Before the [**REDACTED**], if the Optionee's Share Options are cancelled for any reason (including but not limited to misconduct and termination of employment other than for misconduct specified above), unless otherwise stipulated in the Share Incentive Plan or the Option Agreement, all Share Options granted to the Optionee (whether vested or not) will be automatically cancelled from the date of such misconduct or circumstance, and the Optionee will no longer have any right to such cancelled Share Options.

Cancellation of Share Options in other circumstances. Share Options may also be cancelled and/or reclaimed in the following circumstances:

(i) if the performance appraisal results of the Optionee are 69 points or below for two consecutive years, our Company or the entity designated by our Board shall be entitled (but not obligated) to reclaim the Share Options granted to the Optionee;

(ii) before the [**REDACTED**], if the Optionee's properties are divided due to divorce, all Share Options granted to the Optionee will be automatically cancelled, and the Optionee will no longer have any right to such cancelled Share Options;

(iii) before the [**REDACTED**], if our Company needs to reclaim Share Options granted to the Optionee due to financing needs or other reasons, our Company or the entity designated by our Board shall be entitled (but not obligated) to reclaim all or part of the Share Options granted to the Optionee at a mutually agreed price, and the Share Options not reclaimed will continue to vest in accordance with the terms of the Share Incentive Plan and the Option Agreement; and

(iv) our Board has full discretion in all other unspecified circumstances.

The Optionee unconditionally and irrevocably agrees to the terms of the Share Incentive Plan and the Option Agreement regarding the cancellation and reclamation of Share Options, and acknowledges that the consideration specified therein for the reclamation of Share Options is the full consideration, and our Company is not required to pay any additional amounts (including any dividends). From the date our Company issues a reclamation notice to the Optionee in accordance with the Share Incentive Plan, the Optionee will no longer have any right to the Share Options proposed to be reclaimed.

If our Company chooses to reclaim Share Options, it shall pay the reclamation price to the Optionee within 180 days from the date of issuing the reclamation notice. If the Optionee commits any misconduct specified above during such period, the Share Options shall be cancelled according to the provisions regarding cancellation of Share Options due to misconduct set out above.

(j) Restriction on Disposal of Share Options

Before the [**REDACTED**], unless otherwise stipulated in the Share Incentive Plan or resolved by our Company or our Board, the Optionee (whether he/she leaves our Group) shall not pledge, transfer, place any encumbrance, or otherwise dispose of any Share Option.

After the [**REDACTED**], the transfer of exercised Share Options shall also comply with the rules of the exchange where the Shares of our Company are [**REDACTED**]. In case of any conflict between the terms of the Share Incentive Plan and the rules of the exchange where the Shares of our Company are [**REDACTED**], the later shall prevail.

(k) Tax

The Optionee shall fund the exercise price himself/herself, and our Company will not provide any financial support. The Optionee must pay income tax or other applicable taxes on any gains derived from participation in the Share Incentive Plan in accordance with all applicable tax laws. To the extent permitted by law, our Company reserves the right to withhold taxes payable by the Optionee from any payment or transfer.

(l) Adjustment

Our Board shall resolve whether to adjust the Share Incentive Plan in the following circumstances:

(i) merger or split-up of our Company; and

(ii) other circumstances where our Board considers it necessary to adjust the Share Incentive Plan.

(m) Amendment, Suspension and Termination

Our Board may resolve to amend, suspend or terminate the Share Incentive Plan at any time. Our Board reserves the final right to interpret the terms of the Share Incentive Plan and related agreements, notices, undertakings, and other legal documents.

2. Outstanding Share Options

As of the Latest Practicable Date, 4,575,638 Shares underlying the Share Options granted to our senior management and other employees have been allotted and issued to WEILING. WEILING is wholly owned by BUTONG ESOP LIMITED ("**BUTONG ESOP**"). BUTONG ESOP is wholly owned by Futu Trustee Limited, the trustee of the BUTONG ESOP Trust set up to facilitate the administration of the Share Options granted to our senior management and other employees. In addition, 1,249,282 Shares underlying the Share Options granted to Mr. Wang will be allotted and issued when the Share Options are vested and exercised by Mr. Wang after the [**REDACTED**]. Such Shares represent approximately [**REDACTED**]% of the Shares in issue immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options). Assuming full vesting and exercise of all the Share Options granted to Mr. Wang under the Share Incentive Plan, the dilution effect on the shareholding of our Shareholders immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and on our earnings per Share would be approximately [**REDACTED**]%.

