Application Proof of

BUSY MING GROUP CO., LTD.
湖南鳴鳴很忙商業連鎖股份有限公司

(the "**Company**")

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

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鸣鸣很忙集团 BUSY MING GROUP

BUSY MING GROUP CO., LTD.
湖南鳴鳴很忙商業連鎖股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

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

Goldman Sachs 高盛　　华泰国际 HUATAI INTERNATIONAL

The **[REDACTED]** is expected to be determined by agreement between [the **[REDACTED]**] (on behalf of the **[REDACTED]**) and our Company on the **[REDACTED]**. The **[REDACTED]** is expected to be on or around **[REDACTED]** (Hong Kong time) and, in any event, not later than 12:00 noon **[REDACTED]** (Hong Kong time). The **[REDACTED]** will not be more than HK$**[REDACTED]** per **[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]** unless otherwise announced. If, for any reason, the **[REDACTED]** is not agreed by 12:00 noon **[REDACTED]** (Hong Kong time) between [the **[REDACTED]**] (on behalf of the **[REDACTED]**) and our Company, the **[REDACTED]** will not proceed and will lapse.

The **[REDACTED]**, on behalf of the **[REDACTED]**, may, where considered appropriate and with the consent of our Company, reduce the number of **[REDACTED]** and/or the indicative **[REDACTED]** range below that is stated in this document (being HK$**[REDACTED]** per **[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**) at any time prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such case, notices of the reduction in the number of **[REDACTED]** and/or the indicative **[REDACTED]** range will be published on the website of our Company at **http://www.busyming.com/** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** 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 further details, see "Structure of the **[REDACTED]**" and "How to Apply for **[REDACTED]**" in this document.

The obligations of the **[REDACTED]** under the **[REDACTED]** are subject to termination by [the **[REDACTED]**] (on behalf of the **[REDACTED]**) if certain events occur prior to 8:00 a.m. on the **[REDACTED]**. For details, see "**[REDACTED]**" in this document.

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IMPORTANT

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IMPORTANT

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EXPECTED TIMETABLE

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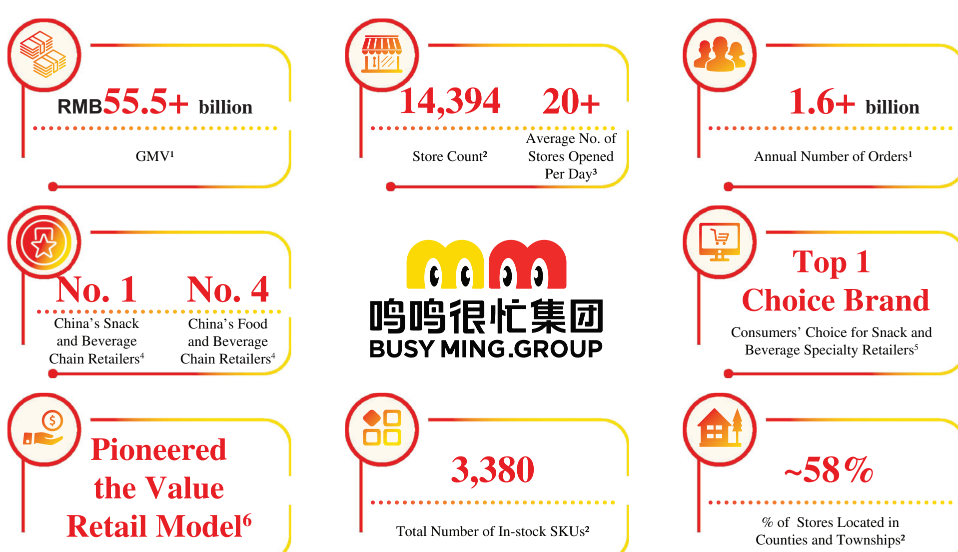
This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the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

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

OVERVIEW

Who We Are

We are a leading and rapidly growing food and beverage retailer in China. Our stores are predominantly located in high-traffic, highly visible and easily accessible street-side locations. We offer a joyful and comfortable browsing and shopping experience with a wide variety of value-for-money products and frequently launched new SKUs. We were founded on our founders' commitment to meeting the demand for affordable and high-quality snacks among consumers. Through supply chain streamlining and innovative product portfolio development, we have redefined our product portfolio and the retail pricing system, pioneering our value retail model. The unique experience we have accumulated in snacks also benefited our expansion into a broader range of product categories. As of December 31, 2024, our store network comprised 14,394 stores covering 28 provinces and all city tiers in China, with approximately 58% of our stores located in counties and townships. In 2024, we recorded a GMV of RMB55.5 billion. According to Frost & Sullivan, in terms of GMV of snack and beverage products in 2024, we are the largest chain retailer in China; in terms of GMV of food and beverage products in 2024, we are the fourth largest chain retailer in China and maintain a rapid growth. The following chart sets forth our key operating metrics:



Notes: (1) In 2024; (2) as of December 31, 2024; (3) calculated as the number of stores opened in 2024 divided by 365 days; (4) according to Frost & Sullivan, in terms of GMV of snack and beverage products, and food and beverage products in 2024, respectively; (5) according to Frost & Sullivan; (6) according to Frost & Sullivan, in food and beverage retail industry of China.

We own two brands, “Busy for You” (“零食很忙”) and “Super Ming” (“趙一鳴零食”). “Busy for You” was founded by Mr. Yan Zhou in March 2017 in Changsha, Hunan Province. “Super Ming” was founded by Mr. Zhao Ding in January 2019 in Yichun, Jiangxi Province. Although the two brands had different origination and distinct geographical coverage, both Mr. Yan Zhou and Mr. Zhao Ding have always aimed to “create a snack brand for the people” (“打造人民的零食品牌”) and “enable the public to buy snacks whenever and wherever” (“幫助老百姓實現零食自由”). Their shared vision led to the consolidation of “Busy for You” and “Super Ming” in November 2023, forming the Busy Ming Group. Given the complementary regional coverage and established consumer recognition, we adopted a dual-brand strategy after the Super Ming Acquisition. We have deeply integrated operational and management processes. According to Frost & Sullivan, we are consumers’ top one choice for snack and beverage specialty retailers in China.

Our Value Retail Model Addresses the Pain Points in China’s Snack and Beverage Retail Industry

Traditional retail model for snack and beverage products typically prioritize sales and production efficiency. They rarely deeply empathize with consumers to grasp their purchasing demand and habits. Furthermore, numerous price markups obstruct the complete realization of consumer demand, while multiple layers of intermediaries in the industry chain impede swift responses to consumers’ changing tastes. Nor does the traditional retail model provide a varied product selection, resulting in outdated and homogeneous products that lack emphasis on quality and sales potential. In addition, the supply chain and infrastructure of traditional retail model are underdeveloped in lower-tier markets, leading to considerable unmet consumer demand for affordable products.

We pioneered the value retail model, addressing industry pain points through creating a joyful and comfortable browsing and shopping experience, inventively developing product portfolio, as well as streamlining supply chain:

Rich and diverse products as well as a joyful and comfortable browsing and shopping experience. Driven by our consumer-centered product portfolio development philosophy and efficient product selection mechanism, we have created a product portfolio with diverse products and frequently launched new SKUs. Each of our stores generally offers no fewer than 1,800 SKUs. According to Frost & Sullivan, our average SKU count per store is twice that of snack and beverage products in similarly sized supermarkets, fully meeting consumers’ needs for diversity. We believe that the in-store experience is crucial for continuously attracting and maintaining active engagement with consumers. Therefore, we strive to provide a joyful and comfortable browsing and shopping experience to consumers through multiple aspects, including lighting, product display and store flow design. In addition, we host a variety of interactive in-store activities that integrate shopping, entertainment and socializing. The unique store design and in-store events increase the time consumers spend in our stores and further boost store recognition.

Product selection and customization centered on consumer needs. In 2024, more than 1.6 billion orders were placed in our stores, allowing us to accumulate deep insights into consumers' preferences, purchasing behavior and evolving trends in tastes. We engage in the customization of products based on consumer needs. As of December 31, 2024, approximately 25% of our SKUs are customized in collaboration with the producers and brand owners. We have also lowered the threshold for trying new products by offering customized small-packaged products and weight-priced individual-pack products. Furthermore, we have established a standardized product selection decision-making mechanism consisting of initial selection, trial tastings, trial sales and product promotion. In 2024, we on average introduced hundreds of new products each month, continuously providing consumers with fresh and exciting product experiences while setting taste trends in the snack and beverage industry.

Streamlined supply chain to enhance the value for money of products. We optimized and greatly simplified the value chain from production to end-sales. The majority of our products are directly supplied by producers or brand owners and sold directly to end consumers through our store network. Benefiting from our streamlined supply chain and significant economies of scale, our high-quality products, are priced approximately 25% lower than the average for similar products available in the supermarket channel, according to Frost & Sullivan (based on a comparative analysis of prices for a basket of commonly consumed snack and beverage products of our Group and the supermarket channel).

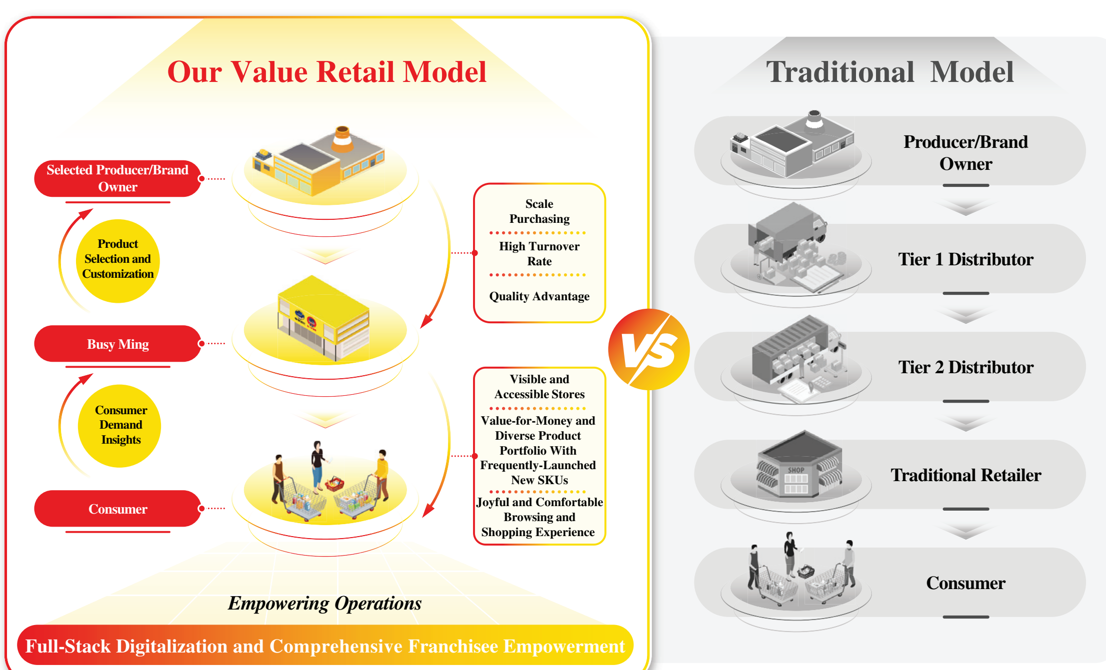
Wide coverage of lower-tier markets. We remain committed to serving the public, thoroughly penetrating lower-tier markets. As of December 31, 2024, our store network comprised 14,394 stores, with approximately 58% located in counties and townships. Our store network reached 1,224 counties as of the same date, accounting for approximately 66% of all counties in China. This broad and deep store network coverage enables us to provide consumers in all city tiers, counties and townships with products and services of consistently high value for money.

We have also developed capabilities in full-stack digitalization and comprehensive franchisee empowerment, which enable us to improve the efficiency and scale of our operations, and lead the industry development:

Full-stack digitalization capabilities. According to Frost & Sullivan, as of December 31, 2024, we had the largest digitalization team among snack and beverage specialty retailers in China and had developed full-stack digitalization capabilities covering product selection and procurement, warehousing and logistics as well as franchisee and store management. We were one of the first snack and beverage specialty retailers in China to build a digital order management system. We also launched fully digitalized warehouse and transportation management systems (the "**WMS**" and "**TMS**"). These capabilities effectively improve supply chain efficiency. We have developed a smart retail middle platform and are one of the first in the industry to introduce the digitalized store supervision tool. In addition, we are one of the few companies in the industry to effectively address the digital and accurate identification of weight-priced individual-pack products. Such smart retail middle platform and product identification capability help ensure standardized store operations. The smart retail middle platform also allows franchisees to monitor store operational data in real time and enables us to provide franchisees with tailored operation improvement guidance that facilitates the enhancement of store performance.

Comprehensive franchisee empowerment. Different store types, geographic locations and consumer demographics have distinct preferences for store display. Our visualized store display templates help franchisees establish differentiated store flow design and product display. This enables distinct store displays that emphasize individual characteristics. On the other hand, despite different store display characteristics across our stores, we implement standardized management in aspects such as store renovation, adjustments of product displays and customer service. We strive to provide comprehensive training and guidance, establishing smooth communication channels and promptly addressing their needs. Our comprehensive franchisee empowerment helps us build close and stable franchisee relationships, allowing us to work alongside franchisees to deliver high-quality products and services to consumers and ensuring that consumers enjoy a cohesive experience and customer service across our stores.

Under our value retail model, we accumulate insights into consumer demand, thereby achieving product selection and customization. Benefiting from our scale purchasing, high turnover rates and product quality advantage, and through stores at highly visible, easily accessible locations, we offer consumers a wide variety of value-for-money products and frequently launched new SKUs as well as a joyful and comfortable browsing and shopping experience. Our full-stack digitalization and franchisee empowerment capabilities comprehensively underpin our excellent operating capabilities. During the Track Record Period, we achieved rapid growth far exceeding that of the snack and beverage retail industry. The following diagram sets forth the key features of our value retail model in comparison with the traditional retail model:



Outstanding Financial Performance

Our revenue was mainly derived from (i) sales of goods to franchisees and (ii) fees for franchising services. Benefitting from our organic growth and acquisition, during the Track Record Period, we recorded high-speed growth and robust profitability. Our revenue increased by 140.2% from RMB4,285.7 million in 2022 to RMB10,295.3 million in 2023, and further increased by 282.2% to RMB39,343.5 million in 2024, at a CAGR of 203.0% from 2022 to 2024. We achieved adjusted net profit (non-IFRS measure) of RMB81.5 million, RMB234.8 million and RMB912.6 million in 2022, 2023 and 2024, respectively, at a CAGR of 234.6% from 2022 to 2024.

OUR STRENGTHS

We believe the following strengths position us well to capitalize on the opportunities in China's snack and beverage retail industry:

- Undisputed Industry Leader With Continued Rapid Growth
- Outstanding Product Offering Capabilities Supported by Reliable Supply Chain
- A Joyful and Comfortable Browsing and Shopping Experience, with a Consistency Enabled by Our Standardized Store Operations
- Extensive Store Network Coverage with Deep Penetration, Featuring Highly Visible and Easily Accessible Store Locations
- Ingrained Brand Image and Innovative Marketing Strategies, Making Us the Go-to Brand for Consumers in China
- Full-stack Digital Capabilities Further Driving Excellence in Operations
- Management Team with Strategic Foresight and Integrity-Driven, Pragmatic Corporate Culture

OUR STRATEGIES

We will continue to pursue the following strategies which will drive further growth:

- To Strategically Upgrade Our Store Network
- To Relentlessly Upgrade Products in Response to Market Demand
- To Continuously Optimize and Upgrade Our Supply Chain System
- To Enhance Digital Capabilities to Optimize Management Efficiency
- To Further Increase Marketing Efforts and Strengthen Brand Influence
- To Explore Potential Investment and Acquisition Opportunities

The Super Ming Acquisition

We completed the Super Ming Acquisition in November 2023 and started to consolidate Super Ming's financial information since December 2023. Specifically, in 2023, we only consolidated items of Super Ming's statements of profit or loss and other comprehensive income and cash flow for December 2023, while we consolidated the entire amount of items in Super Ming's statements of financial position as of December 31, 2023. Fiscal year 2024 was the first full fiscal year after the Super Ming Acquisition. Our Group's overall operating data in 2023 included only Super Ming's operating data for December 2023, while our Group's overall operating data as of December 31, 2023 included Super Ming's operating data up to December 31, 2023. For example, our Group's total GMV and total number of orders in 2023 included only the GMV and number of orders of "Super Ming" stores in December 2023, while our Group's number of stores as of December 31, 2023 included the full amount of Super Ming's store.

OUR STORE NETWORK

We opened our first store in 2017 in Changsha, Hunan Province, under the brand name "Busy for You". In 2023, we acquired "Super Ming." Our two brands generally do not have stores in the same geographic area, achieving optimal geographic complementarity. As of December 31, 2024, we had established a store network comprising 14,394 stores spanning 28 provinces in China across all city tiers, with approximately 58% of our stores located in counties and townships. Our store network reached 1,224 counties as of the same date, accounting for approximately 66% of all counties in China. The following map illustrates the presence of our stores across China as of December 31, 2024:

We primarily operate under the franchise model, authorizing our franchisees to sell snacks and beverages through franchised stores under our brands. See "Business — Our Franchise Model" for details. In addition, we strategically operate self-operated stores to enhance brand recognition and gain market intelligence. See "Business — Our Store Network — Self-operated Stores" for details.

The following table sets forth the number of our stores by nature as of the dates indicated:

	As of December 31,					
	2022		2023		2024	
	Number of stores	%	Number of stores*	%	Number of stores	%
	(count, except for percentages)					
Self-operated stores	4	0.2	16	0.2	15	0.1
Franchised stores	1,898	99.8	6,569	99.8	14,379	99.9
Total	**1,902**	**100.0**	**6,585**	**100.0**	**14,394**	**100.0**

Note: Including 2,433 stores acquired through the Super Ming Acquisition. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition."

The following table sets forth the key operating metrics relating to our stores for the periods indicated:

	Year ended December 31,		
	2022	2023(1)	2024
Total GMV *(RMB in million)*	6,447	15,325	55,531
Total number of orders *(million)*	175	423	1,615
Average daily order volume per store(2)	385	388	452

Notes:

(1) The total GMV and number of orders in 2023 included GMV and number of orders of "Busy for You" stores throughout the year and the GMV and number of orders of "Super Ming" stores in December 2023 after the Super Ming Acquisition in November 2023. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition." The total GMV and number of orders in 2024 included GMV and number of orders of both brands throughout the year.

(2) Calculated by dividing the aggregate number of orders placed by consumers for a particular period by the aggregate number of days of operation of our stores during the same period.

OUR PRODUCTS

During the Track Record Period, our products primarily included (i) bakery, (ii) biscuits, (iii) nuts and seeds, (iv) puffed snacks and instant meals, (v) deli snacks, (vi) confectionery, chocolates and preserves, and (vii) beverages. With a wide choice of SKUs and diverse product specifications, high-quality products, affordable prices and frequently launched new SKUs, our product supply stands out from competitors and demonstrates our commitment to excellence and consumer satisfaction. We had a total of 3,380 in-stock SKUs as of December 31, 2024. We generally require each store to maintain a minimum of 1,800 SKUs.

OUR FRANCHISE MODEL

According to Frost & Sullivan, the franchise model is a common market practice in China's retail industry. Our business growth depends on cooperation with franchisees who are committed to our value and highly motivated to grow our brands and store network. We seek to maintain close and long-term mutually beneficial relationships with our franchisees by establishing a supporting platform. During the Track Record Period, all of our franchised stores were located in China. Our successful franchise model propelled the rapid growth of our store network throughout China. While we rapidly grew, we have consistently maintained close communications with our franchisees and comprehensively empowered them. Going forward, we plan to utilize the franchise model to further expand our store network.

Under the franchise model, we generate revenue primarily from: (i) sales of goods to franchisees and (ii) fees for franchising services. As of December 31, 2024, we were in contract with a total of 7,241 franchisees, operating 14,379 franchised stores across 28 provinces across China.

There is no material difference in the franchise model under "Busy for You" and "Super Ming". We cooperate with our franchisees on every major aspect of store operations to align their business goals with our core values. We support franchisees with our strong brand reputation, diverse range of product selection, industry expertise and resources, while they manage the day-to-day operations according to our standard store operation procedures. This allows us to focus on strengthening our brands, selecting products, improving our supply chain capabilities, expanding our scale and enhancing store performance. This interest-aligned approach fosters mutually beneficial relationships, attracting more franchisees to our network. We believe the effective and systematic empowerment for our franchisees is critical to our success. Therefore, our franchisees are not only our business partners, but also our teammates who are committed to our business philosophy and motivated to grow our brand and store network with us.