The table below sets out details of the Share Options granted under the Share Incentive Plan as of the Latest Practicable Date.

Name	Position	Address	Date of grant	Number of Shares subject to Share Options granted	Exercise price	Vesting period	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)]
					(US$)		*(%)*
Director							
Mr. Wang	Chairman of our Board and executive Director	Room 101, No. 79, Ganquanyi Village, Putuo District, Shanghai, PRC	September 26, 2024	1,249,282	1.23	*Note 3*	**[REDACTED]**
Subtotal				**1,249,282**			**[REDACTED]**

Name	Position	Address	Date of grant	Number of Shares subject to Share Options granted	Exercise price	Vesting period	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED][1]
					(US$)		*(%)*
Senior management of our Company							
Mr. Lam Chun Kit (林俊傑)	CFO	Flat F, 50/F, Block 5, Banyan Garden, Lai Chi Kok Road, Kowloon, Hong Kong	September 26, 2024	800,000	1.23	*Note 3*	[**REDACTED**]
Mr. Zuo Limin (左利民)	General manager of manufacturing	Room 804, No. 97, Building 31, Sunshine Rose Garden, Dongqianhu Town, Yinzhou District, Ningbo, Zhejiang Province, PRC	September 26, 2024	116,000	1.23	*Note 3*	[**REDACTED**]
			January 9, 2021[2]	80,790	Nil	Nil	[**REDACTED**]
Subtotal				**996,790**			[**REDACTED**]

Name	Position	Address	Date of grant	Number of Shares subject to Share Options granted	Exercise price	Vesting period	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)]
					(US$)		*(%)*
Other employees of our Group							
Mr. Zhang Hongchen (張洪晨)	Director of user research and planning	No. 498 Xietu Road, Huangpu District, Shanghai, PRC	January 9, 2021[(2)]	727,113	Nil	Nil	[**REDACTED**]
Mr. Wang Longlei (王龍壘)	Director of user relations	No. 135, Pengqian Village, Dazhanglou Town, Jiaxiang County, Shandong Province, PRC	January 9, 2021[(2)]	549,374	Nil	Nil	[**REDACTED**]
Mr. Feng Zhongbiao (馮忠彪)	Director of public affairs	Room 102, No. 17, Lane 209, Zhennan Road, Putuo District, Shanghai, PRC	September 26, 2024	390,921	1.23	*Note 3*	[**REDACTED**]
Mr. Bao Sijie (包思捷)	Director of e-commerce	No. 26, Wangjiaqiao, Shuangtou Village, Guisi Neighborhood, Zhenhai District, Ningbo, Zhejiang Province, PRC	January 9, 2021[(2)]	371,635	Nil	Nil	[**REDACTED**]
Mr. Zhang Baoshan (張寶山)	Director of marketing management	No. 311, Shuidemiao Neighborhood Committee, Liyang Town, Li County, Hunan Province, PRC	January 9, 2021[(2)]	323,161	Nil	Nil	[**REDACTED**]
Mr. Wu Qingqian (吳慶乾)	Director of customer service and procurement manager	No. 503, Unit 1, Building 2, No. 62 Haiqu East Road, Donggang District, Rizhao, Shandong Province, PRC	January 9, 2021[(2)]	161,581	Nil	Nil	[**REDACTED**]