The following table sets forth the movement of our franchised stores during the Track Record Period:

	Year ended December 31,		
	2022	**2023**	**2024**
Number of franchised stores at the beginning of the period	823	1,898	6,569
Number of new franchised stores opened during the period	1,089	4,715[(1)]	8,083
Number of franchised stores closed during the period[(2)]	14	44	273
Number of franchised stores at the end of the period	**1,898**	**6,569**	**14,379**

Notes:

(1) Including both newly opened stores and those acquired through the Super Ming Acquisition. See "History, Development and Corporate History — Major Acquisition — The Super Ming Acquisition." The number of new franchised stores gained from the acquisition is 2,433. This figure represents the number of stores acquired at the time of the acquisition. The stores opened or closed under the "Super Ming" brand after the acquisition are counted as part of the normal store openings and closings.

(2) Reasons for our store closures during the Track Record Period include the relevant stores' failure to meet our operational standards and other reasons beyond our control.

OUR CUSTOMERS AND SUPPLIERS

Our suppliers primarily comprise snack and beverage producers and brand owners. Purchases from our largest supplier in each year during the Track Record Period accounted for 5.0%, 5.1% and 3.3%, respectively, of our total purchase amount. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 14.6%, 11.4% and 13.2%, respectively, of our total purchase amount. During the Track Record Period, we were not subject to any material supplier concentration risk.

Our customers primarily comprise the franchisees who operate franchised stores pursuant to the franchise agreements. We generated a substantial majority of revenue from (i) sales of goods to franchisees and (ii) fees for franchising services. All of our five largest customers in each year during the Track Record Period are our franchisees. Revenue generated from our largest customer in each year during the Track Record Period accounted for 2.6%, 1.5% and 1.0%, respectively, of our total revenue. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 9.8%, 5.8% and 2.5%, respectively, of our total revenue. During the Track Record Period, we were not subject to any material customer concentration risk.

COMPETITION

China's snack and beverage retail industry is highly competitive and fragmented. We compete with other retailers in our industry in areas such as consumer loyalty, resource of quality suppliers and store locations. Leveraging our competitive strengths, we believe that we are positioned favorably against our competitors. According to Frost & Sullivan, we are the largest chain retailer in China in terms of GMV of snack and beverage products in 2024.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our historical financial information for the years or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountants' Report in Appendix I to this document. 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 in Appendix I to this document, including the accompanying notes, and the information set forth in "Financial Information." Our historical financial information was prepared in accordance with IFRS Accounting Standards.

Consolidated Statements of Profit or Loss and Comprehensive Income

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

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Revenue	4,285,745	10,295,318	39,343,511
Cost of sales	(3,966,394)	(9,522,979)	(36,344,463)
Gross profit	**319,351**	**772,339**	**2,999,048**
Other income and gains, and other expenses	1,824	5,645	23,190
Selling and marketing expenses	(159,138)	(325,209)	(1,476,110)
Administrative expenses	(59,951)	(117,660)	(391,058)
Impairment losses on financial assets, net	(125)	116	(123)
Finance costs	(2,159)	(2,899)	(7,006)
Share of profits and losses of associates	–	(7,726)	4,293
Profit before tax	**99,802**	**324,606**	**1,152,234**
Income tax expense	(28,151)	(107,072)	(323,078)
Profit and total comprehensive income for the year	**71,651**	**217,534**	**829,156**

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measures) as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. In addition, the non-IFRS measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define adjusted net profit (non-IFRS measures) as profit for the year adjusted by adding back share-based payment expenses and [**REDACTED**] expenses. The following table reconciles our adjusted net profit (non-IFRS measures) presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards, which is profit for the year.

	Year ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Profit for the year	71,651	217,534	829,156
Add:			
– Share-based payment expenses(1)	9,844	17,275	77,343
– [**REDACTED**] expenses(2)	–	–	6,144
Adjusted net profit *(non-IFRS measure)*	**81,495**	**234,809**	**912,643**

Notes:

(1) Share-based payment expenses are non-cash in nature and represent the arrangement under which we received services from employees as consideration for our equity instruments. Share-based payment expenses are not expected to result in future cash payments.

(2) [**REDACTED**] expenses represented expenses incurred in connection with the [**REDACTED**].

Our revenue increased by 140.2% from RMB4,285.7 million in 2022 to RMB10,295.3 million in 2023, and further increased by 282.2% to RMB39,343.5 million in 2024. Our net profit increased by 203.3% from RMB71.7 million in 2022 to RMB217.5 million in 2023, and further increased by 281.2% to RMB829.2 million in 2024. Our adjusted net profit (non-IFRS measures) increased by 188.1% from RMB81.5 million in 2022 to RMB234.8 million in 2023, and further increased by 288.7% to RMB912.6 million in 2024. The above increases throughout the Track Record Period was primarily due to (i) the expansion of our store network; and (ii) the Super Ming Acquisition.

Key Items of Consolidated Statements of Financial Position

The following table sets forth selected information from our summary consolidated statements of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total current assets	762,522	2,895,123	6,113,978
Total non-current assets	170,492	3,803,611	4,054,241
Total assets	**933,014**	**6,698,734**	**10,168,219**
Total current liabilities	255,153	1,623,676	3,904,085
Total non-current liabilities	85,769	480,242	536,335
Total liabilities	**340,922**	**2,103,918**	**4,440,420**
NET CURRENT ASSETS	507,369	1,271,447	2,209,893
NET ASSETS	**592,092**	**4,594,816**	**5,727,799**
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	5,495	15,299	24,716
Reserves	586,597	4,572,269	5,703,083
	592,092	4,587,568	5,727,799
Non-controlling interests	–	7,248	–
Total equity	**592,092**	**4,594,816**	**5,727,799**

Our net current assets increased by 73.8% from RMB1,271.4 million as of December 31, 2023 to RMB2,209.9 million as of December 31, 2024, primarily due to (i) an increase in prepayments, other receivables and other assets of RMB1,843.6 million, (ii) an increase in inventories of RMB1,041.9 million, and (iii) an increase in cash and cash equivalents of RMB215.1 million, partially offset by (i) an increase in trade payables of RMB892.9 million, (ii) an increase in interest-bearing bank borrowings of RMB491.0 million, (iii) an increase in other payables and accruals of RMB385.1 million, and (iv) an increase in contract liabilities of RMB358.5 million.

Our net current assets increased by 150.6% from RMB507.4 million as of December 31, 2022 to RMB1,271.4 million as of December 31, 2023, primarily due to (i) an increase in cash and cash equivalents of RMB1,332.6 million, (ii) an increase in inventories of RMB432.0 million, and (iii) an increase in trade receivables of RMB56.4 million, partially offset by (i) an increase in trade payables of RMB484.3 million, (ii) an increase in other payables and accruals of RMB377.9 million, and (iii) an increase in contract liabilities of RMB356.2 million.

Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the years indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash flows from/(used in) operating activities	82,068	589,522	(230,102)
Net cash flows (used in)/from investing activities	(144,251)	174,852	(159,045)
Net cash flows from financing activities	200,696	568,208	604,331
Net increase in cash and cash equivalents	**138,513**	**1,332,582**	**215,184**
Cash and cash equivalents at beginning of year	249,755	388,268	1,720,850
Cash and cash equivalents at end of year	**388,268**	**1,720,850**	**1,936,034**

In 2024, we had net cash used in operating activities of RMB230.1 million, which represents our profit before tax amounted to RMB1,152.2 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of RMB105.8 million, and share-based payment expense of RMB77.3 million, partially offset by interest income of RMB18.6 million, and (ii) movements in working capital, primarily comprising increase in prepayments, other receivables and other assets of RMB1,826.6 million, mainly due to an increase in prepayments to suppliers to secure supply towards the end of the year as our scope of operations expanded, and increase in inventories of RMB1,041.9 million, as our scope of operations expanded, partially offset by increase in trade payables of RMB892.9 million.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
Gross profit margin (%)[(1)]	7.5	7.5	7.6
Net profit margin (%)[(2)]	1.7	2.1	2.1
Adjusted net profit margin (non-IFRS measure) (%)[(3)].........	1.9	2.3	2.3

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals net profit for the year divided by revenue for the year and multiplied by 100%.

(3) Adjusted net profit margin (non-IFRS measure) is calculated based on adjusted net profit (non-IFRS measure) divided by revenue and multiplied by 100%. See "— Non-IFRS Measure" for a reconciliation from our profit for the year to adjusted net profit (non-IFRS measure).

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] based on [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the stated range of the [**REDACTED**] between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]) and assuming that the [**REDACTED**] is not exercised or HK$[**REDACTED**] if the [**REDACTED**] is exercised in full, after deducting the [**REDACTED**] commissions, fees and other estimated expenses in connection with the [**REDACTED**]. In line with our strategies, we intend to use the net [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for enhancing our supply chain capabilities and improving our product development capabilities.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for upgrading our store network, as well as the continuous empowerment of our franchisees.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for our brand building and promotional activities.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for upgrading our technology capabilities and digitalization.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for selectively pursuing strategic investment and acquisition opportunities that are complementary to our business.

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

RISK FACTORS

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

- If we are unable to maintain the popularity of our products, anticipate and respond promptly to changes in consumer preferences or expand our SKUs or product categories, our sales performance and profitability may be materially and adversely affected.

- If we are unable to successfully expand our market presence, our business and financial growth could be materially and adversely affected.

- If we are unable to offer our products at prices that are highly appealing to consumers or maintain competitive prices, our business, financial condition and results of operations would be materially and adversely affected.

- We operate in a highly competitive and fast-changing market and may lose our market share if we fail to compete successfully.

- We may not be able to maintain or increase the sales and profitability of our stores.

- Any failure by us, our franchisees, suppliers or other business partners to maintain food safety and quality might materially and adversely affect our brands, business and financial condition.

- Our extensive store network consists primarily of franchised stores that are operated by third parties. We face certain risks associated with the use of the franchise model.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since December 31, 2024 and up to the Latest Practicable Date, we continued to steadily expand our business.

On March 29, 2025, pursuant to the shareholders' resolution, we declared a dividend of RMB300.0 million to our shareholders, which was paid in April 2025.

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest audited consolidated financial statements, and there has been no event since December 31, 2024 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Yan, Mr. Zhao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao, through the act in concert arrangement between Mr. Yan and Mr. Zhao, will be entitled to control the exercise of approximately [**REDACTED**]% of the voting rights at the general meetings of our Company. Therefore, Mr. Yan, Mr. Zhao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao constitute a group of our Controlling Shareholders.

PRE-[REDACTED] INVESTMENTS

We have completed series rounds of Pre-[**REDACTED**] Investments. For further details of the identity and background of the Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments, please see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document.

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares have been issued pursuant to the [**REDACTED**]; (ii) [**REDACTED**] Shares have been issued and are outstanding following the completion of the [**REDACTED**], save for note (3) below; (iii) [**REDACTED**] Domestic [**REDACTED**] Shares will be converted into H Shares upon the completion of the [**REDACTED**]; and (iv) the [**REDACTED**] is not exercised.

	Based on an [REDACTED] of HK$[REDACTED] per Share	**Based on an [REDACTED] of HK$[REDACTED] per Share**
Market capitalization of our Shares(1)	HK$[**REDACTED**]	HK$[**REDACTED**]
Market capitalization of our H Shares(2)	HK$[**REDACTED**]	HK$[**REDACTED**]

	Based on an [REDACTED] of HK$[REDACTED] per Share	**Based on an [REDACTED] of HK$[REDACTED] per Share**
Unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the parent per Share(3)	HK$[**REDACTED**] (RMB[**REDACTED**])	HK$[**REDACTED**] (RMB[**REDACTED**])

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] H Shares expected to be issued pursuant to the [**REDACTED**] and totally [**REDACTED**] Shares in issue immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

(2) The calculation of market capitalization of our H Shares is based on [**REDACTED**] H Shares expected to be in issue immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, comprising (i) [**REDACTED**] H Shares expected to be issued pursuant to the [**REDACTED**] and (ii) [**REDACTED**] H Shares to be converted from Domestic [**REDACTED**] Shares upon the completion of the [**REDACTED**].

(3) The unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the parent per Share as of December 31, 2024 is calculated after making the adjustments referred to in Appendix II to this document, and based on [**REDACTED**] Shares are in issue, assuming the [**REDACTED**] had been completed on December 31, 2024, without taking into account any shares which may fall to be issued upon the exercise of the [**REDACTED**].

For the calculation of the unaudited [**REDACTED**] adjusted consolidated net tangible assets attributable to owners of the parent per Share, see "Appendix II — Unaudited [**REDACTED**] Financial Information."

DIVIDENDS AND DIVIDEND POLICY

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. As of December 31, 2022, 2023 and 2024, we paid dividends of nil, RMB194.2 million and RMB32.3 million. No other dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period.

Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**]-related expenses, such as [**REDACTED**] fees and commissions, and (ii) non-[**REDACTED**]-related expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] range and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**]-related expenses of RMB[**REDACTED**], professional fees for our legal advisors and reporting accountants of RMB[**REDACTED**] and other fees and expenses of RMB[**REDACTED**]. An estimated amount of RMB[**REDACTED**] of our [**REDACTED**] expenses is expected to be expensed through the statement of profit or loss and an estimated amount of RMB[**REDACTED**] of our [**REDACTED**] expenses is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We recognized [**REDACTED**] expenses of RMB[**REDACTED**] in 2024 in our consolidated statements of profit or loss and other comprehensive income.

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".

"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company adopted on April 27, 2025, which will become effective on the [**REDACTED**] and as amended from time to time, a summary of which is set out in "Appendix V — Summary of the Articles of Association" to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal business to the public

[**REDACTED**]

[**REDACTED**]

"Changsha Baimang"	Changsha Baimang Food Co., Ltd. (長沙百忙食品有限公司), a limited liability company established under the laws of the PRC on November 18, 2021, and a wholly-owned subsidiary of our Company

"Changsha Busy Snacks"	Changsha Busy Snacks Food Co., Ltd. (長沙很忙零食食品有限公司), a limited liability company established under the laws of the PRC on December 17, 2019, and a wholly-owned subsidiary of our Company
"Changsha Chaomang"	Changsha Chaomang Food Co., Ltd. (長沙超忙食品有限公司), a limited liability company established under the laws of the PRC on July 23, 2024, and a wholly-owned subsidiary of our Company
"Changsha Jianmang"	Changsha Jianmang Enterprise Management Partnership (Limited Partnership) (長沙簡忙企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 27, 2021, and one of our Controlling Shareholders
"Changsha Kuaimang"	Changsha Kuaimang Food Co., Ltd. (長沙快忙食品有限公司), a limited liability company established under the laws of the PRC on October 27, 2021, and a wholly-owned subsidiary of our Company
"Changsha Lingmang"	Changsha Lingmang Enterprise Management Partnership (Limited Partnership) (長沙零忙企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 22, 2022, and one of our Controlling Shareholders
"Changsha Mingmang"	Changsha Mingmang Food Co., Ltd. (長沙鳴忙食品有限公司), a limited liability company established under the laws of the PRC on April 22, 2024, and a wholly-owned subsidiary of our Company
"Changsha Shengmang"	Changsha Shengmang Food Co., Ltd. (長沙盛忙食品有限公司), a limited liability company established under the laws of the PRC on September 30, 2024, and a wholly-owned subsidiary of our Company
"Changsha Shizaimang"	Changsha Shizaimang Enterprise Management Partnership (Limited Partnership) (長沙食在忙企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on November 8, 2021, and one of our Controlling Shareholders

"Changsha Xunmang"	Changsha Xunmang Enterprise Management Partnership (Limited Partnership) (長沙迅忙企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 27, 2021, and one of our Controlling Shareholders
"Changsha Zhongmang"	Changsha Zhongmang Enterprise Management Partnership (Limited Partnership) (長沙眾忙企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on November 3, 2023, and one of our Controlling Shareholders
"Chengdu Qimang"	Chengdu Qimang Food Co., Ltd. (成都啟忙食品有限公司), a limited liability company established under the laws of the PRC on August 17, 2023, and a wholly-owned subsidiary of our Company
"China", "Mainland China" or "PRC"	the People's Republic of China, and for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"Chongqing Super Ming"	Chongqing Super Ming Business Management Co., Ltd. (重慶趙一鳴商業管理有限公司), a limited liability company established under the laws of the PRC on September 27, 2023, and a wholly-owned subsidiary of our Company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the 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", "our Company" or "the Company"	Busy Ming Group Co., Ltd. (湖南鳴鳴很忙商業連鎖股份有限公司), a limited liability company established under the laws of the PRC on December 12, 2019 and converted into a joint stock limited company on March 17, 2025
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Compliance Adviser"	Maxa 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 in the Listing Rules and unless the context requires otherwise, refers to the group of controlling shareholders of our Company, namely Mr. Yan, Mr. Zhao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao
"Conversion of Domestic [**REDACTED**] Shares into H Shares"	The conversion of [**REDACTED**] Domestic [**REDACTED**] Shares into H Shares upon the completion of the [**REDACTED**]
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic [**REDACTED**] Share(s)"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and not [**REDACTED**] on any stock exchange
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time

"ESG"	Environmental, Social and Corporate Governance

[**REDACTED**]

"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"Frost & Sullivan Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, summary of which is set forth in the section headed "Industry Overview" in this document

[**REDACTED**]

"Group", "our Group", "we", "our", "us" or "Busy Ming Group"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guangdong Busy Snacks"	Guangdong Busy Snacks Food Co., Ltd. (廣東零食很忙食品有限公司), a limited liability company established under the laws of the PRC on August 4, 2023, and a wholly-owned subsidiary of our Company

"Guangdong Hengqin Yuyan" — Guangdong Hengqin Yuyan Supply Chain Management Co., Ltd. (廣東橫琴雨燕供應鏈管理有限公司), a limited liability company established under the laws of the PRC on December 2, 2024, and a wholly-owned subsidiary of our Company

"Guangzhou Super Ming" — Guangzhou Super Ming Business Management Co., Ltd. (廣州趙一鳴商業管理有限公司), a limited liability company established under the laws of the PRC on March 20, 2023, and a wholly-owned subsidiary of our Company

"Guide for New Listing Applicants" — the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)

"H Share(s)" — share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"HK" or "Hong Kong" — the Hong Kong Special Administrative Region of the People's Republic of China

"HK$" or "Hong Kong dollars" or "HK dollars" or "cents" — Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[**REDACTED**]

DEFINITIONS

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

[**REDACTED**]

[**REDACTED**]

"Hubei Busy Snacks"	Hubei Busy Snacks Food Co., Ltd. (湖北零食很忙食品有限公司), a limited liability company established under the laws of the PRC on August 11, 2023, and a wholly-owned subsidiary of our Company
"Hunan Busy Ming Cultural"	Hunan Busy Ming Cultural Communication Co., Ltd. (湖南鳴鳴很忙文化傳播有限公司), a limited liability company established under the laws of the PRC on December 30, 2024, and a wholly-owned subsidiary of our Company
"Hunan Zhanmang"	Hunan Zhanmang Enterprise Management Co., Ltd. (湖南展忙企業管理有限公司), a limited liability company established under the laws of the PRC on January 10, 2023, and a wholly-owned subsidiary of our Company
"IFRS Accounting Standards"	IFRS accounting standards, issued by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are third party(ies) independent of our Company and our connected persons as defined under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Jiangxi Busy Snacks"	Jiangxi Busy Snacks Food Co., Ltd. (江西零食很忙食品有限公司), a limited liability company established under the laws of the PRC on July 13, 2021, and a wholly-owned subsidiary of our Company

[**REDACTED**]

"Joint Sponsors"	the joint sponsors as named in "Directors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	April 21, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Yan"	Mr. Yan Zhou (晏周), our executive Director, chairman of the Board, general manager and one of our Controlling Shareholders
"Mr. Zhao"	Mr. Zhao Ding (趙定), our executive Director, deputy chairman of the Board, deputy general manager and one of our Controlling Shareholders
"Nanchang Mingmang"	Nanchang Mingmang Food Co., Ltd. (南昌鳴忙食品有限公司), a limited liability company established under the laws of the PRC on September 11, 2024, and a wholly-owned subsidiary of our Company
"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"	the nomination committee of our Board

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Adviser"	CM Law Firm (上海澄明則正律師事務所), the legal adviser to our Company as the laws of the PRC

[**REDACTED**]

"document"	this document being issued in connection with the [**REDACTED**]
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of Mainland China
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) (formerly known as State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shandong Super Ming"	Shandong Super Ming Business Management Co., Ltd. (山東趙一鳴商業管理有限公司), a limited liability company established under the laws of the PRC on March 16, 2023, and a wholly-owned subsidiary of our Company
"Shanghai Mingmang"	Shanghai Mingmang Food Co., Ltd. (上海鳴忙食品有限公司), a limited liability company established under the laws of the PRC on August 23, 2024, and a wholly-owned subsidiary of our Company

"Shanghai Xinyang"	Shanghai Xinyang Technology Co., Ltd. (上海馨泱科技有限公司), a limited liability company established under the laws of the PRC on December 18, 2024, and a wholly-owned subsidiary of our Company
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of Shares
"Sichuan Busy Snacks"	Sichuan Busy Snacks Food Co., Ltd. (四川零食很忙食品有限公司), a limited liability company established under the laws of the PRC on October 7, 2023, and a wholly-owned subsidiary of our Company

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Super Ming Acquisition"	the acquisition of Super Ming Food Technology in November 2023, details of which are set out in the section headed "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition"
"Super Ming Food Technology"	Yichun Super Ming Food Technology Co., Ltd. (宜春趙一鳴食品科技有限公司), a limited liability company established under the laws of the PRC on June 9, 2022, and a wholly-owned subsidiary of our Company
"Super Ming Trading"	Yichun Super Ming Trading Co., Ltd. (宜春市趙一鳴商貿有限公司), a limited liability company established under the laws of the PRC on January 28, 2019, and a wholly-owned subsidiary of our Company

"Track Record Period"	the years ended December 31, 2022, 2023 and 2024
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[**REDACTED**]

"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"VAT"	value-added tax

[**REDACTED**]

"Wuhu Super Ming"	Wuhu Super Ming Business Management Co., Ltd. (蕪湖趙一鳴商業管理有限公司), a limited liability company established under the laws of the PRC on January 6, 2022, and a wholly-owned subsidiary of our Company
"Xiamen Super Ming"	Xiamen Super Ming Business Management Co., Ltd. (廈門趙一鳴商業管理有限公司), a limited liability company established under the laws of the PRC on May 19, 2023, and a wholly-owned subsidiary of our Company
"Yichun Anyicheng"	Yichun Anyicheng Trading Co., Ltd. (宜春安以誠商貿有限公司), a limited liability company established under the laws of the PRC on May 7, 2022, and one of our Shareholders

"Yichun Bird Nest"	Yichun Bird Nest Advertising Information Culture Communication Co., Ltd. (宜春鳥窩廣告信息文化傳播有限公司), a limited liability company established under the laws of the PRC on May 6, 2022, and one of our Controlling Shareholders
"Yichun Mingmang"	Yichun Mingmang Food Co., Ltd. (宜春鳴忙食品有限公司), a limited liability company established under the laws of the PRC on February 28, 2025, and a wholly-owned subsidiary of our Company
"Yichun Yikouniao"	Yichun Yikouniao Management Partnership (Limited Partnership) (宜春一口鳥管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on September 28, 2023, and one of our Controlling Shareholders
"Yuemang Supply Chain"	Changsha Yuemang Supply Chain Service Co., Ltd. (長沙越忙供應鏈服務有限公司), a limited liability company established under the laws of the PRC on March 31, 2025, and a wholly-owned subsidiary of our Company
"Yueyang Yuemang"	Yueyang Yuemang Food Co., Ltd. (岳陽越忙食品有限公司), a limited liability company established under the laws of the PRC on August 21, 2024, and a wholly-owned subsidiary of our Company
"Zhengzhou Super Ming"	Zhengzhou Super Ming Business Management Co., Ltd. (鄭州趙一鳴商業管理有限公司), a limited liability company established under the laws of the PRC on November 2, 2023, and a wholly-owned subsidiary of our Company
"%"	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

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

"Busy Ming Academy (鳴鳴很忙商學院)"	an academy operated by us to provide internal comprehensive training to franchisees and store managers
"CAGR"	compound annual growth rate
"chain retailers"	retailers that operate two or more retail stores under a unified brand and centralized management. Chain retailers typically include those in the supermarket channel as well as those in the specialty retail channel
"county"	a county-level administrative division, excluding districts that are county-level and governed by prefecture-level cities or a municipalities directly
"first- and new first-tier cities"	Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Changsha, Hefei, Hangzhou, Tianjin, Chongqing, Zhengzhou, Suzhou, Dongguan, Wuhan, Wuxi, Xi'an, Ningbo, Nanjing, Qingdao
"franchised stores"	stores operated by third parties under our brand names through contractual arrangements between third parties (referred to in this document as "franchisees") and us in compliance with applicable laws and regulations in a relevant market, and the associated model is referred to as "franchise model" in this document
"GMV"	gross merchandise value, the total value of all orders for products placed by customers through our stores which equals retail sales value. The value of relevant discounts and products returned are removed from the calculation of GMV
"higher-tier markets"	markets of urban areas in first- and new first-tier cities and second-tier cities
"2024 Hurun China Food Industry Top 100"	a ranking list that identifies and recognizes the top 100 enterprises in China's food industry in 2024, issued by Hurun Research Institute

GLOSSARY OF TECHNICAL TERMS

"ID"	identity document
"independent retailers"	individuals or single entities that independently own and operate a single retail store. Independent retailers typically include those in the grocery store channel and other physical retail channels
"IP"	characters, songs, drama series or other artistic works and their underlying intellectual property rights, including elements for re-creation
"IT"	information technology
"KOL"	key opinion leader
"lower-tier markets"	markets of the urban areas in third- and lower-tier cities, as well as counties, townships and rural areas nationwide across all city tiers
"member repurchase rate"	calculated by dividing the number of our registered members that placed at least two orders through our stores in a given period, by the number of our registered members who placed at least one order in the same period
"online retailers"	retailers that sell goods or services through online platforms. Online retailers are typically those in the e-commerce channel
"POS"	point of sale
"province(s)"	unless stated otherwise, means China's province-level regions according to the Ministry of Civil Affairs of the PRC
"R&D"	research and development
"second-tier cities"	Foshan, Changzhou, Changchun, Xuzhou, Weifang, Shenyang, Dalian, Nantong, Shaoxing, Lanzhou, Kunming, Shijiazhuang, Quanzhou, Zhongshan, Jinan, Nanning, Guiyang, Taizhou, Xiamen, Harbin, Jiaxing, Yantai, Fuzhou, Jinhua, Taiyuan, Zhuhai, Wenzhou, Nanchang Huizhou, Baoding
"SKU"	stock keeping unit

"Special Purchase Day for Spring Festival (年貨節)"	a promotional event organized by us prior to the Spring Festival to attract consumer attention, encourage consumer visits and strengthen brand recognition
"Spring Festival"	a festival that celebrates the beginning of a new year on the traditional lunisolar Chinese calendar
"sq.m."	square meter
"SRM system"	supplier relationship management system
"store(s)" or "our stores"	in the context of describing our store network, "stores" or "our stores" include our franchised stores and self-operated stores, unless explicitly stated otherwise
"third- and lower-tier cities"	all prefecture-level regions in China excluding first- and new first-tier cities, as well as second-tier cities
"TMS"	transportation management system
"weight-priced individual-pack products"	packaged products that are sold by weight
"WMS"	warehouse management system

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;

- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and

- various business opportunities that we may pursue.

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could significantly decrease, and you may lose all or part of your investment.

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 and, unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to maintain the popularity of our products, anticipate and respond promptly to changes in consumer preferences or expand our SKUs or product categories, our sales performance and profitability may be materially and adversely affected.

The success of our business depends on our ability to continuously offer quality products. Consumer preferences differ across and within each of the regions in which we operate or plan to operate and may shift over time in response to changes in demographic and social trends and economic circumstances. We must stay abreast of consumer preferences and anticipate product trends that will appeal to existing and potential consumers to select the snacks and beverages.

We offer a wide variety of snacks and beverages that meet consumers' evolving needs by frequently launching new SKUs and product categories. However, there can be no assurance that our existing products will continue to be favored by consumers or that we will be able to anticipate or respond to changes in consumer preferences in a timely manner. In particular, as we expand into new regions, we may not be able to offer products that appeal to local consumers due to our lack of understanding of local cultures and lifestyles. Our failure to anticipate, identify or react to these particular preferences could materially and adversely affect our sales performance and profitability.

In addition, offering new SKUs and expansion into diverse new product categories involves new risks and challenges. Our lack of familiarity with these product categories and SKUs, as well as insufficient insight into consumer purchasing patterns regarding these product categories and SKUs, may make it difficult for us to anticipate consumer demand and preferences, potentially leading to inventory buildup and write-downs. It may also make it difficult for us to inspect and control quality and ensure proper handling, storage and delivery of the products. We may receive consumer complaints about new SKUs and product categories and face product liability claims related to such new offerings. We may not have much bargaining power in new product categories and we may not be able to negotiate favorable terms with suppliers. We may need to price aggressively to gain market share or remain competitive in new product categories, which may adversely affect our profitability in new product categories and our profit margin, if any.

If we are unable to successfully expand our market presence, our business and financial growth could be materially and adversely affected.

During the Track Record Period, we generated substantially all of our revenue from the sales of goods to our franchised stores and consumers. Accordingly, our future growth depends significantly on our ability to enhance our store network and expand our presence.

As we increase the number of our stores in some regions, we will also need to enhance our supply chain infrastructure in these regions to meet the growing market demand, while maintaining the high quality and consumer satisfaction of our stores. As a result, we might incur additional operating expenses as we continue our expansion in these markets. Further, we may also encounter difficulties during our expansion. For example, we may face intense competition from other brands. In the event that we fail to maintain our relationship with existing franchisees, our existing franchisees may choose instead to collaborate with other brands, which may, in turn, negatively affect our market share in these markets. If our expansion in these markets is not cost-effective or fails to achieve positive results, it could negatively impact our business, financial position and operation results.

The factors mentioned above might delay or hinder the expansion of our presence. Moreover, the expansion of our presence could place considerable demands on our management and our operational, technological and financial resources. If we cannot manage these demands, business and financial growth could be materially and adversely affected.

If we are unable to offer our products at prices that are highly appealing to consumers or maintain competitive prices, our business, financial condition and results of operations would be materially and adversely affected.

We vigorously execute our pricing strategy in our daily business operations. However, we may face challenges in maintaining the current price advantages. For example, we may not have sufficient bargaining power in negotiating terms with our suppliers and procuring products at favorable prices. As a result, we may have to price our products at higher-than-expected prices to achieve profitability. Even if we are able to price them as we expected, our profit margin, if any, may be lower than anticipated. Further, increases in raw material prices or production costs may also be shifted to us by our suppliers and result in pressure on us to increase prices. Any increase in product prices may cause our sales volume to decline. Accordingly, the occurrence of any of the above would adversely affect our overall profitability.

In addition, the prices of the products we sell can be influenced by general economic conditions. For example, general inflation could cause us to increase our sales prices, which may negatively affect our product sales. The potential adverse general economic conditions could also increase our costs and further reduce our sales or increase our selling and marketing expenses or general and administrative expenses. We may not reflect these increased costs in the prices of our products without losing competitive position. This may reduce our profitability and have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive and fast-changing market and may lose our market share if we fail to compete successfully.

The snack and beverage retail industry where we operate is intensely competitive with respect to, among other things, store locations, brand recognition, product suppliers, food quality and customer services. Our existing competitors include other retailers.

Some of our current or future competitors may have more operating experience, greater brand recognition, better supplier relationships, more investments in product selection and customization, more competitive prices, larger consumer bases, higher penetration in certain regions or greater financial, technical or marketing resources than we do. Furthermore, new competitors may emerge from time to time, which may further intensify the competition. In particular, market players initially in other sectors may start to operate similar snack and beverage specialty stores that resemble our concepts and target consumers, imposing direct competition against us. Moreover, some of our competitors may be able to secure more favorable terms from suppliers, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory policies and devote substantially more resources to the development of their websites, mobile apps and systems than us. In addition, new and enhanced technologies may increase the competition in the snack and beverage retail industry. New competitive business models may appear, for example, based on new forms of social media or social commerce. The use of mobile and web-based technology that facilitates real-time product and price comparisons will also increase the competition. Increased competition may reduce our margins and market share, impact brand recognition or result in significant losses. We cannot assure you that we will be able to compete successfully against current or future competitors, and competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to maintain or increase the sales and profitability of our stores.

The sales and profitability of our stores would affect the growth of our business and continue to be key factors which affect our revenue and profit. Factors such as diverse product offerings, quality of products, service quality of staff, consumer experience, delivery options and competition from nearby stores can influence these outcomes. Furthermore, our brand reputation and store sales may depend on the operations of our franchisees. There is no guarantee that our stores' sales growth and profitability will consistently align with our expectations, particularly given the intensified market competition as we expand our store network in new or existing geographic areas. Should the sales and profitability of our stores, particularly our franchised stores, fail to meet our expectations or experience a downturn, our brand value may be harmed and we may encounter difficulties in attracting new franchisees, and our business, financial condition and results of operations could be materially and adversely affected.

Any failure by us, our franchisees, suppliers or other business partners to maintain food safety and quality might materially and adversely affect our brands, business and financial condition.

Ensuring food safety and quality of the products offered in our stores is vital to our success and reputation. Given the extent of our operations and the growth of our store network, upholding food safety and quality of our products significantly depends on the effectiveness of our quality control system. This effectiveness is contingent on several factors, including the design of our quality control system, our ability to ensure that our franchisees, store staff, suppliers and other business partners, such as warehousing and logistics service providers, involved in our operations adhere to our quality assurance policies and guidelines, and our capability to monitor potential violations of our quality control system effectively. See "Business — Food Safety and Quality Control."

However, there is no guarantee that our quality control system will always be effective, nor can we ensure that we can identify all flaws in our quality control system in a timely manner. We may not be able to ensure that our employees, franchisees, staff in franchised stores, suppliers or other business partners consistently adhere to our internal policies and guidelines or relevant quality and food-safety requirements under applicable laws and regulations. Historical food spoilage issues in our industry have been linked to packaging damage from improper transportation conditions or mishandling by logistics partners. Moreover, our store operations involve the storage of snacks and beverages, which must comply with our store management and operation standards. However, there is no assurance that these standards will be strictly followed, which may subject our stores to risks of food safety issues. Any significant breakdown or deterioration of our or our suppliers' or other relevant business partners' quality control systems, or any failure to prevent food safety issues, may materially and adversely impact our reputation, financial condition and results of operations.

We face the inherent risk of consumer complaints and liability claims in respect of the services of the store staff and food quality or safety. We take these complaints seriously and endeavor to reduce consumer complaints by implementing various remedial measures. See "Business — Customers — After-sales Services." Nevertheless, we cannot assure you that we can successfully prevent or address all consumer complaints in a timely manner or at all. We may be generally responsible for compensating consumers for their losses even if the contamination of food and beverages is not caused by us. Therefore, we may also be held liable if our employees, franchisees, suppliers or other business partners fail to comply with applicable food safety-related laws and regulations. While we may seek indemnification from the responsible parties afterwards, such indemnification may not be available or sufficient. Any serious consumer complaints or liability claims and the related negative publicity could materially and adversely affect our reputation, business prospects, financial condition and results of operations. In addition, we and our stores may face potential liabilities, legal claim expenses and regulatory risks related to food safety and quality due to the nature of our business. See "— We, our Directors, management, franchisees and employees may not always succeed in defending against litigation, regulatory investigations and proceedings, including claims related to food safety, commercial issues, labor, employment, antitrust or securities matters."

Our extensive store network consists primarily of franchised stores that are operated by third parties. We face certain risks associated with the use of the franchise model.

We primarily operate our business under the franchise model. As of December 31, 2022, 2023 and 2024, we had 1,898, 6,569 and 14,379 franchised stores, respectively, accounting for a substantial majority of our total number of stores. Therefore, our business operations depend heavily on the success of our cooperation with our franchisees. The results of our operations are also significantly influenced by the performance of our franchised stores. We face a number of risks associated with the use of our franchise model, each of which may impact our revenue generation, harm our brand image and adversely affect our business and results of operations. These risks include, among others:

- *Revenue contribution of our franchised stores*. During the Track Record Period, our revenue consisted significantly of revenue from the sales of goods to our franchisees. Our financial condition is highly dependent on the sales growth of our franchised stores. If they do not achieve the expected sales, our revenue and profit margins could be materially and adversely affected. Moreover, declines in sales of our franchised stores may result in store closures and/or delayed or reduced payments to us.

- *Management of franchisees*. Our franchisees generally operate their businesses independently and are responsible for the day-to-day operation of their stores. Thus, the success and quality of a franchised store are largely dependent on the franchisee. We cannot guarantee that our management of franchisees will always be effective. If our franchisees do not fulfill their obligations in accordance with their franchise agreements with us or our internal policies or guidelines, or if they fail to operate stores consistent with our standards, our brand image and reputation could suffer, which in turn could adversely impact our business and results of operations. Furthermore, our contractual rights and remedies might be limited, potentially costly to exercise or subject to litigation.

- *Litigation regarding franchisees*. Our franchisees face various litigation risks, including, among others, consumer claims, personal injury claims, environmental claims and employee allegations of improper termination. Even though we are not directly responsible for these litigation costs, they may increase the costs for our franchisees and affect their profitability. This could affect the funds available for their payments to us, renovations or store development or could prevent them from renewing their agreements with us, which in turn could adversely affect our business and results of operations and may have a negative impact on our brand image.

- *Compliant operations of franchisees.* As stipulated in our franchise agreements, franchisees are responsible for obtaining all the licenses and permits required for operating franchised stores. However, there can be no assurance that our franchisees will be able to obtain or renew all of the approvals, licenses and permits required for existing business operations promptly or at all.

If any of our franchisees default under our agreements or commit misconduct, they may not be in a position to compensate us sufficiently for losses suffered as a result of such defaults or misconducts. Further, the bankruptcy of a franchisee could also substantially impact our ability to collect payments from such franchisee. Consequently, our brand image and reputation could be compromised, leading to a material adverse impact on our results of operations.

Furthermore, we may not be able to successfully maintain the relationships with our franchisees. In addition, we may not be able to attract a sufficient number of new franchisees to join our network and open stores, which could cause us to lose market shares and negatively affect our future business growth.

If we cannot execute successful brand building and marketing strategies to attract purchases from new and existing consumers or maintain and enhance our brands in a cost effective manner or at all, our business, financial condition and results of operations may be materially and adversely affected.

Our future growth depends on our ability to continue attracting purchases from new and existing consumers in a cost effective manner. We promote our brands, attract new consumers and maintain existing consumers by engaging in targeted marketing activities through both online and offline channels. See "Business — Marketing and Brand Building."

We believe that our brands have significantly contributed to the success of our business and that maintaining and enhancing our brands is critical to retaining and expanding our consumer base. Our marketing, design, research and products are aimed at promoting awareness of our "Busy for You" and "Super Ming" brands. The factors that are crucial for us to maintain and enhance the awareness, recognition and popularity of our brands include our ability to:

- consistently deliver a diverse range of value-for-money snacks and beverages with frequently-launched new SKUs, continually striving towards "creating a snack brand for the people" ("打造人民的零食品牌") and "enabling the public to buy snacks whenever and wherever" ("幫助老百姓實現零食自由");
- deliver a joyful and comfortable browsing and shopping experience;
- enhance our brands' awareness through marketing and brand promotion activities;
- maintain mutually beneficial relationships and retain favorable terms with our franchisees, suppliers, service providers and other business partners;
- ensure that our employees and franchisees comply with relevant laws and regulations; and
- compete effectively against existing and future competitors.

In 2022, 2023 and 2024, we incurred marketing and promotion fees of RMB41.7 million, RMB49.0 million and RMB176.6 million, respectively. We expect to continue to spend on marketing and brand building activities to attract new consumers and retain existing ones and to enter and penetrate into new geographic markets. We may also incur higher marketing and promotion fees if social media platforms increase their charges on us for the maintenance and promotion of our accounts and content, respectively, or if there is an increase in the cost of brand endorsement.

Our marketing and brand building activities may not be as effective as we anticipate. Furthermore, any failure to refine our marketing approaches or to adapt to new or more cost effective marketing techniques could negatively affect our business, growth prospects and results of operations. In addition, we have been continually promoting our brands. If consumers or other parties claim that our marketing approach is misleading or otherwise improper, we may be subject to lawsuits or other legal proceedings, which would adversely affect our brand image and undermine the consumer trust we have established. If we are unable to retain the loyalty of existing consumers and attract new consumers, our revenue could decrease and we may not be able to expand our business base as planned, which could have a material adverse effect on our business, financial condition and results of operations.

Our investment in digitalization and technologies may not yield the intended results.

Historically, we have invested significantly in a stack of digitalization tools to optimize our business operations and engage our consumers. See "Business — Digitalization." As part of our business strategy, we intend to continue investing in the development of our technology infrastructure. We cannot assure you that our investments in technology will generate sufficient returns or have the expected effects on our business operations, if at all. If our technology investments do not meet expectations for the foregoing and other reasons, our prospects may be adversely affected.

Our operating history may not reflect our future growth or financial results. If we fail to achieve growth, our business and prospects may be materially and adversely affected.