Name	Position	Address	Date of grant	Number of Shares subject to Share Options granted	Exercise price	Vesting period	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)]
					(US$)		*(%)*
Mr. Qiu Wenqiang (邱文強)	Director of visual design	No. 125 Zhongfen Road, Caoxi Neighborhood, Xinluo District, Longyan, Fujian Province, PRC	January 9, 2021[(2)]	137,344	Nil	Nil	**[REDACTED]**
Mr. Yu Dongwei (郁東偉)	Director of brand design	No. 5, No. 1 Jinye Road, Yanta District, Xi'an, Shaanxi Province, PRC	January 9, 2021[(2)]	121,186	Nil	Nil	**[REDACTED]**
Mr. Wang Zhongwei (王鐘韋)	Director of channel sales	No. 101, Qidong Salt Farm Dormitory, Qidong, Jiangsu Province, PRC	January 9, 2021[(2)]	113,106	Nil	Nil	**[REDACTED]**
Mr. Zhu Jilei (朱紀磊)	Senior project manager	Hezhuang Group, Madian Village, Taodian Town, Shou County, Anhui Province, PRC	January 9, 2021[(2)]	113,106	Nil	Nil	**[REDACTED]**
Ms. Wang Xiasha (王夏莎)	Operations manager	No. 50, Group 1, Shunhu Village, Puyang Town, Xiaoshan District, Hangzhou, Zhejiang Province, PRC	January 9, 2021[(2)]	105,027	Nil	Nil	**[REDACTED]**
Ms. Zhou Hongmei (周紅梅)	Category operations supervisor	Youfang, Mafan Village, Mafan Town, Guangshan County, Henan Province, PRC	January 9, 2021[(2)]	88,869	Nil	Nil	**[REDACTED]**

Name	Position	Address	Date of grant	Number of Shares subject to Share Options granted	Exercise price	Vesting period	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)]
					(US$)		*(%)*
Mr. Hao Kaikai (郝凱凱)	Director of industrial design	Room 405, Unit 2, Building 75, Xinyuan Shijia, No. 98 Jinzhong Road, Huaqiao Town, Kunshan, Jiangsu Province, PRC	January 9, 2021[(2)]	80,790	Nil	Nil	**[REDACTED]**
Ms. Chen Wanjun (陳婉君)	Director of supply chain	Room 303, No. 31, Lane 410, Yima Road, Jiading District, Shanghai, PRC	September 26, 2024	26,932	1.23	*Note 3*	**[REDACTED]**
Ms. Li Xiaolin (李曉林)	Operations manager	Room 1701, Building 11, Jiabao Mengzhichen Garden, Huaqiao Town, Kunshan, Jiangsu Province, PRC	September 26, 2024	26,296	1.23	*Note 3*	**[REDACTED]**
Mr. Zhang Fengwen (張鳳文)	Director of warehousing and logistics	Room 802, Unit 2, Building 7, No. 600 Wenyang Road, Chengyang District, Qingdao, Shandong Province, PRC	September 26, 2024	25,557	1.23	*Note 3*	**[REDACTED]**
Mr. Lin Lei (林磊)	Director of Douyin project	No. 185, Xu Village, Qiu'er Village, Qiu'ai Town, Yinzhou District, Ningbo, Zhejiang Province, PRC	September 26, 2024	25,275	1.23	*Note 3*	**[REDACTED]**

Name	Position	Address	Date of grant	Number of Shares subject to Share Options granted	Exercise price	Vesting period	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)]
					(US$)		*(%)*
Mr. Li Jianqun (李建群)	Senior creative engineer	No. 9 Laoshan Road, Yushan Town, Kunshan, Jiangsu Province, PRC	September 26, 2024	19,375	1.23	*Note 3*	**[REDACTED]**
Mr. Wang Jirun (王積潤)	Senior structural designer	Yanshan Village, Nanyan Town, Pingyang County, Zhejiang Province, PRC	September 26, 2024	18,863	1.23	*Note 3*	**[REDACTED]**
Ms. Li Tingting (李婷婷)	Director of brand	Municipal Household Group of Weiji Town, Lingbi County, Suzhou, Anhui Province, PRC	September 26, 2024	16,500	1.23	*Note 3*	**[REDACTED]**
Ms. Nan Ganlin (南甘霖)	Manager of user research	Room 103, No. 10, Lane 17, Pusong North Road, Changning District, Shanghai, PRC	January 9, 2021[(2)]	16,158	Nil	Nil	**[REDACTED]**
Mr. Guo Jianzhao (郭劍釗)	Senior manager of structural design	Room 505, Building 18, Mingzhou Garden, Xinqi Neighborhood, Beilun District, Ningbo, Zhejiang Province, PRC	September 26, 2024	15,421	1.23	*Note 3*	**[REDACTED]**