We began our business operations in 2017 and experienced rapid growth during the Track Record Period. Our revenue increased from RMB4,285.7 million in 2022 to RMB10,295.3 million in 2023 and further to RMB39,343.5 million in 2024, representing a CAGR of 203.0%. As of December 31, 2024, we had established a network comprising 14,394 stores spanning 28 provinces across China. However, our operating history may not serve as an adequate basis for evaluating our prospects and results of operations, and our historical growth may not be indicative of our future growth or financial condition. There is no assurance that we will be able to maintain our historical growth rates in future periods. In addition, in 2024, we incurred negative operating cash flow of RMB230.1 million, although our profit before tax amounted to RMB1,152.2 million. See "Financial Information — Liquidity and Capital Resources — Cash Flow — Net Cash Flows from/(Used in) Operating Activities." If we continue to experience negative operating cash flows, our ability to sustain our operations and finance our business strategy may be adversely affected. This could necessitate additional financing to support our working capital requirements or to fund our expansion plans. There can be no assurance that such financing will be available to us on acceptable terms, or at all. If we are unable to generate positive cash flows or obtain external financing, we may need to curtail our operations or reduce our business ambitions, which could have a material adverse effect on our business, financial condition and results of operations.

The speed of our new store openings may fluctuate from time to time, due to factors such as changing market conditions. Our growth rates may decline for a variety of reasons, and some of these reasons are beyond our control, including, among others, prevailing dietary preferences and perceptions of consumers, increasingly intense competition, the emergence of alternative business models and changes in general economic and regulatory conditions.

The expansion of our store network may place substantial pressure on both our management and our operational, technological, labor and other resources. As we expand, it is crucial to maintain consistent food and service quality and uphold our reputation to ensure our brand images do not deteriorate. Our continued success also depends on our ability to recruit, train and retain other qualified management, administrative, sales and marketing personnel, particularly as we expand into new markets. In addition, we need to continue to manage our relationships with our franchisees, consumers, suppliers, service providers and other business partners. We cannot assure you that we will be able to achieve any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities. This, in turn, may have a material adverse effect on our business, financial condition and results of operations.

We rely on third-party suppliers to provide products to us. We may experience supply delay, disruption and shortage if we fail to manage or expand our relationships with third-party suppliers, or otherwise fail to procure products on favorable terms.

The ability to source quality products and supplies at competitive prices in a timely manner is crucial to our business. We rely on third-party suppliers to provide products to us. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 14.6%, 11.4% and 13.2%, respectively, of our total purchase amount for the respective year. We strive to establish mutually beneficial relationships with our suppliers. See "Business — Supply Chain Management." However, we cannot assure you that we will maintain good and stable relationships with our suppliers, nor can we assure you that our current suppliers will continue to sell products to us on commercially acceptable terms, or at all, after the expiration of the current agreements. Furthermore, we cannot assure you that our current suppliers will always be able to meet our stringent quality control requirements, or that we will be able to maintain our procurement prices for our products. In addition, the productivity of our suppliers may also be adversely affected by staffing shortages, unexpected mechanical failures, utility shortages or outages, fire, acts of God or other calamities at the production facilities of our suppliers, which would render our suppliers unable to maintain their supply at the same or similar level of product quality and quantity in the future. In the event that any of our suppliers do not perform adequately or otherwise fail to distribute quality products to us in a timely manner, we cannot assure you that we will be able to secure alternative suppliers on commercially acceptable terms in a timely manner, or at all. Any failure to do so could increase our product costs and could cause shortages of products, which will further influence the stability of our product price, thereby materially and adversely affecting our business, financial condition and results of operations.

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

Our scale of operations and business model require us to manage a large volume of inventory effectively. As of December 31, 2022, 2023 and 2024, our inventories amounted to RMB200.2 million, RMB632.2 million and RMB1,674.1 million. See "Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Inventories." In addition, as we plan to continue expanding our product offerings, we expect to include more products in our inventory, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. We depend on our demand forecasts for various kinds of products to make purchase decisions and to manage our inventory. Demand for products, however, can change significantly between the time inventory is ordered and the date by which we aim to sell it. Demand may be affected by changes in product pricing, product defects, changes in consumer spending patterns or preferences with respect to our products, as well as other factors, and consumers may not purchase products in the quantities that we expect. In addition, when we begin selling a new product, we may not be able to accurately forecast demand. The procurement of certain types of inventory may require significant lead time and prepayment, and such inventory may be non-returnable.

If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values and significant inventory write-downs or write-offs. To reduce our inventory level, we may choose to sell certain products at lower prices, which may lead to lower gross margins. High inventory levels and large amount of prepayments to suppliers may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. Any of the above may materially and adversely affect our financial condition, especially our liquidity.

On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenues, any of which could materially and adversely harm our reputation, and therefore our business, financial condition and results of operations.

We rely on third-party warehousing and logistics service providers as well as our self-operated warehouses, and associated risks including quality control failures, system interruptions and partnership instability may materially and adversely impact our reputation, business and financial condition.

As of December 31, 2024, our comprehensive warehousing and distribution network included 36 warehouses, among which 25 are self-operated warehouses and 11 are operated by third-party suppliers. See "Business — Warehousing and Logistics."

We partner with third-party warehousing and logistics service providers to efficiently store, deliver and promote our products. We cannot guarantee that these third-party providers will consistently meet our stringent requirements. Risks include potential failures in product supervision during storage and transportation, hygiene compliance and optimal condition maintenance. Furthermore, the termination or deterioration of any third-party partnerships, whether logistics or warehouses, may materially and adversely affect our business, financial condition and results of operations.

Further, in the event that there is any unexpected disruption in the supply of utilities, such as water or electricity, or restricted access to the premises due to incidents such as fire, and we cannot restore the affected warehouse, or relocate to another suitable location promptly with well-equipped facilities, our business and results of operations will be materially and adversely affected. We cannot assure you that our prevention measures are effective and sufficient. If any of our warehouses experience a material incident or prevention measures are inadequately implemented, we may lose the inventory stored therein, incur significant costs and expenses to restore or to relocate such warehouses, and/or be determined by the relevant authorities to be in violation of applicable laws and regulations and subject to relevant administrative penalties. In addition, repairing or adding equipment and machinery for our self-operated warehouses may be expensive and time-consuming. Under such circumstances, our business, financial condition and results of operations may be materially and adversely affected.

We may not be successful in promoting our membership program.

We have launched our membership program through our WeChat mini program. See "Business — Marketing and Brand Building — Our Membership Program." Through the membership program, consumers can earn award points for placing orders, which may be exchanged for rewards such as discount coupons or gifts. Consumers can also receive promotions tailored to their preferences. We have limited experience in operating this membership program, and we cannot accurately predict the rate or extent to which our consumers will subscribe to the membership program. There is no assurance that our membership program will be implemented successfully or remain sustainable, nor can we assure you that the program will be effective in retaining existing members or increasing their repurchases. If any of the foregoing risks materializes, our business, financial condition and results of operations may be materially and adversely affected.

We may be unable to detect, deter and prevent all instances of fraud or misconduct by our employees or our franchisees, suppliers or other third parties.

Our business involves our employees, as well as franchisees, suppliers and other third parties. If any of them commit illegal actions or misconduct, or fail to provide satisfactory products or services, our reputation and operation may be materially and adversely affected. For example, our employees and franchisees may not fully follow our internal control measures and policies. In addition, the failure of our suppliers to ensure product quality or to comply with food safety or other laws and regulations and contamination during the delivery to us, or software and internet disruptions to our third-party service providers, could interrupt our operations and result in claims against us. If any of our business partners fail to comply with relevant laws and regulations and our protocols, or engages in fraud, bribery or other illegal actions or misconduct, our results of operations may be materially and adversely affected.

In the event that we become subject to claims caused by actions taken by or unsatisfactory performance of our employees or our franchisees, third-party suppliers, service providers or other business partners, we may seek compensation from the relevant parties. However, such compensation may be inadequate to cover our actual losses. If no claim can be asserted against the relevant parties, or amounts that we claim cannot be fully recovered from such parties, we may be required to bear such losses and compensation at our own costs. This could have a material and adverse effect on our business, financial condition and results of operations.

Any negative publicity or misconduct regarding the brand ambassadors could materially and adversely affect our business, financial condition and prospects.

We engage brand ambassadors to promote our brands and market our products through both online and offline media. However, we cannot assure you that the brand ambassadors' endorsements or advertisements will remain effective and compatible with the messages that our brands and products aim to convey. Neither can we assure you that the brand ambassadors will remain popular or any of the images of the endorsing brand ambassadors will remain positive. Any deterioration in the image or misconduct or inappropriate statements by endorsing brand ambassadors would significantly impact on our brand image, and subsequently, the sales of our products. Where we need to replace brand ambassadors, we may not be able to find suitable candidates in a timely manner or at all. In addition, we may have to remove or update relevant packaging, advertising and marketing materials, which may incur additional expenses or take additional time. If any of these situations occur, our business, financial condition and results of operations could be materially and adversely affected.

Any adverse publicity or any significant liability claims or consumer complaints involving our products, services or store operations may have a negative impact on our business, financial condition and results of operations.

Publicity about our business can attract attention from the public, regulators and the media. Any adverse report about our business, financial condition or results of operations — whether true or not — can tarnish our brand image, affect sales and potentially lead to liability claims, litigation, damages, regulatory investigations, penalties or sanctions. Any negative publicity about the snack and beverage retail industry in general, including negative publicity on food safety and quality, could also adversely affect our sales on a regional or national level. See "— Any failure by us, our franchisees, suppliers or other business partners to maintain food safety and quality might materially and adversely affect our brands, business and financial condition." While we strive to maintain our reputation, there is no guarantee against future public scrutiny, which could have an adverse impact on our reputation, business and prospects.

In addition, any significant liability claims or consumer complaints involving our products, services or store operations may have a negative impact on our business and results of operation. Any complaints or claims against us, even if meritless or unsuccessful, may divert management attention and other resources from our business and adversely affect our business and operations. Consumers may lose confidence in us and our brands, which may adversely affect our business and results of operations. Furthermore, adverse publicity including but not limited to negative online reviews on social media platforms, industry findings or negative public or medical opinions about the health effects of consuming snacks and beverages, media reports related to food quality, safety, public health concerns, illness, injury or government, whether or not accurate, and whether or not concerning our products, can adversely affect our business, results of operations and reputation.

Our development strategies may not achieve the expected goals in the near term, or at all.

To adapt to the competitive industry and maintain our leading market position, we plan to further expand our store network, diversify our product offerings, enhance our supply chain capabilities, strengthen our digital capabilities and build long-term relationships with our franchisees. However, we cannot assure you that we will be able to execute our strategies successfully and achieve the expected goals as planned, in the near term or at all. For example, while we continue to expand our geographic coverage and deepen our market penetration, we may not be able to engage quality franchisees or encourage existing franchisees to open more franchised stores. In addition, new products that we plan to offer in our stores, may fail to achieve popularity and market acceptance.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business.

We rely on our technology infrastructure and systems to serve consumers, conduct the daily operations of our stores and manage inventory and supplies. A damage or failure of our technology infrastructure and systems that causes interruptions or inaccuracies in the operations of our stores could have a material adverse effect on our business and results of operations.

In addition, we are subject to cyber-attacks and network security breaches. Since the methods used to gain unauthorized access to or sabotage networks are constantly evolving, we may lack the expertise or technological sophistication necessary to predict and deter rapidly changing cyber-attack forms. As a result, we may not be able to detect or enforce sufficient countermeasures against these threats. We had not experienced a material incident related to a cyber-attack or network security breach during the Track Record Period and up to the Latest Practicable Date. However, we cannot guarantee that we could prevent these attacks or security breaches, and we may face risks of considerable legal and financial liabilities, damage to our brand image and adverse effects on our financial results. Actual or planned attacks and threats can result in substantially increased costs, including the costs for staff and network security technology deployment, employee training and engagement of third-party experts and consultants. In addition, if our network security is compromised, and private information is stolen or obtained by unauthorized persons or used inappropriately, we may be subject to litigation or investigation initiated by consumers and related institutions. These proceedings could distract our management from running our business and cause us to incur significant unplanned losses and expenses. Consumer perception of our brands could also be negatively affected by these events, which could further materially and adversely affect our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property, which could harm our brand value and adversely affect our business and results of operations.

We believe that our brands are essential to our success and competitive position. We will continue to use our brands, business names and trademarks to enhance brand awareness and to further improve our products. Third parties may infringe upon our intellectual property rights or misappropriate our proprietary knowledge, which could have a material adverse effect on our business, financial condition or results of operations. The measures we take to protect our brands, trademarks, business names and other intellectual property rights may not be adequate to prevent unauthorized use by third parties. If we are unable to adequately protect our brands, trademarks, business names and other intellectual property rights, we may lose these rights, which could harm our brand value and adversely affect our business.

Any unauthorized use of our trademarks and business names by unrelated third parties may damage our reputation and brands. If the operations of third parties who used or imitated our trademarks or business names without our authorization result in adverse effects on consumers, we may be associated with negative publicity as a result. Preventing trademark and business name infringement and trade secret misappropriation is difficult, costly and time-consuming. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material infringement of our intellectual properties. In the future, we may, from time to time, need to institute litigation proceedings to protect and enforce our trademarks and other intellectual property rights. These litigation proceedings could result in substantial costs and diversion of resources, which could negatively affect our sales, profitability and prospects. Even if these litigations are resolved in our favor, we may not be able to successfully enforce the judgment and remedies awarded by the court and the remedies may not be adequate to compensate us for our actual or anticipated losses, whether tangible or intangible.

Intellectual property infringement claims brought against us may be costly to defend and could disrupt our business.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate intellectual property rights held by third parties. During the Track Record Period and up to the Latest Practicable Date, we and certain of our franchisees had been subject to ongoing legal proceedings and claims against certain of our important trademarks and business names, and we cannot assure you that we can successfully defend ourselves against these proceedings or claims or that legal proceedings and claims against us or our franchisees relating to the intellectual property rights of others will not recur in the future. There may also be existing intellectual property that we are unaware of, which our products might inadvertently infringe. We cannot assure you that holders of intellectual property purportedly relating to some aspects of our technology systems, software and other applications or business in general, if any such holders exist, would not seek to enforce relevant intellectual property rights against us. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives internally. The validity and scope of any potential claims/requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. In addition, the defense and prosecution of intellectual property suits, trademark invalidation proceedings and related legal and administrative proceedings or requests can be both costly and time consuming and may significantly divert the efforts and resources of our management. A determination in any such litigation or proceedings or requests to which we are a party may invalidate our trademarks or subject us to damages to third parties or injunctions prohibiting our operations, including those of our stores. We may also have to redesign our brands, stores designs and products, which may be costly and time-consuming. Any of the aforementioned may materially and adversely impact our business, financial condition and results of operations.

We face risks related to payments through third-party platforms.

Consumers may purchase products at our stores using a variety of payment methods through third-party online payment service providers, including WeChat Pay and Alipay, among others. There are certain risks associated with these payment methods, including, among others: (i) there might be incidents of fraud, security breaches and other illegal activities in connection with those payment methods; and (ii) there might be fines, increased expenses or the loss of ability to use payment methods if our stores fail to comply with rules, regulations and requirements governing electronic funds transfers.

Furthermore, the implementation of security measures by third-party online payment service providers is beyond our control. In the event of any security breaches involving these payment service providers, we may be subject to litigation and possible liability, and our reputation could be damaged. During the business operation of our self-operated stores, if there is any leak of confidential information, breach of network security or other misappropriation or misuse of personal information by third-party online payment service providers, our business may be interrupted, additional costs may be incurred and litigation and other liabilities may ensue. As a result, our business, financial condition and results of operations could be materially and adversely affected.

The insurance policies we have might not offer sufficient coverage for all risks related to our business operations.

We purchase and maintain insurance policies that we believe are customary for businesses of our size and type and as required under the relevant laws and regulations. See "Business — Insurance." However, we cannot guarantee that our insurance policies will provide adequate coverage for all the risks in connection with our business operations, nor can we assure you that our franchisees will adhere to our requirements regarding insurance coverage. Consistent with customary practice in China, we do not carry specific business interruption or litigation insurance. If we incur substantial losses and liabilities that are outside the scope of our insurance coverage, we could suffer significant costs and diversion of our resources and could be required to bear the losses to the extent that our insurance coverage is insufficient, which could have a material and adverse effect on our financial condition and results of operations.

Our success depends on the continuing efforts of our key employees and senior management. If we fail to recruit, retain and motivate these individuals, or maintain our corporate culture as we grow, our business, financial condition and results of operations may be affected.

Our success is dependent upon the continuing services and performance of our key employees and senior management, as well as experienced and capable personnel generally. If one or more members of our key employees and senior management are not able or willing to continue to perform their current responsibilities, we may not be able to locate suitable replacements, and may incur additional expenses to recruit and train new staff, which could disrupt our business and growth. In addition, if any of our key employees and senior management joins a competitor or forms a competing business, we may lose trade secrets, technical know-how, key professionals and staff members.

Our growth also requires us to hire, train and retain a wide range of talents who can adapt to a dynamic, competitive and challenging business environment and are capable of helping us conduct effective marketing, develop new products and enhance technological capabilities. We may need to offer attractive compensation and other benefit packages, including share-based compensation, to attract and retain them. We also need to provide our employees with sufficient training to help them realize their career development goals and grow with us. Any failure to attract, train, retain or motivate key employees and senior management, as well as experienced and capable personnel, could adversely affect our business, financial condition and results of operations.

Any labor shortages, increased labor costs or other factors affecting the labor force may adversely affect our store performance, our business and results of operations.

Our business operations and the operation of our franchised stores require a substantial number of personnel. Any failure to retain stable and dedicated labor by us or our franchisees may lead to disruption in our operations and those of our franchised stores. In addition, any material increase in the staff turnover rates may adversely impact the operations of our franchised stores. We and our franchisees may experience increases in labor costs due to increases in salary, social benefits and employee headcount. We also compete with other companies in our industry for labor, and we may not be able to offer competitive remuneration and benefits compared to them. If we are unable to manage and control our labor costs, our business, financial condition and results of operations may be materially and adversely affected.

We, our Directors, management, franchisees and employees may not always succeed in defending against litigation, regulatory investigations and proceedings, including claims related to food safety, commercial issues, labor, employment, antitrust or securities matters.

We face potential liabilities, legal claim expenses and regulatory risks due to the nature of our business. For example, consumers might file legal claims against us related to issues with food safety or quality. The focus on consumer protection has intensified in recent years, with the PRC government, media entities and public advocacy groups playing a pivotal role. See "Regulatory Overview — Regulations Relating to Product Quality and Consumer Protection — Consumer Protection Law." The offering of defective products by our stores may expose us to liabilities associated with consumer protection laws. We may be responsible for compensation for consumers' loss even if the contamination of food and beverage is not caused by us. Therefore, we may also be held liable if our employees, franchisees, suppliers or other business partners fail to comply with applicable food safety related rules and regulations. While we may be able to seek indemnification from the responsible parties afterwards, the indemnification may not be available or sufficient and our reputation could still be adversely affected. In addition, we have been subject to penalties from the relevant administrative authorities for failure to timely conduct the operation concentration filing with the regulatory authority in relation to our acquisition of Super Ming. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition." There is no guarantee that we, our Directors, management, franchisees and employees will not face litigation, regulatory investigations and other proceedings in the future. These matters, which can relate to food safety, commercial issues, labor, employment, antitrust or securities, could adversely affect our reputation and results of operations.

After we become a publicly [**REDACTED**] company, we may face additional exposure to claims and lawsuits. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be forced to pay substantial damages if we are unsuccessful in defending against these claims, which could harm our business, financial condition and results of operations.

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

As required by the PRC laws, a company that enters into an employment contract with an employee shall be the one to make the social insurance and housing provident fund contribution in full for the employee. During the Track Record Period, we engaged third-party human resource agencies or our entrusted subsidiaries other than the employing entities to pay social insurance for certain of our employees, primarily because those working in different cities across the nation prefer their social insurance and housing provident funds to be paid at their respective resident places for convenience of utilizing such benefits locally. Such arrangement is not in strict compliance with relevant PRC laws and regulations. As advised by our PRC Legal Adviser, pursuant to applicable PRC laws and regulations, the employing entities within our Group may be ordered to pay social insurance premium and housing provident funds for the employees under their own accounts; if the third-party human resources agencies or the subsidiaries other than the employing entities fail to pay the social insurance premium or housing provident funds for and on behalf of the employing entities' employees as required under applicable PRC laws and regulations, or if the validity of such arrangements is challenged by competent PRC authorities, we may be ordered to rectify such failure by paying full contributions to social insurance and housing provident funds for the employees and may be subject to late payment fees and/or penalties imposed by the relevant authorities.

In addition, during the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain employees. Our PRC Legal Adviser has advised us that, pursuant to relevant PRC laws and regulations, we may be ordered by the relevant authorities to pay the overdue contributions within the prescribed period and may be subject to an overdue charge of 0.05% of the delayed payment per day; if such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment.

During the Track Record Period, we had not received any notification from the relevant PRC authorities requiring us to pay any shortfall with respect to social insurance and housing provident funds or imposing any administrative penalties on us with respect to our social insurance and housing provident fund contributions, nor were we aware of any material employee complaints or involved in any material labor disputes with our employees with respect to social insurance and housing provident funds. If the relevant authorities order us to pay the outstanding social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or make such rectification measures promptly as soon as practicable. Considering the relevant regulatory policies, regulatory confirmations or interviews and the facts as mentioned above, our PRC Legal Adviser is of the view that on the premise that no significant changes of the current policies and regulations, as well as implementation and supervision requirements of the local governments, (i) the risk of us being required by relevant PRC authorities to pay the material shortfall of social insurance and housing provident fund contributions is remote, and (ii) the risk of us subject to material administrative penalties for failing to make social insurance and housing provident funds in full is remote. However, we cannot assure you that the relevant governmental authorities will not require us to rectify such non-compliance incidents by, among others, paying the outstanding amount and imposing late fees or fines, pecuniary penalties or other administrative actions on us. If we are otherwise subject to investigations related to such incidents related to labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to various risks relating to third-party payments.

During the Track Record Period, we accepted payment made on behalf of certain of our franchisees (the "**Relevant Franchisees**") through the accounts of third parties designated by the Relevant Franchisees (the "**Third-party Payment Arrangement**"). As of December 31, 2024, we had ceased all Third-party Payment Arrangements. See "Business — Risk Management and Internal Control — Control of Third-party Payment Arrangements."

We face various risks associated with the Third-party Payment Arrangements during the Track Record Period, such as (i) possible claims from third-party payors seeking the return of funds as they were not contractually indebted to us, (ii) potential claims from liquidators of such third-party payors, and (iii) potential money laundering risks due to our limited knowledge about the source and purpose of funds used by third-party payors. In case of claims or legal proceedings, whether civil or criminal, demanding payment return or alleging violation of laws, we would need to allocate financial and managerial resources for defense. Compliance with court rulings may result in returning payment for products and services sold to franchisees, which may materially and adversely affect our business, financial condition and results of operations.

Any significant changes in food safety laws and regulations and related policies could affect our business.

The industry where we operate shall comply with the laws and regulations of food safety in China. Such regulations set out the safety standards for food and food additives, packaging and containers, the information required to be disclosed on packaging, and the regulations on food operation and sites and sale of food. In recent years, the Chinese government has been stepping up its supervision on food safety and has implemented several laws, regulations and standards concerning food safety. Failure to comply with the laws and regulations of food safety in China may result in corrective actions ordered by regulatory authorities, fines, confiscation of the proceeds, suspension of business operation as ordered, revocation of operation permits, and in extreme cases, criminal liability.

We and our franchisees require various approvals, licenses and permits to operate our business.

Complying with government regulations may require substantial expenses, and any of our non-compliance may expose us to liability. In case of any non-compliance, we may have to incur significant expenses and divert substantial management time and resources to resolve any deficiencies. We may also experience negative publicity arising from such deficiencies, which may materially and adversely affect our financial condition and business prospects. Meanwhile, pursuant to the franchise agreements between our franchisees and us, our franchisees are responsible for the validity and effectiveness of the required approvals, licenses and permits for operating their franchised stores, and the franchisees shall bear any liabilities arising from non-compliance in this regard as well as compensate us for any consequential damages.

In accordance with laws and regulations, we and our franchisees are required to maintain various approvals, licenses and permits to operate business and stores, respectively. For example, some of our stores need to file for the fire safety acceptance procedure and pass the necessary fire safety inspection. As of the Latest Practicable Date, some of our stores had not completed the necessary record-filing of fire safety acceptance check or the fire safety inspection. Each store that had not completed the necessary record-filing of fire safety acceptance check may be subject to a fine of not more than RMB5,000 and each store that had not completed the necessary fire safety inspection may be subject to a fine of not less than RMB30,000 and not more than RMB300,000. See "Business — Properties and Facilities — Leased Properties." They are also subject to examinations or verifications by relevant authorities and some of them are valid only for a fixed period subject to renewal and accreditation. See "Regulatory Overview — Regulations Relating to Food Operation and Food Safety — Food Operation Licensing."

Our franchisees may experience difficulties, delays or failures in obtaining the necessary approvals, licenses and permits for new stores. In addition, there can be no assurance that our franchisees have obtained or will be able to obtain or renew, all of the approvals, licenses and permits required for existing business operations promptly or at all. If any of these occurs, the ongoing business operations of our relevant franchised stores could be interrupted. As a result, our expansion plan may be delayed and our results of operations could be adversely affected.

If a material number of franchised stores are subject to such non-compliance and related penalties or temporary closure, our business operations may be disrupted, and our financial condition and results of operations may be materially and adversely impacted as a result.

We and our franchisees are subject to risks in relation to leased properties.

We and our franchisees may be subject to a number of risks in relation to the leased properties in the ordinary course of the businesses, including but not limited to the following:

- We and our franchisees may not be able to renew existing lease agreements at reasonable commercial terms, especially for stores in locations with a high volume of consumer traffic.

- We and our franchisees may also be exposed to risks of unexpected early lease termination at the request of the lessors or other reasons out of our control, which may result in store closures if we and our franchisees are not able to identify suitable alternative premises on acceptable terms to relocate in a timely manner. Relocations would also lead to additional costs, thus affecting our business operations and financial condition.

- Our or our franchisees' profitability may be materially and adversely affected by any substantial increase or fluctuation in the local rental prices of regions or countries where we have established a business presence.

As of December 31, 2024, we leased properties in China from third parties, some of which had title defects. See "Business — Properties and Facilities — Leased Properties" for details. We cannot assure you that our franchised stores are not faced with similar title defects or our franchisees' rights to their leased properties would not be challenged by third parties.

Due to the above reasons, we and our franchisees may need to find alternative locations for our stores with equal or similar commercial attractiveness as the original locations, and at commercially reasonable terms, in a timely manner. Failure to do so would have a material and adverse impact on the operation of such stores and our results of operations.

Any failure to comply with data privacy protection and information security laws could harm our reputation, result in a loss of revenue, lead to substantial additional costs, and expose us to litigation and regulatory scrutiny.

During the ordinary course of our business, we receive certain necessary personal information of our consumers as they become our members or place orders via our WeChat mini program, which may include user codes, phone numbers and online order records. We provide our consumers with data privacy notices and ensure that they give consent per the requirements of applicable laws before they access our mini programs. We use such information or data we obtain for delivering our products, providing after-sales services and sending the most up to date information of our brands.

In recent years, data privacy protection and information security have received increasing regulatory attention from government authorities across the globe. In the past few years, the PRC government has enacted a series of laws, regulations and governmental policies on privacy and data protection that may apply to us. We cannot guarantee that our efforts to protect our consumers' personal information may always be sufficient or effective. Any improper handling of our consumers' personal information as a result of any misconduct by our employees or any information leakage due to external factors, such as unauthorized access to our consumer database by hackers, could result in civil or regulatory liabilities which may subject us to significant legal, financial and operational consequences.

During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations relating to user privacy and data security in material aspects. Nevertheless, the interpretation and application of laws, regulations and standards on data protection and privacy shall follow the then effective laws and regulations and are still evolving. We cannot assure you that our data privacy and protection measures are, and will be, always considered sufficient under applicable laws and regulations. We may be subject to investigations and inspections by government authorities regarding our compliance with laws and regulations on data privacy, and we cannot assure you that our practices will always fully comply with all applicable rules and regulatory requirements. In addition, laws, regulations and standards on data protection and privacy continue to develop and may vary from jurisdiction to jurisdiction. Complying with emerging and changing international requirements may cause us to incur substantial costs or require us to change our business practices. Additionally, the integrity of our data privacy and protection measures is also subject to risks of systemic failure, interruption, inadequacy, security breaches or cyber-attacks. If we are unable to comply with the then applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failures could damage our reputation, impact our ability to manage digital operations and subject us to significant legal, financial and operational consequences.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results, meet our reporting obligations or prevent fraud.

We have established a system of internal control consisting of the relevant risk management policies and risk control procedures to identify, evaluate and manage risks arising from financial reporting operations. Since our risk management and internal control systems depend on implementation by our employees and our franchisees, we cannot assure you that all of our employees and franchisees will adhere to such policies and procedures, and the implementation of these policies and procedures may involve human errors or mistakes. Moreover, our growth and expansion may affect our ability to implement strong risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and update our risk management and internal control policies and procedures, we may be unable to accurately report our financial results, meet our reporting obligations or prevent fraud.

Pandemics, extreme weather conditions, natural disasters, other natural conditions and other unexpected events may create substantial volatility in our business and results of operations.

Our business operations are vulnerable to extreme weather conditions such as windstorms, hailstorms, drought, temperature extremes and typhoons, natural disasters such as earthquakes, forest fires and floods, and other events that may affect our supplies. Our business is also dependent on proper warehousing and prompt delivery and transportation of products to our stores. Snacks and beverages may deteriorate due to malfunctioning of refrigeration facilities caused by power failures and other events. Certain events, such as adverse weather conditions, natural disasters, severe traffic accidents or delays and labor strikes could also lead to warehouse interruptions and delayed or lost deliveries of products to our stores.

In addition, fires, floods, earthquakes and terrorist attacks may lead to evacuations and other disruptions in our operations, which may also prevent our stores from providing products and services to consumers, thereby affecting our business and damaging our reputation. Any such event could materially and adversely affect our business operations and results of operations. In addition, pandemics may also cause a volatility for our business and results of operations. These events are beyond our control, and we cannot assure you that similar events will not happen in the future. Our future responses to these events and other preventative measures may not always be effective.

We may require additional financing to support our further developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms, if at all.

Expanding our store network, building well-known brands and accumulating a large and continuously growing consumer base are costly and time-consuming. Substantial and continuous investments in advertising, branding and marketing activities are also required for further establishing brand awareness to attract new consumers and retain existing ones. Our Directors are of the opinion that, taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements that is at least 12 months from the date of this document. We may, however, require additional cash resources to finance our continued growth or other future developments or adapt to changes in business conditions, including any investments we may decide to pursue. If our financial resources are insufficient to satisfy our cash requirements, we will be required to seek additional financing or to defer planned expenditures. There can be no assurance that we can obtain additional financing on favorable terms to us, if at all. In addition, our ability to raise additional funds in the future is subject to a variety of uncertainties, including, but not limited to:

- our future results of operations, financial condition and cash flows;
- investors' perception of, and demand for, businesses in the snack and beverage retail industry;
- general market conditions for capital raising and debt financing activities; and
- economic, political and other conditions in China and elsewhere.

In addition, if we raise additional financing by selling additional equity securities, your equity interest in us may be diluted. Alternatively, if we raise additional financing by incurring debt obligations, we may be subject to various covenants under the relevant debt instruments that may, among other things, restrict our ability to pay dividends or obtain additional financing. If we cannot obtain sufficient capital on favorable terms, our business, financial condition and results of operations may be materially and adversely affected.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our results of operations and financial performance.

During the Track Record Period, we received certain government grants and preferential tax treatment according to relevant policies. During the Track Record Period, government grants primarily representing incentives received from the local government in connection with certain financial support to local business enterprises for the purpose of encouraging business development. In 2022, 2023 and 2024, our government grants amounted to RMB0.9 million, RMB0.3 million and RMB22.6 million, respectively. See "Financial Information — Description of Major Components of Our Results of Operations — Other Income and Gains, and Other Expenses." Meanwhile, certain of our subsidiaries were eligible for certain preferential corporate income tax rates and tax concessions during the Track Record Period. Government grants are recognized when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. The government grants we received during the Track Record Period represented various forms of incentives and subsidies granted to our Group by local government authorities in the PRC. These government grants were mainly non-recurring in nature, and the amounts of these grants were subject to the discretion of local governments. We cannot guarantee that we will receive such government grants and preferential tax treatment in the future, and our financial condition and results of operations may be adversely affected if we fail to obtain such government grants in the future.

We may make acquisitions, establish joint ventures and conduct other strategic investments, which may not be successful.

To expand our business and strengthen our market position, we may seek to invest in other business upstream in our value chain by forming strategic alliances or making strategic investments and acquisitions. During the Track Record Period and up to the Latest Practicable Date, we had not undertaken any other acquisitions other than our acquisition of Super Ming in 2023. We had not identified any material acquisition or investment target as of the Latest Practicable Date. Acquisitions involve numerous risks, including (i) difficulties in integrating the operations and personnel of the acquired companies, distraction of management from overseeing our existing operations, (ii) difficulties in executing new business initiatives, entering markets or lines of business in which we do not have or have limited direct prior experience, (iii) the possible loss of key employees and consumers, and (iv) difficulties in achieving the synergies we anticipated or levels of revenue, profitability, productivity or other benefits we expected. These transactions may also result in a significant increase in our interest expense, leverage and debt service requirements if we incur additional debt to finance an acquisition or investment, issue common stock that would dilute our current shareholders' percentage ownership, or incur asset write-offs and restructuring costs and other related expenses. Acquisitions, joint ventures and strategic investments involve numerous other risks, including potential exposure to unknown liabilities of acquired or invested companies. No assurance can be given that our acquisitions, joint ventures and other strategic investments will be successful and will not materially adversely affect our business, financial condition or results of operations.

Further, according to the Anti-Monopoly Law of PRC (《反壟斷法》) and the Provisions of the State Council on Thresholds for Prior Notification of Concentrations of Undertakings (《國務院關於經營者集中申報標準的規定》), the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the Anti-monopoly Law Enforcement Agency of the State Council when the threshold is crossed, and such concentration shall not be implemented without the clearance of prior notification. We cannot assure you that we will be able to timely complete this clearance, if at all. If we fail to obtain such clearance for our future acquisitions, our ability to expand our business or maintain or expand our market share through acquisitions would be materially and adversely affected.

Our business is subject to seasonal fluctuations.

Our business operations are influenced by seasonal trends. During holidays in China, such as the Spring Festival, we typically experience more consumer traffic and generate higher sales. Sales can also fluctuate during the course of a financial year for other reasons, including the timing of new product launches and marketing and promotion activities.

Due to these fluctuations, comparisons of sales and operating results between different periods within a financial year, between the same periods in different financial years, or between different financial years are not necessarily indicative of our performance. Nor may our results for any particular quarter or half year be indicative of the results to be achieved for the entire fiscal year. Our financial condition and results of operations in the future may continue to fluctuate over the course of a year. Investors should not rely on interim results as being indicative of results we may expect for the full year.

RISKS RELATING TO OPERATIONS IN THE PRINCIPAL PLACE OF OUR BUSINESS

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the 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 emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-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 China-based overseas-listed companies. See "Regulatory Overview — Regulations Relating to Overseas Listings."

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") along with five relevant guidelines, which became effective on March 31, 2023. The Overseas Listing Trial Measures require, among others, that PRC domestic companies that seek to initially offer and list securities in overseas markets, either directly or indirectly, shall file the required documents with the CSRC within three business days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Archives Rules"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, and failure to comply may materially affect our business, financial condition or results of operations.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future financing activities.

We cannot assure you that any new rules or regulations promulgated will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures is required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial condition and business prospects.

Changes in economic, regulatory, political and social conditions could have a material and adverse effect on our results of operations, financial condition and business prospects.

We are headquartered in Hunan Province, China and, as of the Latest Practicable Date, all of our operations are conducted in China. Accordingly, our results of operations, financial condition and business prospects may be influenced by the economic, regulatory, political and social conditions in China. China has implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. China's snack and beverage retail industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. In addition, the U.S. government has recently issued a rule imposing restrictions on U.S. outbound investment in Chinese companies engaged in certain activities involving specified sensitive technologies and issued a broadly worded "America First Trade Policy" and an "America First Investment Policy" that seek to further restrict U.S. investments involving China (including possibly expanding technologies subject to investment restrictions and narrowing related exceptions (including those related to publicly traded securities)). These regulatory developments could significantly affect on the ability of Chinese companies to raise capital from U.S. investors. Further, the U.S. government has recently implemented several rounds of heightened import tariffs on products from other countries. It remains uncertain whether these challenges and uncertainties will be resolved, and what impact they may have on global political and economic conditions in the long term. Any changes in these factors may have a material and adverse effect on our results of operations, financial condition and business prospects.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors and management.

We are a company incorporated under the laws of the PRC and the majority of our assets and subsidiaries are located in the PRC. Most of our Directors and senior management reside within the PRC. The assets of these Directors and senior management are also mostly located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon most of our Directors and senior management outside the PRC. In addition, you may also experience difficulties in enforcing judgments due to lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

The holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Code do not have the force of law in Hong Kong.

Fluctuations in exchange rates could have a material adverse impact on our results of operations and the value of your investment.

During the Track Record Period, 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 of Renminbi in 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 our PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

We are subject to the currency exchange regulatory system.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to pay dividends to shareholders, to satisfy any other foreign exchange requirements or capitalize our capital expenditure plans, and even our results of operations, financial condition and business prospects may be affected.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprises with foreign investments are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, none of the aforesaid provisions has expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC EIT at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10%, and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. Despite the arrangements mentioned above, the applicable PRC tax laws and regulations, as well as the interpretation and application of existing applicable PRC tax laws and regulations, may be evolving and subject to change. New taxes may be imposed, which may materially and adversely affect the value of your investment in our H Shares.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] market for our H Shares and the liquidity and market price of our H Shares may be volatile.

There was no [**REDACTED**] market for our H Shares prior to the [**REDACTED**]. There can be no guarantee that a [**REDACTED**] market for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, which may not be indicative of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The liquidity, [REDACTED] volume and [REDACTED] of our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to you.

The [**REDACTED**] price of our H 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, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Mainland China that have [**REDACTED**] their securities in Hong Kong may affect the volatility in the price of and [**REDACTED**] volumes for our H Shares. A number of Mainland China-based companies have [**REDACTED**] their securities, and some are in the process of preparing for [**REDACTED**] their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines, after their [**REDACTED**]. The [**REDACTED**] performances of the securities of these companies at the time of or after their [**REDACTED**] may affect the overall investor sentiment towards Mainland China-based companies [**REDACTED**] in Hong Kong, and consequently may impact the [**REDACTED**] performance of our H Shares. Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and [**REDACTED**] volume of the H Shares in the short term following the [**REDACTED**] may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material and adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

We cannot assure you whether and when we will declare and pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depends on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS Accounting Standards (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS Accounting Standards in certain respects, the Company and its subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from the Company and its subsidiaries. Failure by the Company and its subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to distribute dividends to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information — Dividends and Dividend Policy." For risks related to foreign exchange policies regarding payment of dividends in foreign currencies, see "— Risks Relating to Operations in the Principal Place of Our Business — We are subject to the currency exchange regulatory system."

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, we cannot assure you that there will be no future changes to these foreign exchange policies regarding payment of dividends in foreign currencies.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [**REDACTED**], and assuming the [**REDACTED**] is not exercised, our Controlling Shareholders will be interested in [**REDACTED**]% of the issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, potentially depriving other shareholders of the opportunity to receive a premium for their Shares in the event of a sale. It could also potentially lower the price of our Shares. These circumstances may occur even if opposed by other shareholders. Additionally, the interests of our Controlling Shareholders may differ from those of our other shareholders. It is possible that our Controlling Shareholders may use their significant influence to engage in transactions or make decisions that conflict with the best interests of our other shareholders.

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 the sections headed "Industry Overview" and "Business," contains information and statistics relating to the industry in which we operate. Such information and statistics were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We believe that the sources of this information are appropriate source for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of their respective directors and advisers or any other persons or parties involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document.

Prior to the completion of the [**REDACTED**], there may be press and media coverage regarding our Group and the [**REDACTED**]. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Company, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [**REDACTED**] make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. To the extent that any such information is inconsistent or conflicts with the information contained in this document, our Company, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [**REDACTED**] disclaim responsibility for it, and you should not rely on such information.

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

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

Given that (i) our core business operations are principally located, managed and conducted in the PRC under the supervision of executive Directors and senior management; and (ii) our executive Directors and senior management principally reside in the PRC, our Company considers that it would be more practical for the executive Directors and senior management of our Company to remain ordinarily resident in the PRC where our Group has substantial operations. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have 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 Rule 8.12 of the Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

(a) We have appointed Mr. Wang Yutong (王鈺潼) ("**Mr. Wang**") and Mr. Chen Chao (陳超) ("**Mr. Chen**") as the authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange. Each of Mr. Wang and Mr. Chen ordinarily resides in Mainland China, and possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See the section headed "Corporate Information" in this document for more information about our Authorized Representatives;

(b) To facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details of our Directors (i.e. mobile phone number, office phone number, email address and fax number (as applicable)). In the event that any of our Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives, so that the Authorized Representatives would be able to contact all our Directors (including the proposed independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact our Directors. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange; and

(c) we have appointed Maxa Capital Limited as our Compliance Adviser in compliance with Rules 3A.19 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange during the period from the [**REDACTED**] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [**REDACTED**]. The Compliance Adviser will be available to answer enquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our Company must appoint an individual, who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, 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)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles they played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, Companies Ordinance, 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.