Name	Position	Address	Date of grant	Number of Shares subject to Share Options granted	Exercise price	Vesting period	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED][(1)]
					(US$)		*(%)*
Mr. He Xuwu (何序武)	Manager of quality department	No. 42, Hedun Group, Jinba Village, Zhoutou Town, Susong County, Anqing, Anhui Province, PRC	September 26, 2024	13,887	1.23	*Note 3*	**[REDACTED]**
Mr. Zeng Zhifang (曾志方)	Project manager	No. 75, Nanxi Natural Village, Nanxi Village, Badu Town, Jishui County, Ji'an, Jiangxi Province, PRC	September 26, 2024	13,200	1.23	*Note 3*	**[REDACTED]**
Mr. Li Haibin (李海斌)	Manager of equipment department	No. 2, Wankeng, Zhuangkengkou Village, Wudoujiang Town, Suichuan County, Ji'an, Jiangxi Province, PRC	September 26, 2024	12,887	1.23	*Note 3*	**[REDACTED]**
Ms. Yang Tingting (楊婷婷)	After-sales customer service supervisor	Room 1406, Building 17, Huaqiaoyu Garden, Huaqiao Town, Kunshan, Suzhou, Jiangsu Province, PRC	September 26, 2024	12,279	1.23	*Note 3*	**[REDACTED]**
Ms. Jiang Juan (姜娟) .	Head of customer pre-sales service	Room 104, Building 23, Changfa Haojun Garden, Lujia Town, Kunshan, Jiangsu Province, PRC	September 26, 2024	12,279	1.23	*Note 3*	**[REDACTED]**

Name	Position	Address	Date of grant	Number of Shares subject to Share Options granted	Exercise price	Vesting period	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED](1)
					(US$)		*(%)*
Mr. Xu Ziyi (許子義)	Manager of engineering department	No. 19, Yupeizhuang, Baying Town, Qinghe County, Xingtai, Hebei Province, PRC	September 26, 2024	12,163	1.23	*Note 3*	**[REDACTED]**
Mr. Zhang Jianbo (張劍波)	Director of information technology	Room 1-3, No. 11, Richeng Lane, Zhaobaoshan Neighborhood, Zhenhai District, Ningbo, Zhejiang Province, PRC	September 26, 2024	10,000	1.23	*Note 3*	**[REDACTED]**
Mr. Ye Weihua (葉偉華)	Senior product quality manager	Group 7, Ye Village, Xingangshan Town, Dexing, Jiangxi Province, PRC	September 26, 2024	9,563	1.23	*Note 3*	**[REDACTED]**
Mr. Li Zewei (李澤偉)	Brand placement manager	No. 452, Lizhuang Village, Macun Town, Jiaxiang County, Shandong Province, PRC	September 26, 2024	5,533	1.23	*Note 3*	**[REDACTED]**
Ms. Shao Hongwei (邵宏偉)	Human resources business partner	No. 73, Yongzhi Community, Huawei Village, Xinba Town, Yangzhou, Jiangsu Province, PRC	September 26, 2024	3,467	1.23	*Note 3*	**[REDACTED]**
Subtotal				**3,578,848**			**[REDACTED]**
Total				**5,824,920**			**[REDACTED]**

Notes:

(1) Based on the assumption that the [**REDACTED**] is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of Share Options.