We have appointed Mr. Chen as one of the joint company secretaries of our Company. Mr. Chen currently serves as the secretary of the Board and has substantial experience in handling corporate, investor relationship management and administrative matters but personally does not process any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, our Company has appointed Ms. Wong Hoi Ting (黃凱婷) ("**Ms. Wong**"), who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Mr. Chen for an initial period of three years from the [**REDACTED**] to enable Mr. Chen to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See "Directors and Senior Management" in this document for further biographical details of Mr. Chen and Ms. Wong. The following arrangements have been, or will be, put in place to assist Mr. Chen in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

(a) Mr. Chen will attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for [**REDACTED**] issuers from time to time;

(b) Both Mr. Chen and Ms. Wong have confirmed that each of them will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong [**REDACTED**] issuer during each financial year as required under Rule 3.29 of the Listing Rules;

(c) Ms. Wong will assist Mr. Chen to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company;

(d) Ms. Wong will communicate regularly with Mr. Chen on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Wong will work closely with, and provide assistance to, Mr. Chen in the discharge of his duties as a company secretary, including organizing our Company's Board meetings and Shareholders' general meetings;

(e) Prior to the expiry of Mr. Chen's initial term of appointment as the company secretary of our Company, we will evaluate his experience in order to determine if he has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Chen's appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules; and

(f) The Company has appointed Maxa Capital Limited as its Compliance Adviser pursuant to Rules 3A.19 of the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the [**REDACTED**], or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to the Company (including Mr. Chen) as to the compliance with the Listing Rules and all other applicable laws and regulations.

Accordingly, we have applied to the Stock Exchange for, [and the Stock Exchange has granted us], a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when (i) Mr. Chen ceases to be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules, or (ii) if there are material breaches of the Listing Rules by us. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Chen, having had the benefit of Ms. Wong's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Yan Zhou (晏周)	No. 101, Building 8 Lvdi Haiwaitan, Xingang Road Kaifu District, Changsha Hunan Province, PRC	Chinese
Mr. Zhao Ding (趙定)	No. 01, Building 47 Baizhuang Licheng Jiuhua South Road Yijiang District, Wuhu Anhui Province, PRC	Chinese
Mr. Wang Yutong (王鈺潼)	Room 2404, Building 4 Yunda Central Plaza No. 289 Shawan Road Yuhua District, Changsha Hunan Province, PRC	Chinese
Mr. Wang Ping'an (王平安)	Room 302, Unit 1, Building 5 Xiyuan Dibowan No. 99 Yiyang East Avenue Yuanzhou District, Yichun Jiangxi Province, PRC	Chinese
Mr. Li Wei (李維)	No. 0302, Building L4, Guanlanyipin Jinshanqiao Street Wangcheng District, Changsha Hunan Province, PRC	Chinese
Non-executive Director		
Dr. Su Kai (蘇凱)	Room 602, Building 58 Xinshengxinyuan Huqiu District, Suzhou Jiangsu Province, PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Ms. Peng Hui (彭慧)	Room 2316, Block 1 Harbourview Horizon Suites 12 Hung Lok Road, Hung Hom Hong Kong	Chinese
Mr. Qiu Huang (邱煌)	No. 13-01, Solaris 1 Fusionopolis Walk Singapore	Australian
Ms. Wu Qianhui (伍前輝)	Room 2313, Huafu Building No. 3 Xinwen Road Futian District, Shenzhen Guangdong Province, PRC	Chinese

For further information on our Directors, please refer to the section headed "Directors and Senior Management" of this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong

[**REDACTED**]

Legal Advisers to the Company	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC laws:* **CM Law Firm** Room 2805, Plaza 66 Tower 2 1366 West Nanjing Rd Shanghai, PRC
Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Cleary Gottlieb Steen & Hamilton (Hong Kong)** 37/F, Hysan Place 500 Hennessy Road Causeway Bay Hong Kong *As to PRC laws:* **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road Beijing, PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suit 2504 Wheelock Square 1717 Nanjing West Road Shanghai, PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	33001-33006, Phase II Business Complex Building Yunda Central Plaza, 567 Changsha Avenue Yuhua District, Changsha Hunan Province, PRC
Head Office and Principal Place of Business in the PRC	33001-33006, Phase II Business Complex Building Yunda Central Plaza, 567 Changsha Avenue Yuhua District, Changsha Hunan Province, PRC
Principal Place of Business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	***http://www.busyming.com/*** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. Chen Chao (陳超)** 33001-33006, Phase II Business Complex Building Yunda Central Plaza, 567 Changsha Avenue Yuhua District, Changsha Hunan Province, PRC **Ms. Wong Hoi Ting (黃凱婷)** ***(ACG, HKACG)*** 31/F, Tower Two Time Square 1 Matheson Street Causeway Bay Hong Kong
Authorised Representatives	**Mr. Wang Yutong (王鈺潼)** 33001-33006, Phase II Business Complex Building Yunda Central Plaza, 567 Changsha Avenue Yuhua District, Changsha Hunan Province, PRC **Mr. Chen Chao (陳超)** 33001-33006, Phase II Business Complex Building Yunda Central Plaza, 567 Changsha Avenue Yuhua District, Changsha Hunan Province, PRC

Audit Committee	Ms. Peng Hui (彭慧) *(Chairperson)* Dr. Su Kai (蘇凱) Ms. Wu Qianhui (伍前輝)
Nomination Committee	Mr. Yan Zhou (晏周) *(Chairperson)* Ms. Peng Hui (彭慧) Ms. Wu Qianhui (伍前輝)
Remuneration Committee	Mr. Qiu Huang (邱煌) *(Chairperson)* Mr. Yan Zhou (晏周) Ms. Wu Qianhui (伍前輝)
Compliance Adviser	**Maxa Capital Limited** Unit 2602, 26/F, Golden Centre 188 Des Voeux Road Central Hong Kong

[**REDACTED**]

Principal Bankers	**Industrial and Commercial Bank of China, Changsha Nanmenkou Branch** No. 304, Laodong West Road Tianxin District, Changsha Hunan Province, PRC **China Construction Bank, Changsha Xingsha Branch** No. 27, Tianhua Road Changsha County, Changsha Hunan Province, PRC

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [**REDACTED**]. *We believe that the sources of this information are appropriate source for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the* [**REDACTED**], *any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy. For discussions of risks relating to our industry, please see "Risk Factors – Risks Relating to Our Business and Industry."*

CHINA'S FOOD AND BEVERAGE RETAIL INDUSTRY

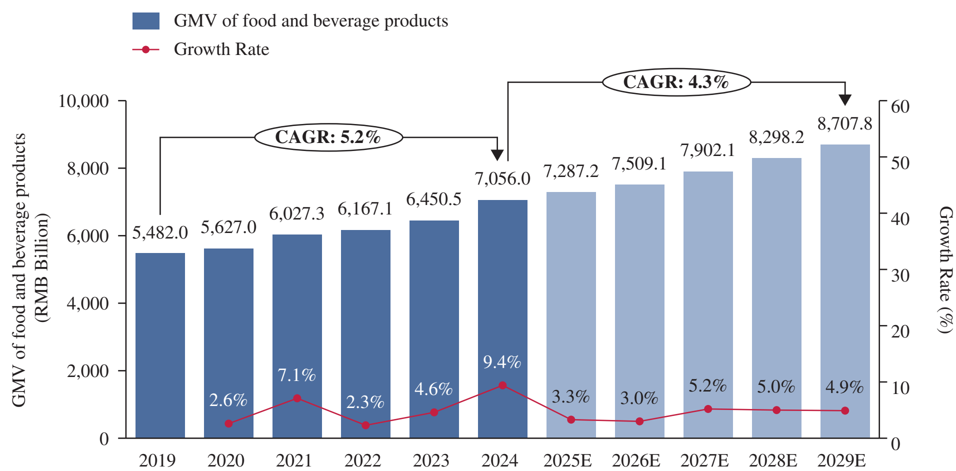
Overview of China's Food and Beverage Retail Industry

Food and beverages encompass a diverse array of products that meet the public's recreational needs and daily needs for nutritional intake. Food and beverage market constitutes a vital segment of China's sales of goods. Economic expansion, combined with continuous urbanization and rising disposable incomes in China, has propelled steady growth in China's food and beverage market, making China the world's largest market for food and beverages. As food and beverages are essential and daily consumption items, China's food and beverage market is set to maintain stable growth in the future.

Retailers play an essential role in connecting consumers with producers and brand owners. In recent years, the market size of the food and beverage retail industry in China has experienced steady growth, increasing from RMB5.5 trillion in 2019 to RMB7.1 trillion in 2024 at a CAGR of 5.2%. The market size of food and beverage retail industry in China is expected to reach approximately RMB8.7 trillion by 2029, representing a CAGR of 4.3% from 2024 to 2029.

The following chart sets forth the historical and projected market size of the food and beverage retail industry in China from 2019 to 2029:

Market Size of Food and Beverage Retail Market (China), 2019-2029E



Source: National Bureau of Statistics, Frost & Sullivan Report

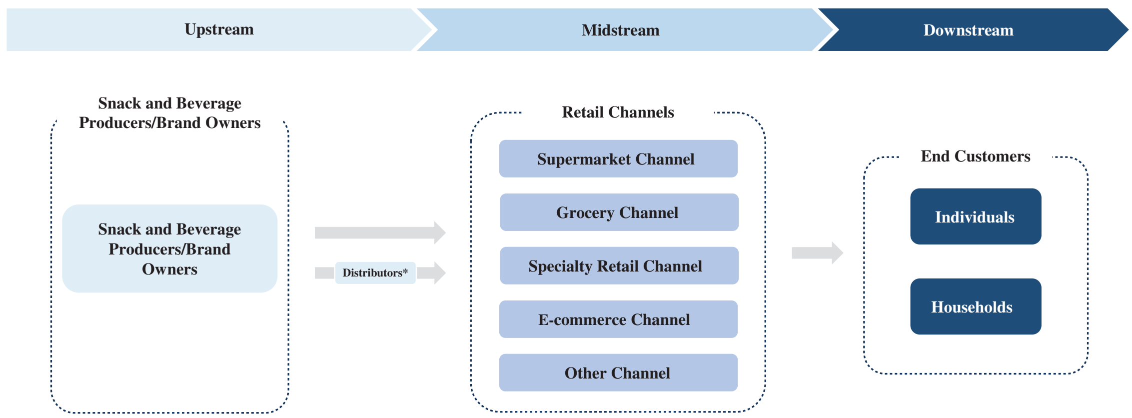
CHINA'S SNACK AND BEVERAGE RETAIL INDUSTRY

Overview of China's Snack and Beverage Retail Industry

The snack and beverage retail industry, the largest segment within the food and beverage retail industry, accounted for 53.0% of the total GMV in China in 2024. Snacks and beverages emphasize relaxation, enjoyment and social engagement. These items are typically light and ready to eat, and valued for their taste, convenience and role in entertainment and socializing. Snacks mainly include (i) bakery products; (ii) biscuits; (iii) nuts and seeds; (iv) puffed snacks; (v) meat and seafood snacks; (vi) confectionery, chocolate and preserves; as well as (vii) other snacks, which primarily include convenience food and frozen food such as instant noodles and frozen dumplings. Beverages include (i) plant-based drinks; (ii) carbonated drinks; (iii) protein drinks; (iv) packaged drinking water; (v) functional drinks; (vi) solid drinks; (vii) flavored drinks; and (viii) alcoholic beverages.

The value chain of China's snack and beverage retail industry consists of three major segments: (i) upstream snack and beverage producers and brand owners; (ii) midstream retail channels; and (iii) downstream consumers. Snack and beverage retail channels in China mainly include (i) supermarket channel, which primarily comprises supermarkets, hypermarkets and chain convenience stores; (ii) specialty retail channel, which primarily refers to retailers that specialize in snack and beverage products; (iii) grocery channel, which primarily refers to small, independent groceries and independent stores typically owned and operated by individual vendors or households; (iv) e-commerce channel, which primarily refers to online platforms that facilitate shopping and transactions over the internet; and (v) other channels, including airlines, train stations, gas stations, highway service areas, hotels and sports venues, as well as other retail channels.

The following chart sets forth the value chain of China's snack and beverage retail industry:



Note: Distributors link the upstream and midstream of the industry. Players in midstream retail channels either source products directly from upstream producers and brand owners or purchase through distributors.

Source: Frost & Sullivan Report

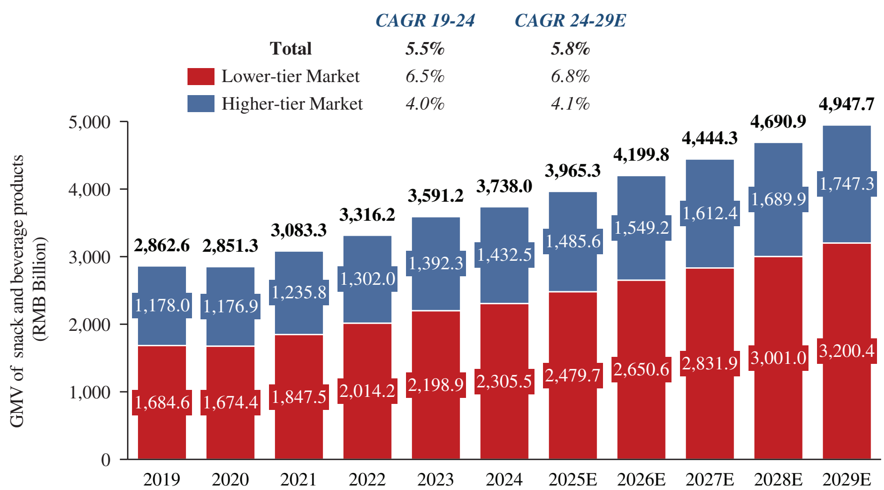
Market Size of China's Snack and Beverage Retail Industry

In recent years, China's snack and beverage retail industry has achieved steady growth, driven by rising food consumption, increasingly diverse consumption scenarios and shifting consumer preferences. From 2019 to 2024, the market size of China's snack and beverage retail industry grew from RMB2.9 trillion to RMB3.7 trillion, reflecting a CAGR of 5.5%. Looking ahead, China's snack and beverage retail industry is expected to continue its expansion with the market size forecast to reach RMB4.9 trillion by 2029, representing a CAGR of 5.8% from 2024 to 2029.

In the past five years, China's snack and beverage retail industry has shifted increasingly towards lower-tier markets. GMV in these markets reached RMB2.3 trillion in 2024, growing at a CAGR of 6.5% from 2019 to 2024. In contrast, GMV in higher-tier markets has reached RMB1.4 trillion in 2024, with a CAGR of 4.0% from 2019 to 2024. The growth of lower-tier markets has outpaced that in higher-tier markets from 2019 to 2024, and, is expected to remain strong in the future, with the GMV projected to grow at a CAGR of 6.8% from 2024 to 2029, exceeding the 4.1% CAGR anticipated for that in higher-tier markets. The rising consumption levels and improved infrastructure indicate a maturing of the market structure in the lower-tier markets, which hold substantial potential for future growth. Furthermore, a growing variety of retail formats that feature consumer-friendliness and convenience, such as snack and beverage specialty retail stores, are rapidly emerging.

The following chart sets forth the historical and projected market size of the snack and beverage retail industry by region in China from 2019 to 2029:

Market Size of Snack and Beverage Retail Market by Region (China), 2019-2029E

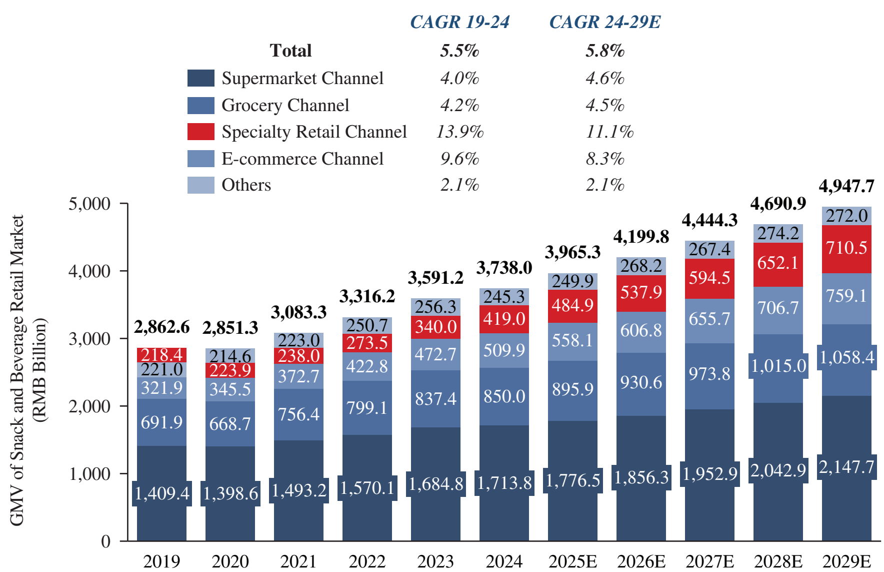


Source: National Bureau of Statistics, Frost & Sullivan Report

In the past five years, China's snack and beverage retail industry has been changing. As a percentage of the total market size of the snack and beverage retail industry, the GMV generated through the grocery channel dropped from 24.2% in 2019 to 22.7% in 2024 while the GMV generated through the supermarket channel declined from 49.2% in 2019 to 45.8% in 2024. In contrast, as a percentage of the total market size of the snack and beverage retail industry, the GMV generated through the specialty retail channel increased from 7.6% in 2019 to 11.2% in 2024. The GMV generated through the specialty retail channel reached RMB419.0 billion in 2024 from RMB218.4 billion in 2019. Looking ahead, from 2024 to 2029, the percentage of GMV generated through the specialty retail channel is expected to continue increasing.

The following chart sets forth the historical and projected market size of the snack and beverage retail industry by retail channel in China from 2019 to 2029:

Market Size of Snack and Beverage Retail Market by Retail Channel (China), 2019-2029E



Source: National Bureau of Statistics, Frost & Sullivan Report

Innovative Model in Snack and Beverage Retail Industry

The consumption of snack and beverage products is featured by on-the-spot purchases, associated purchases and ambiance-triggered purchases. When buying snacks and beverages, consumers typically seek product variety, value for money, product novelty, shopping experience and store atmosphere, which are not commonly found in the supermarket, grocery and e-commerce channels.

Specialty retail channel, which is the fastest-growing channel among all retail channels of the snack and beverage retail industry, refers to retail stores focusing on the product category of snacks and beverages, offering selected products and tailored shopping experiences to cater to specific consumer preferences. Value retail is an innovative model in the specialty retail channel, focusing on offering a careful selection of multi-brand, multi-category and multi-specification products, and emphasizes value for money. Value retail uniquely and effectively addresses the pain points in China's snacks and beverages retail industry:

Product Diversity. Value retail focuses on offering a wide range of multi-brand, multi-category and multi-specification products in a one-stop shopping experience, allowing value retailers to build a stronger connection with consumers. In contrast, retailers such as supermarkets, hypermarkets and convenience stores struggle to meet consumers diverse demands for snack and beverage products. Furthermore, benefiting from its focus on snacks and beverages, value retail is better positioned to identify emerging consumer trends and preferences. This gives value retailers early access to market insights and enables them to collaborate closely with brand owners and producers to secure popular products ahead of other retailers, ensuring effective and rapid product upgrade.

Alignment with Consumer Habits. Consumption of snack and beverage products is featured by on-the-spot purchases, associated purchases and ambiance-triggered purchases. Unlike the planned purchases of staple foods made in large supermarkets and hypermarkets, value retail benefits from its joyful and comfortable shopping environments, and creates an important consumption scenario for consumers of snacks and beverages who prioritize shopping experience, shopping atmosphere and SKU diversity. In addition, the in-store experiences of value retail, such as promotions, product sampling and community shopping guides, effectively trigger a willingness to purchase, an advantage that the e-commerce channel cannot replicate. At the same time, by offering products in smaller packaging, value retail reduces the cost for consumers to try out new items and experiment.

Value for Money. Value retail simplifies the supply chain by engaging in bulk purchasing and reducing intermediary layers and costs. This streamlined approach allows value retailers to offer products at prices that are, on average, approximately 7% to 40% lower than those found in supermarkets or convenience stores.

The following table sets forth the comparisons among different retail channels within the snack and beverage retail industry:

		Channel Position	Diversity of Snack and Beverage Product Offering	Value for Money of Snack and Beverage Products	Store Network Coverage	Shopping Experience
Specialty retail channel	Value retail model	A value retailer specializes in multi-brand, multi-category and multi-specification snacks and beverages, focusing on value for money and creating a one-stop shopping experience of a wide range of carefully curated product portfolio.	●●●	●●●	●●●	●●●
	Other specialty retailers	A specialty retailer operating under a specific snack and beverage brand or category, focusing on a curated shopping experience.	●●○	●●○	●●●	●●●
Supermarket channel	Supermarkets and hypermarkets	A general retailer balancing food and beverages, and household essentials, with moderate sales in snacks and beverages.	●○○	●○○	●○○	●●○
	Convenience stores	A retail format tailored to meet immediate consumption needs and convenience-oriented grocery purchases.	●○○	●○○	●●●	●○○
Grocery channel		Small and independent stores with fragmented retail model with limited product standardization.	○○○	○○○	○○○	○○○
E-commerce channel		Online platforms that facilitate shopping and transactions over the Internet.	●●●	●●○	N/A	○○○

●●● **Completely fulfilled**

○○○ **Not fulfilled at all**

Source: Frost & Sullivan Report

Market Drivers of China's Snack and Beverage Retail Industry

Economic Growth and Increasing Disposable Income. China's annual disposable income per capita increased from RMB30,733 in 2019 to RMB41,314 in 2024, and is expected to further grow to RMB54,536 by 2029, representing a CAGR of 5.7% from 2024 to 2029. This economic growth and increase in disposable income per capita are expected to boost consumers' purchasing power, driving the development of China's snack and beverage retail industry.

High Penetration in Lower-tier Markets. The snack and beverage retail industry in China is increasingly moving towards lower-tier markets, where penetration is growing rapidly. As retail industry in the lower-tier markets matures and upgrades, it presents significant future growth potential. At the same time, retail formats that feature consumer-friendliness and convenience, such as specialty retail stores, are becoming the trend in the snack and beverage retail industry. These formats are better suited to meet consumer demand for a more accessible, convenient and flexible shopping experience, driving the rapid growth of the snack and beverage retail industry in lower-tier markets.

The Rise of the Value Retail Model. As an emerging retail model for snacks and beverages, value retail has risen rapidly in recent years due to its features, among others, of multi-brands, multi-category and multi-specification. It provides consumers with a more efficient and convenient shopping experience, thereby becoming an important force in expanding the snack and beverage retail industry.

Growth of Personalization and Diversified Consumption Demand. Consumers' personalized and diversified consumption demands for snacks and beverages have played a significant role in driving the industry growth. These demands have prompted retailers to offer more healthy, functional and personalized options, such as low-sugar and low-fat healthy snacks and innovative products with regional characteristics or niche flavors. In addition, consumers' pursuit of quality and experience has led to the diversification of retail channels, with emerging models, such as value retail, catering to consumers' needs for convenience and diversity. In addition, personalized demand has given rise to innovative marketing methods including co-branding and customized customer services, further enriching market supply. These changes have not only enhanced consumer satisfaction, but also brought new growth opportunities for the snack and beverage retail industry, driving continued market expansion.

Diversifying Consumption Scenarios and Habits. The diversification of consumers' snack and beverage consumption scenarios has played an important role in promoting the development of the snack and beverage retail industry. These diversified consumption scenarios have prompted retailers to continually offer products with innovative forms and packaging specifications. For example, consumers have different needs for snacks and beverages during leisure gatherings, traveling, office work and study sessions. Therefore, retailers have launched products with various specifications, such as small packages, portable packages and sharing packages.

Challenges of China's Snack and Beverage Retail Industry

Rapid Changes in Consumer Demand. Providing popular product categories presents a challenge, as retailers must continually source and introduce new products while ensuring quality, affordability and sufficient supply to meet consumer demand. This requires strong supplier relationships, effective inventory management and the ability to scale up sales of trending products. Furthermore, predicting changing consumer preferences is difficult, as shifts can occur rapidly under the influence of social media and health trends. Retailers need to leverage data analytics, customer insights and market research to anticipate trends while maintaining flexibility in product sourcing and distribution to quickly adapt to emerging preferences.

Food Safety and Quality Management. As consumer expectations rise and regulatory scrutiny intensifies, maintaining consistent food safety and quality standards has become a critical challenge for retailers in China's snack and beverage retail industry. Effective management requires stringent control of shelf life to preserve the freshness and safety of products. Retailers must implement comprehensive quality assurance measures across the supply chain to comply with regulations relating to food safety and quality, and foster consumer trust.

Entry Barriers of China's Snack and Beverage Retail Industry

Brand Recognition. Strong brand recognition plays a crucial role in influencing consumer purchasing decisions within the snack and beverage retail industry. Established retailers secure consumer loyalty through consistent product quality, innovation and effective marketing strategies, whereas new entrants must break through the established consumer mindset of existing brands to gain market share. This demands significant marketing investment, time and consistent product delivery, presenting major challenges for new competitors.

Supply Chain Capabilities. The snack and beverage retail industry demands strong supply chain capabilities, including stringent quality control, cost management and timely delivery. Established retailers benefit from long-standing relationships with key suppliers, ensuring stable supply, cost efficiency and enhanced price negotiation power. New entrants, however, need considerable investment and expertise to build a reliable supply chain.

Product Portfolio and Innovation. Successful retailers adapt to evolving consumer preferences by diversifying their product offerings. Established retailers leverage their consumer insights and operational efficiencies in SKU management to swiftly adapt to market trends, offering customized products in tastes and packaging depending on regional or seasonal preferences. In contrast, new entrants face higher costs, limited resources and longer product selection and customization timelines, hindering their ability to compete effectively.

Sales Network. A robust and mature sales network is essential for expanding market share and strengthening brand presence. Creating such networks requires substantial investment in advertising and establishing store management systems. New entrants often struggle to achieve this level of market coverage, making it a resource-intensive and time-consuming endeavor.

Digitalization Capabilities. Leading retailers leverage advanced digital capabilities to enhance operational efficiency, optimize inventory and improve consumer engagement through tools such as inventory tracking, automated inventory replenishment and information-driven product selection. In contrast, new entrants, lacking such infrastructure and capabilities, often struggle with stockouts, high operational costs and limited consumer insights, reducing their ability to compete effectively in the industry.

COMPETITIVE LANDSCAPE

Competitive Landscape of China's Food and Beverage Retail Industry

Retailers include chain retailers, independent retailers and online retailers. Chain retailers hold the largest market share of the food and beverage retail industry. In 2024, GMV of food and beverage products in China contributed by chain retailers reached RMB3.6 trillion, accounting for 51.6% of the total GMV in China's food and beverage retail industry. China's food and beverage retail industry is highly fragmented, with the top five chain retailers capturing only 4.2% of the market share in 2024. In 2024, our Group ranked fourth among chain retailers in China in terms of GMV of food and beverage products, holding 0.8% of the market share.

The following chart sets forth the top five chain retailers in China in terms of GMV of food and beverage products in 2024:

Ranking	Chain retailers	GMV of food and beverage (RMB billion)	Market share (%)
1	Company A	72.1	1.0%
2	Company B	60.0	0.9%
3	Company C	59.0	0.8%
4	**Our Group**	**55.5**	**0.8%**
5	Company D	49.0	0.7%
	Top five	**295.6**	**4.2%**
	Total GMV of food and beverage products	**7,056.0**	**100.0%**
	Of which: Chain retailers	**3,640.0**	**51.6%**
	Of which: Other retailers	**3,416.0**	**48.4%**

Notes:

(1) Company A is a wholly owned Chinese subsidiary of a NYSE-listed company. It was founded in 2003 and headquartered in Shenzhen, Guangdong Province. It operates hypermarkets and supermarkets, membership warehouse clubs, providing household essentials, food and beverages.

(2) Company B is an A-share listed company founded in 2001 in Fujian Province. It operates supermarkets, providing food and beverages as well as daily necessities.

(3) Company C is a wholly owned Chinese subsidiary of a HKEX listed company. It was founded in 2005 and headquartered in Shanghai. It operates hypermarkets and supermarkets as well as membership stores, providing food and beverages.

(4) Company D was founded in 1997 and headquartered in Dongguan, Guangdong Province. It operates convenience stores, providing food and beverages as well as daily necessities.

Source: Frost & Sullivan Report

Competitive Landscape of China's Snack and Beverage Retail Industry

In 2024, GMV contributed by chain retailers accounted for 57.1% of the total GMV in China's snack and beverage retail industry, reaching RMB2.1 trillion. China's snack and beverage retail industry is highly fragmented, with the top five chain retailers capturing 6.0% of the market share in 2024. In 2024, our Group is the largest chain retailer in China in terms of GMV of snack and beverage products, holding 1.5% of the market share.

The following chart sets forth the top five chain retailers in China in terms of GMV of snack and beverage products in 2024:

Ranking	Chain retailers	GMV of snack and beverage (RMB billion)	Market share (%)
1	**Our Group**	**55.5**	**1.5%**
2	Company A	50.5	1.4%
3	Company E	43.5	1.2%
4	Company C	41.3	1.1%
5	Company B	30.0	0.8%
	Top five	**220.8**	**6.0%**
	Total GMV of snack and beverage products	**3,738.0**	**100.0%**
	Of which: Chain retailers	**2,132.8**	**57.1%**
	Of which: Other retailers	**1,605.2**	**42.9%**

Note:

(1) Company E is an A-share listed company, founded in 2011 and headquartered in Zhangzhou, Fujian Province. It is primarily engaged in the operation of chain retail stores specializing in snack and beverage products.

Source: Frost & Sullivan Report

SOURCE OF INFORMATION

In connection with the [**REDACTED**], we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report about, China's food and beverage retail industry and China's snack and beverage retail industry. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies, and provides growth consulting and corporate training. In connection with the market research services provided, we have paid a fee of RMB650,000 to Frost & Sullivan, which we believe to be consistent with market rates.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan adopted the following assumptions: (i) China's social, economic and political environment is likely to remain stable in the five years from 2024 to 2029 (the "**Forecast Year**"), (ii) purchasing power is expected to continue to rise rapidly in emerging regions and to grow steadily in developed regions, and (iii) related industry drivers such as the rise of the value retail model, growth of personalized and diversified consumption demand, and other key drivers are likely to drive the snack and beverage retail industry in the Forecast Year.

Except as otherwise noted, all the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Frost & Sullivan has prepared the Frost & Sullivan Report based on detailed primary research which involved discussing the status of food and beverage retail industry with certain leading industry participants and secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Our Directors confirm that, after taking reasonable care, there has been no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

We are subject to a variety of People's Republic of China (the "**PRC**") laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

REGULATIONS RELATING TO FOREIGN INVESTMENT

As certain of the Company's shareholders are foreign shareholders, the Company must satisfy the conditions and follow investment procedures applied to foreign investors.

Investment activities in the PRC by foreign investors are principally governed by the Catalogue of Industries for Encouraging Foreign Investment (2022 Edition) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Encouraged Catalog**"), which was promulgated by the Ministry of Commerce (the "**MOFCOM**"), and the National Development and Reform Commission (the "**NDRC**"), on October 26, 2022 and took effect on January 1, 2023, and the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Edition) (《外商投資准入特別管理措施(負面清單)》) ("**The Negative List**"), which was promulgated by the MOFCOM and the NDRC on September 6, 2024 and took effect on November 1, 2024, and together with the Foreign Investment Law (《中華人民共和國外商投資法》) (the "**FIL**") and their respective implementation rules and ancillary regulations.

On March 15, 2019, the National People's Congress (the "**NPC**") promulgated the FIL, which has come into effect on January 1, 2020. The FIL, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "Negative List".

The Negative List sets out several restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments in the industries listed in the Negative List and the industries that are prohibited for foreign investment. Any industries not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

To ensure the effective implementation of the FIL, its related implementation rules including the Implementation Rules to the Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and became effective on January 1, 2020 further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, the MOFCOM and State Administration for Market Regulation (the "**SAMR**"), jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Laws, where a foreign investor carries out investment activities in China directly or indirectly, the market regulatory authorities shall forward the investment information submitted by foreign investor or the foreign-invested enterprise to the competent commerce administrative authorities.

REGULATION ON COMMERCIAL FRANCHISE OPERATIONS

State Council promulgated Administrative Regulations on Commercial Franchise Operations (《商業特許經營管理條例》) on 6 February 2007, which became effective on May 1, 2007. Commercial franchise operations referred to in this Regulation shall mean a grant by an enterprise owner of registered trademarks, enterprise logos, patents, proprietary technologies or other business resources to another business operator to use such business resources owned by the franchisor through a contractual arrangement, where the franchisee operates the business according to a uniform business model stipulated under the contract and pays the franchisor franchising fees. A franchisor shall file records with the commerce administrative authorities within 15 days upon conclusion of the first franchise contract pursuant to the provisions of these Regulations. Franchisors engaging in franchise operations across provinces, autonomous regions and centrally-administered municipalities shall file records with the commerce administrative authorities of the State Council. Where a franchisor fails to file records with the commerce administrative authorities to file records within a stipulated period, the commerce administrative authorities shall order the franchisor to file records within a stipulated period, impose a fine ranging from RMB10,000 to RMB50,000.

The Ministry of Commerce (the "**MOC**") promulgated the Administrative Measures on Information Disclosure of Commercial Franchise (《商業特許經營信息披露管理辦法》), which became effective on April 1, 2012. Franchisors shall disclose information in writing to a franchisee pursuant to the provisions of the Regulations at least 30 days prior to the date of execution of the commercial franchise contract.

REGULATIONS RELATING TO SINGLE-PURPOSE COMMERCIAL PREPAID CARDS

On August 18, 2016, the MOC promulgated the Administrative Measures on Single-purpose Commercial Prepaid Cards (Trial Implementation) (《單用途商業預付卡管理辦法(試行)》), which became effective therefrom. Single-purpose commercial prepaid cards refers to prepaid certificates issued by businesses carried out within the territory of PRC by enterprise legal persons engaging in retail industry, accommodation and catering industry and residential services industry which are limited to be used as payment for goods or services by the enterprise or within the group to which the enterprise belongs or within the franchise system of the same brand, including physical cards in the form of magnetic stripe cards, chip cards, paper coupons, etc as well as virtual cards in the form of passwords, string codes, graphics, biometric information, etc. Card-issuers shall complete filing formalities within 30 days from the date of carrying out single-purpose card businesses, otherwise they shall be ordered to make correction within a stipulated period. Where correction is not made within the stipulated period, a fine ranging from RMB10,000 to RMB30,000 shall be imposed.

REGULATIONS RELATING TO FOOD OPERATION AND FOOD SAFETY

Food Operation Licensing

According to the Administrative Measures for Food Operation Licensing and Record-filing (the "**Food Operation Measures**") (《食品經營許可和備案管理辦法》), which was promulgated by the SAMR, on June 15, 2023 and became effective on December 1, 2023, entities and/or individuals engaging in the operation of food shall obtain a food operation license. Applicants for a food operation license shall meet various conditions set out in the Food Operation Measures. The food operation license is issued by administration for market regulation at or above the county level and is valid for five years**.** Those who engage in food operation activities but fail to obtain a required food operation license shall be punished by the local market regulatory authorities at or above the county level according to Article 122 of the Food Safety Law of the PRC (《中華人民共和國食品安全法》) (the "**Food Safety Law**").

On November 29, 2021, the SAMR promulgated the Announcement on Matters relating to the Record- filing for the Sale of Only Pre-packaged Food (《關於僅銷售預包裝食品備案有關事項的公告》), which stipulates that an entity trading in food but only for sale of pre-packaged food shall apply for the record-filing when registering for market entity registration. The record-filing formalities shall be completed before carrying out such businesses. Those who have obtained food operation licenses are not required to go through the record- filing before the expiration of their food operation licenses.

Food Safety

According to the Food Safety Law, which was promulgated by the Standing Committee of National People's Congress (the "**SCNPC**") on February 28, 2009, and latest amended on April 29, 2021, and the Implementation Regulations for the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) (the "**Revised Implementation Rules**") promulgated by the State Council on July 20, 2009 and most recently amended on October 11, 2019 and effective from December 1, 2019, anyone who engages in food production, food selling, or catering services shall obtain the license according to the Food Safety Law. Food producers and business operators shall take and conform to the measures specified in the Food Safety Law and its Implementation The Food Safety Law sets out, as penalties for violation, various legal liabilities in the form of warnings, orders to rectify, confiscations of illegal gains, confiscations of utensils, equipment, raw materials and other articles used for illegal production and operation, fines, recalls and destructions of food in violation of laws and regulations, orders to suspend production and/or operation, revocations of production and/or operation license, and even criminal punishment.

Food Recall System

A food recall system is established under the Food Safety Law and the Revised Implementation Rules. Where a food producer or trader finds that food it has produced or sold does not comply with relevant food safety standards, it shall immediately cease the production or trade thereof and notify the relevant producers, traders and consumers. The food producer or trader shall maintain records of the recall and notification procedures and report the recall and treatment to the relevant authorities.

The Administrative Measures for Food Recalls (《食品召回管理辦法》), which was promulgated by the CFDA (now known as SAMR) on March 11, 2015, effective on September 1, 2015, and later amended on October 23, 2020, stipulates the details of administration on unsafe food in the PRC, including cease of product and/or operation, recall, and disposals of such unsafe food. Pursuant to the Administrative Measures for Food Recalls, a food producer or business operator shall assume primary responsibilities for food safety, by establishing a sound management system, collecting and analyzing food safety information and performing legal duties of the cease of production and operation of as well as recall and disposal of unsafe food. Further, where the food producer or business operator fails to forthwith cease production or business operation, to make a voluntary recall, to start a recall within the prescribed time limit, to recall according to its recall plan or to dispose of unsafe food as required, the local administration for market regulation shall give a warning and concurrently impose a fine of not less than RMB10,000 but not more than RMB30,000.

REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

Product Quality Law

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) effective on September 1, 1993 and latest amended on December 29, 2018, producers are liable for the quality of the products they produce. Where anyone produces or sells products that do not comply with the relevant national or industrial standards safeguarding the health and safety of persons and property, the relevant authority will order such person to suspend production and/or sales, confiscate the products, impose a fine of an amount higher than the value of the products and less than three times of the value of the products, confiscate illegal gains (if any) as well as revoke the business license of the producer in severe cases. Where the activities constitute a crime, the offender will be prosecuted in accordance with the Criminal Law of the PRC (《中華人民共和國刑法》).

Consumer Protection Law

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**") which was promulgated by the SCNPC on October 31, 1993, amended on August 27, 2009 and October 25, 2013, the rights and interests of the consumers who buy or use commodities or receive services for the purposes of daily consumption are protected and all manufacturers and distributors involved must ensure that the products and services they provide will not cause damage to the safety of consumers and their properties. Violations of the Consumer Protection Law may result in the imposition of fines. In addition, the operator will be ordered to suspend operations and its business license will be revoked. Criminal liability may be incurred in serious cases.

REGULATIONS RELATING TO INFORMATION SECURITY

According to the PRC Civil Code (《中華人民共和國民法典》) (the "**Civil Code**"), the personal information of an individual shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall do so legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others. In addition, the processing of personal information shall follow the principles of lawfulness, legitimacy and necessity.

According to the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 and effective on November 1, 2021, it stipulates the personal information processing rules, clarifies the rights and responsibilities of individuals and the processors in processing personal information respectively, specifies the scope of personal information and the method of personal information processing, establishes rules for personal information processing and transferring abroad, and improves the personal information protection system. Where personal information is processed in violation of the provisions of this Law or without fulfilling the personal information protection obligations provided in this Law, the departments with personal information protection duties shall order the violator to make corrections, give a warning, confiscate the illegal gains, and order the suspension or termination of provision of services by the applications that illegally process personal information; where the violator refuses to make corrections, a fine of not more than RMB one million shall be imposed thereupon; and the directly liable persons in charge and other directly liable persons shall each be fined not less than RMB10,000 nor more than RMB100,000.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1, 2017, according to which, network operators shall fulfill their obligations to safeguard the security of the network when conducting business and providing services. Those who build, operate or provide services through networks shall take technical measures and other necessary measures according to laws, regulations and compulsory national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. The network operator shall not collect personal information irrelevant to the services it provides or collect or use the personal information in violation of laws, regulations or agreements concluded with its users. According to the Data Security Law of the PRC (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 and effective on September 1, 2021, the relevant entities carrying out data processing activities should comply with laws, regulations and codes of ethics, establish and improve the whole process data security management system in the process of data processing and strengthen risk monitoring. Those handling important data shall conduct regular risk assessments and report to the competent authorities.

On September 30, 2024, the State Council promulgated the Administration Regulations on Cyber Data Security (《網絡數據安全管理條例》) (the "**Data Security Regulations**"), and is effective on January 1, 2025. The Data Security Regulations reiterate and refine the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, cyber data cross-border transfer management, and the responsibilities of online platform service providers. The Data Security Regulations do not specifically include the requirement that cyber data processing entities seeking a listing in Hong Kong that affects or may affect national security should apply for a cybersecurity review. Instead, the regulations generally provide that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations.

On December 28, 2021, the CAC, jointly with 12 other administrative authorities, promulgated the revised Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**MCR**"), which became effective on February 15, 2022. According to the MCR, (i) Critical Information Infrastructure (the "**CIIO**") that the purchase of cyber products and services or network platform operators that engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

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 effective on December 26, 1989, and amended on April 24, 2014, under which any entity which discharges or will discharge pollutants during the course of operations or other activities must implement effective environmental protection safeguards and procedures to control and properly treat waste gas, waste water, waste residue, dust, malodorous gases, radioactive substances, noise, vibrations, electromagnetic radiation, and other hazards produced during such activities. The Environmental Protection Law makes it clear that the legal liabilities of any violation of said law include warning, fine, rectification within a time limit, compulsory cease operation, compulsory reinstallation of dismantled installations of the prevention and control of pollution or compulsory reinstallation of those left idle, compulsory shutout or closedown, or even criminal punishment. Any person or entity that pollutes the environment resulting in damage could also be held liable under the Civil Code. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

On October 28, 2002, the SCNPC promulgated the Environmental Impact Assessment Law of PRC (《中華人民共和國環境影響評價法》) (the "**Environmental Impact Assessment Law**"), which was latest amended on December 29, 2018. According to the Environmental Impact Assessment Law, the State Council implemented the environmental impact assessment to classify construction projects according to the impact of the construction projects on the environment.