(2) BeBeBus Technology adopted an onshore employee incentive plan and granted an aggregate of 2,989,240 share options thereunder to certain employees of our Group in January 2021. Upon the completion of the Reorganization, our Company resolved in September 2024 to terminate the onshore employee incentive plan and swap the share options granted thereunder for the Share Options governed by the Share Incentive Plan on a one-to-one basis (the "**Swapped Share Options**"). Consequently, all share options granted under the onshore employee incentive plan ceased to be effective. The Swapped Share Options were vested upon swap with no exercise price. The other terms of the Swapped Share Options are the same as Share Options granted on September 26, 2024 under the Share Incentive Plan.

(3) 25% of the Share Options granted shall vest when the Optionee works in our Group for 12 months from the Vesting Commencement Date, 25% of the Share Options granted shall vest when the Optionee works in our Group for 24 months from the Vesting Commencement Date, 25% of the Share Options granted shall vest when the Optionee works in our Group for 36 months from the Vesting Commencement Date, and 25% of the Share Options granted shall vest when the Optionee works in our Group for 48 months from the Vesting Commencement Date.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, the Shares in issue (including the Shares outstanding and to be converted from the Preferred Shares) and to be issued pursuant to the [**REDACTED**] and the exercise of the [**REDACTED**] and Share Options.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US$350,000 for acting as a joint sponsor for the [**REDACTED**].

4. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

5. Qualification of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
CITIC Securities (Hong Kong) Limited	A corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Haitong International Capital Limited	A corporation licensed to conduct Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Commerce & Finance Law Offices	Legal advisor to our Company as to PRC laws
Harney Westwood & Riegels	Legal advisor to our Company as to Cayman Islands laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

6. Consent of Experts

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which it is included.

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

8. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Miscellaneous

(a) Save as disclosed in "Financial Information," "History, Reorganization and Corporate Structure," and "[**REDACTED**]," within the two years immediately preceding the issue of this document:

(i) no share or debenture of any member of our Group has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid up otherwise than in cash;

(ii) no share or debenture of any member of our Group is under option or agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group; and

(iv) no commission has been paid or is payable for subscribing, agreeing to subscribe, procuring or agreeing to procure subscriptions for any shares in or debentures of our Company.

(b) There are no founder or management or deferred shares in our Company.

(c) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoter within the two years immediately preceding the issue of this document.

(d) There is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

(e) There is no arrangement under which future dividends are waived or agreed to be waived.

(f) There are no contracts for the hire or hire purchase of plant to or by our Group for a period of over one year which are substantial in relation to our Group's business.

(g) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months.

(h) No part of the equity or debt securities of our Company is listed or dealt in on any stock exchange, and no such listing or permission to deal on any stock exchange other than the Stock Exchange is being or is proposed to be sought.

(i) Our Group has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 6. Consent of Experts"; and

(b) a copy of the material contract referred to in "Appendix IV — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.butong.com** during a period of 14 days from the date of this document:

(a) the Memorandum of Association and the Articles of Association;

(b) the Cayman Companies Act;

(c) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this document;

(d) the report on the unaudited [**REDACTED**] financial information of our Group as of September 30, 2024 from KPMG, the text of which is set out in Appendix II to this document;

(e) the audited consolidated financial statements of our Group for the two years ended December 31, 2022 and 2023 and the unaudited consolidated financial statements of our Group for the nine months ended September 30, 2024;

(f) the PRC legal opinions issued by Commerce & Finance Law Offices, our PRC Legal Advisor, in respect of certain general corporate matters and property interests of our Group in the PRC;

(g) the letter of advice prepared by Harney Westwood & Riegels, our legal advisor as to Cayman Islands laws summarizing certain aspects of the Cayman Islands company laws referred to in Appendix III to this document;

(h) the industry report prepared by Frost & Sullivan, a summary of which is set out in "Industry Overview";

(i) the material contract referred to in "Appendix IV — Statutory and General Information — B. Further Information about Our business — 1. Summary of Material Contract";

(j) the written consents referred to in "Appendix IV — Statutory and General Information — E. Other Information — 6. Consent of Experts";

(k) the service contracts and appointment letters with our Directors referred to in "Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors' Service Contracts and Appointment Letters"; and

(l) the terms of the Share Incentive Plan.