Pursuant to the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) effective on November 20, 2017 and 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 July 16, 2017 and implemented on October 1, 2017, after the completion of a construction project for which an environmental impact report or an environmental impact report form is required, the construction entity shall, according to standards and procedures prescribed by the environmental protection administrative authorities, conduct environmental protection completion acceptance check and compile an acceptance check report. A construction project for which an environmental impact report or an environmental impact report form is required shall not be put into production or use until the environmental protection completion acceptance check has been passed.

REGULATIONS RELATING TO FIRE CONTROL

Pursuant to the Fire Control Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021 and effective therefrom, the Department of Emergency Management under the State Council and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. The design of fire control of the construction projects must comply with the national technical standards of fire control. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business. According to Interim Regulations on Administration of Examination and Acceptance of Fire Control 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, latest amended on August 21, 2023, fire acceptance should be done for special construction projects which meet certain conditions, fire filing should be done for other types of construction projects. Pursuant to the

Fire Control Law of the PRC, the constructing entity or the entity occupying the facility shall apply to the fire prevention and rescue department of the local people's government at or above the county level for a fire safety inspection before a public gathering place is put into use or opens for business.

REGULATIONS RELATING TO LEASING

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance 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. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, 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》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the construction (real estate) administrative department of the people's government of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed.

REGULATION RELATING TO COMPETITION

Competition Law

On April 23, 2019, the SCNPC promulgated the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》). Businesses shall, in their production and distribution activities, adhere to the free will, equality, fairness, and good faith principles, and abide by laws and business ethics. Any business operator's act of participating in the production and operation activities in violation of the provisions herein to disrupt the competition order in the market and infringe the legitimate rights and interests of other business operators or consumers, the supervision and inspection authority shall order it to cease the offense and confiscate its illicit commodities. When the case is serious, the business licence shall be revoked.

According to Provisions on the Examination of Concentrations of Undertakings (《經營者集中審查規定》), which came into effect on April 15, 2023, the SAMR shall be responsible for the anti-monopoly examination of concentrations of undertakings and the investigation and handling of any illegally implemented concentration of undertakings.

Price Law

According to the Price Law of the PRC (《中華人民共和國價格法》, the "**Price Law**") promulgated by the SCNPC on December 29, 1997 and took effect from 1 May 1998, operators should observe the following principles when determining prices: fairness, lawfulness and good faith. The production and operation costs and the market supply and demand situation should be the fundamental basis for the operator to determine the price. When selling or purchasing goods and providing services, the operator shall clearly indicate the price and indicate the name, origin of production, specifications, grade, valuation unit and price of a commodity, or service item, charging standards and other related particulars in accordance with the requirements of the competent government price department. Operators shall not sell the goods at a price beyond the marked price or charge unspecified fees on the top of price indicated. In addition, operators may not take illegitimate pricing actions, such as colluding with others to manipulate market prices and damaging the legitimate rights and interests of other operators or consumers. Any operator engaged in the act of illegitimate pricing stipulated by the Price Law shall be ordered to make corrections, have the illegal income be confiscated, and may be imposed a fine of no more than five times of its illegal income; if the circumstances are serious, the business shall be ordered to suspend for rectification, or the administrative department for industry and commerce shall revoke the business license. In addition, any operator who causes consumers or other operators to pay higher prices due to illegal pricing acts should refund the overpaid portion; if damage is caused, it shall be liable for compensation according to law. Any operator who violates the clearly marked price shall be ordered to make corrections, have the illegal income be confiscated, and may be imposed a fine of no more than RMB5,000.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Employment

According to the Labor Contract Law of the PRC (the "**Labor Contract Law**") (《中華人民共和國勞動合同法》), which was implemented on January 1, 2008 and amended on December 28, 2012, an employer establishes an employment relationship with an employee from the date when the employer puts the employee to work. A written labor contract shall be concluded upon the establishment of an employment relationship. Enterprises and institutions are forbidden to force the laborers to work beyond the time limit and the employers shall pay employees overtime working compensation in accordance with national regulations. In addition, the labor wages shall not be lower than local standards on minimum wages and shall be paid to the laborers timely. According to the Labor Law of the PRC (《中華人民共和國勞動法》) effective on January 1, 1995, as amended on August 27, 2009 and December 29, 2018, the employer shall establish and perfect its system for labor safety and sanitation, strictly abide by State rules and standards on labor safety and sanitation, educate laborers in labor safety and sanitation, prevent accidents in the process of labor, and reduce occupational hazards. Labor safety and sanitation facilities shall meet State-fixed standards.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》), or the Social Insurance Law, issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Trademark Laws

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), which was adopted in 1982 and subsequently amended in 1993, 2001, 2013 and 2019, respectively, as well as the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) adopted in 2002 and amended in 2014 by the State Council. The Trademark Office of China National Intellectual Property Administration handles trademark registrations and grants a term of ten years to registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record. The Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Domain Name

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, and the Implementing Rules for the Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》), which was promulgated and took effective on June 18, 2019, by China Internet Network Information Center, domain name registrations are handled through domain name service agencies established under relevant regulations, and an applicant becomes a domain name holder upon successful registration.

Patent Laws

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended in October 17, 2020 and became effective on June 1, 2021, and its Implementation Rules, patent is divided into 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) amended by the SCNPC on November 11, 2020, and came into effect on June 1, 2021, Chinese citizens, legal persons or other organizations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

Pursuant to the Measures for the Registration of Computer Software Copyright promulgated by the National Copyright Administration (《計算機軟件著作權登記辦法》) on February 20, 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in mainland China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

REGULATIONS RELATING TO FOREIGN CURRENCY EXCHANGE

The principal regulations governing foreign currency exchange in China is the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), most recently amended in August 5, 2008. Under it, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the "**SAFE**"), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency 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》) (the "**SAFE Circular 19**") on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. On June 9, 2016, SAFE further promulgated the Circular on the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, 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.

In October 23, 2019, SAFE issued the Circular on Further Facilitating 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》) (the "**SAFE Circular 28**"), which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to 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》) (the "**SAFE Circular 8**"), issued by SAFE in April 10, 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

REGULATIONS RELATING TO TAX

Income Tax

The PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the "**EIT Law**") was promulgated in March 16, 2007 and was most recently amended in December 29, 2018, and the Regulation on the Implementation of the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council and was latest amended in December, 2024, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. A PRC withholding tax at the rate of 10% is applicable to dividends payable to investors that are non-resident enterprises (who do not have an establishment or place of business in the PRC, or who have an establishment or place of business in the PRC but whose income has no actual relationship with such establishment or place of business) to the extent that such dividends have their sources within the PRC unless otherwise provided in any applicable tax treaty. Similarly, any gain realized on the transfer of equity interests by such investors is subject to the PRC enterprise income tax at the rate of 10% if such gain is regarded as income derived from the PRC.

Value-Added Tax

The PRC Provisional Regulations on Value-Added Tax (the "**VAT**") (《中華人民共和國增值稅暫行條例》) were promulgated by the State Council on December 13, 1993, which became effective on January 1, 1994 and were subsequently amended from time to time. The Detailed Rules for the Implementation of the PRC Provisional Regulations on Value-Added Tax (2011 Revision) (《中華人民共和國增值稅暫行條例實施細則》) was promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011. On November 19, 2017, the State Council promulgated the Decisions on Abolishing the PRC Provisional Regulations on Business Tax and Amending the PRC Provisional Regulations on Value-Added Tax (《關於廢止《中華人民共和國營業稅暫行條例》和修改《中華人民共和國增值稅暫行條例》的決定》). Pursuant to these regulations, rules and decisions, all enterprises and individuals engaged in sale of goods, provision of processing, repair, and replacement services, sales of services, intangible assets, real property, and the importation of goods within the PRC territory are VAT taxpayers.

According to the Notice on the Adjusting Value-added Tax Rates (《關於調整增值稅稅率的通知》) effective in May 2018, the VAT rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

On March 20, 2019, the Ministry of Finance, State Administration of Taxation (the "SAT"), and the General Administration of Customs jointly issued the Announcement on Relevant Policies on Deepen the Reform of Value-Added Tax (《關於深化增值稅改革有關政策的公告》), pursuant to which with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13% and the originally applicable VAT rate of 10% shall be adjusted to 9%.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced income of non-PRC resident enterprises which have no establishment or place of business in the PRC, or if established, the relevant dividends or other China-sourced income are in fact not associated with such establishment or place of business in the PRC. However, the Implementation Rules of the EIT Law (《企業所得税法實施條例》) reduced the income tax rate from 20% to 10%, which is normally applicable to dividends payable to investors that are "non-resident enterprises", and gains derived by such investors, which (1) do not have an establishment or place of business in the PRC or (2) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such withholding tax on the dividends may be further reduced pursuant to a tax treaty between China and other jurisdictions.

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was most recently amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was most recently amended on December 18, 2018 (hereinafter collectively referred to as the ''IIT Law''), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.Pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《關於個人所得税若干政策問題的通知》), which was issued by the MOF and the SAT on May 13, 1994 and came into effect on the same date, the incomes gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempt from individual income tax for the time being.

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (the "**Double Tax Avoidance Arrangement**") (《中國內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. However, pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements ("**Circular 81**") (《國家税務總局關於執行税收協定股息條款有關問題的通知》), issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

According to the Circular on Several Questions regarding the "Beneficial Owner" in Tax Treaties (the "**Circular 9**") (《關於税收協定中"受益所有人"有關問題的公告》), which was issued on February 3, 2018 by the SAT and took effect on April 1, 2018, when determining the applicant's status as a "beneficial owner" with respect to the tax treatment of dividends, interest or royalties under certain tax treaties, several factors, including whether the applicant is obligated to pay more than 50% of his or her income over a twelve-month period to residents of a third country or region, whether the business operated by the applicant constitutes actual business activities; and whether the counterparty country or region to the tax treaty does not levy any tax, exempts the relevant income from tax or levies tax at an extremely low rate, will be taken into account and be analyzed according to the actual circumstances of specific cases. If the applicant's status is not qualified as "beneficiary owner," it may not enjoy the concessions under the Double Tax Avoidance Arrangement.

REGULATIONS RELATING TO OVERSEAS LISTINGS

Overseas Listings

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "**Overseas Listing Regulations**"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended 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 shareholders and the actual controller, have committed 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 suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law 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 or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting.

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.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS RELATING TO FULL CIRCULATION OF H-SHARE

In accordance with the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) issued by the CSRC on 14 November 2019 and further amended on 10 August 2023, together with the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), shareholders who hold domestic unlisted shares of H-share issuers may apply to convert their unlisted shares into listed shares for trading on the Stock Exchange. Issuer will be authorized to file with CSRC on behalf of those shareholders. The filing of the H-share full circulation scheme may proceed simultaneously with the application for the overseas listing and offering filing with CSRC, or separately after the IPO. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

OVERVIEW

We are a leading and rapidly growing food and beverage retailer in China. Our stores are predominantly located in high-traffic, highly visible and easily accessible street-side locations. We offer a joyful and comfortable browsing and shopping experience with a wide variety of value-for-money products and frequently launched new SKUs.

Our history can be traced back to 2016 when Mr. Yan, our executive Director, chairman of the Board and the general manager, founded Changsha Busy for You Food Co., Ltd. (長沙零食很忙食品有限公司). In 2017, Mr. Yan opened the first "Busy for You (零食很忙)" store in Changsha, Hunan province. Super Ming was founded by Mr. Zhao when he opened the first "Super Ming (趙一鳴零食)" store in Yichun, Jiangxi Province in 2019. For details of the biography of our founders Mr. Yan and Mr. Zhao, see the section headed "Directors and Senior Management" in this document. In November 2023, we completed the Super Ming Acquisition and realized the consolidation of "Busy for You" and "Super Ming".

As of December 31, 2024, our store network comprised 14,394 stores covering 28 provinces and all city tiers in China, with approximately 58% of our stores located in counties and townships. In 2024, we recorded a GMV of RMB55.5 billion. In terms of GMV of snack and beverage products in 2024, we are the largest chain retailer in China; in terms of GMV of food and beverage products in 2024, we are the fourth largest chain retailer in China, maintaining a rapid growth, according to Frost & Sullivan.

MILESTONES OF DEVELOPMENT

The following table summarizes the key milestones of our business development:

Year	Milestone
2017	The first "Busy for You" store was opened in Changsha, Hunan Province
2019	The first "Super Ming" store was opened in Yichun, Jiangxi Province
2021	We established our internal digital center to enhance our informatization
2022	The number of "Busy for You" stores exceeded 1,000
	We were shortlisted for the Annual Channel Benchmark of China Sugar, Alcohol, and Food Industry (中國糖酒食品行業年度渠道標桿) in 2022

Year	Milestone
2023	The number of "Super Ming" stores exceeded 1,000
	We completed Super Ming Acquisition and realized the consolidation of "Busy for You" and "Super Ming"
2024	The total number of our membership exceeded 100 million
	The total number of our stores exceeded 10,000
	We were awarded the Mass Consumption Influential Retailer of the Year in 2024 (2024大消費年度影響力零售商) by Forbes China

OUR MAJOR SUBSIDIARIES

We set forth below information about our subsidiaries that have made a material contribution to our operating results during the Track Record Period:

Name of subsidiary	Principal business	Date of establishment	Place of establishment	Share Capital	Percentage of Shareholding by our Company
Changsha Busy Snacks	Sales of food and beverages	December 17, 2019	PRC	RMB5,000,000	100%
Jiangxi Busy Snacks	Sales of food and beverages	July 13, 2021	PRC	RMB10,000,000	100%
Guangdong Busy Snacks	Sales of food and beverages	August 4, 2023	PRC	RMB5,000,000	100%
Sichuan Busy Snacks	Sales of food and beverages	October 7, 2023	PRC	RMB5,000,000	100%
Super Ming Food Technology	Sales of food and beverages	June 9, 2022	PRC	RMB1,015,740	100%
Wuhu Super Ming	Sales of food and beverages	January 6, 2022	PRC	RMB1,000,000	100%
Xiamen Super Ming	Sales of food and beverages	May 19, 2023	PRC	RMB50,050,000	100%
Guangzhou Super Ming	Sales of food and beverages	March 20, 2023	PRC	RMB1,000,000	100%
Super Ming Trading	Sales of food and beverages and brand management	January 28, 2019	PRC	RMB1,000,000	100%

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

(1) Establishment of our Company and Series A Financing in 2021

Our Company was established as a limited liability company under the laws of the PRC on December 12, 2019 with an initial registered capital of RMB10 million. At the time of the establishment, the capital structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Yan[Note]	6,700,000	67.00
Mr. Zhu Lang (朱浪)	1,100,000	11.00
Mr. Li Wei (李維)[Note]	1,100,000	11.00
Mr. Liu Wei (劉巍)	1,100,000	11.00
Total	**10,000,000**	**100.00**

Note:

Each of Mr. Yan and Mr. Li Wei is an executive Director of our Company.

During the period from April 2021 to January 2022, we went through several rounds of capital increases and equity transfers. Specifically, we completed the Series A Financing in 2021 by the Series A Investors, including Shenzhen HongShan Hanchen Equity Investment Partnership (Limited Partnership) (深圳市紅杉瀚辰股權投資合夥企業(有限合夥)) ("**HongShan Hanchen**"), Garong LKZN Holding Limited ("**Gaorong LKZN**"), Discounter Seed HK Investment Limited ("**Discounter Seed HK**") and Changsha Shizaimang.

Upon completion of the aforementioned capital increases and equity transfers, the capital structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Yan	6,700,000	56.65
Mr. Zhu Lang	1,100,000	9.30
Mr. Li Wei	1,100,000	9.30
Mr. Liu Wei	1,100,000	9.30
HongShan Hanchen	504,396	4.26
Gaorong LKZN	504,396	4.26
Changsha Xunmang[Note]	415,006	3.51
Changsha Jianmang[Note]	204,040	1.73
Discounter Seed HK	150,000	1.27
Changsha Shizaimang	50,000	0.42
Total	**11,827,838**	**100.00**

Note: Each of Changsha Xunmang and Changsha Jianmang is an employee shareholding platform of our Group.

(2) Series A+ Financing in 2022

In October 2022, we completed the Series A+ Financing, pursuant to which Xiamen HongShan Yaheng Equity Investment Partnership (Limited Partnership) (廈門紅杉雅恒股權投資合夥企業(有限合夥)) ("**HongShan Yaheng**"), Gaorong LKZN and Discounter Seed HK subscribed for an increased registered capital of RMB591,392, RMB197,131 and RMB78,852 in our Company at the consideration of RMB150,000,000, RMB50,000,000 (in equivalent U.S. dollars) and RMB20,000,000 (in equivalent U.S. dollars), respectively. See "— Pre-[**REDACTED**] Investments" of this section for details. Upon completion of the Series A+ Financing, the registered capital of our Company was increased to RMB12,695,213.

(3) Capital Increases in 2022 by Employee Shareholding Platform

In December 2022, Changsha Lingmang Enterprise Management Partnership (Limited Partnership) (長沙零忙企業管理合夥企業(有限合夥)) ("**Changsha Lingmang**"), an employee shareholding platform of our Company, subscribed for an increased registered capital of RMB140,100 in our Company at the consideration of the equivalent amount of such increased registered capital. Upon completion of the capital increase, the registered capital of our Company was increased to RMB12,835,313.

(4) Series A++ Financing in 2023

In February 2023, we completed the Series A++ Financing through equity transfers as detailed below. See "— Pre-[**REDACTED**] Investments" of this section for details.

Transferor	Transferee	Registered capital subscribed for	Consideration	Percentage of shareholding
		RMB	*RMB*	*%*
Mr. Liu Wei	5Y Growth Holding I HK Limited ("**5Y**")	200,552	62,500,000	1.56
	Discounter Seed HK	32,088	10,000,000	0.25
Mr. Zhu Lang	5Y	200,552	62,500,000	1.56
	Discounter Seed HK	32,088	10,000,000	0.25

Upon completion of the above equity transfers, the capital structure of our Company was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Yan	6,700,000	52.20
Mr. Li Wei	1,100,000	8.57
Mr. Zhu Lang	867,360	6.76
Mr. Liu Wei	867,360	6.76
Gaorong LKZN	701,527	5.47
HongShan Yaheng	591,392	4.61
HongShan Hanchen	504,396	3.93
Changsha Xunmang	415,006	3.23
5Y	401,104	3.13
Discounter Seed HK	293,028	2.28
Changsha Jianmang	204,040	1.59
Changsha Lingmang	140,100	1.09
Changsha Shizaimang	50,000	0.39
Total	**12,835,313**	**100.00**

(5) The Super Ming Acquisition, the Series A+++ Financing and the Capital Increases by Our Shareholding Platforms in November 2023

In November 2023, as consideration for the Super Ming Acquisition, certain shareholders of Super Ming Food Technology subscribed for registered capital of our Company, including (i) Yichun Bird Nest and Yichun Anyicheng subscribed for an increased registered capital of RMB6,215,322 and RMB690,591 of our Company with their respective 69.98% equity interests and 7.78% equity interests in Super Ming Food Technology; and (ii) BA HM Hong Kong Limited ("**BA HM**"), Xiamen Black Ant No. 3 Equity Investment Partnership (Limited Partnership) (廈門黑蟻三號股權投資合夥企業(有限合夥), formerly known as Suzhou Black Ant No. 3 Equity Investment Partnership (Limited Partnership) (蘇州黑蟻三號股權投資合夥企業(有限合夥)) ("**Xiamen Black Ant**"), Xiamen Hei Yi No. 3 Overseas Connection Venture Capital Partnership (Limited Partnership) (廈門黑逸三號境外鏈接創業投資合夥企業(有限合夥) ("**Xiamen Hei Yi**") and Shanghai Yihai Enterprise Management Consulting Partnership (Limited Partnership) (上海翼嗨企業管理諮詢合夥企業(有限合夥)) ("**Shanghai Yihai**"), which are all ultimately owned by Mr. HE Yu, subscribed for an increased registered capital of RMB106,574, RMB310,835, RMB337,477 and RMB133,215 in our Company at the consideration of RMB18,000,000, RMB52,500,000, RMB86,999,682 and RMB52,499,682, respectively (the "**Series A+++ Financing**"). The above considerations were determined based on arm's length negotiation amongst our Company and the relevant shareholders of Super Ming Food Technology with reference to the valuation of Super Ming Food Technology as appraised by an independent professional valuer. See "Major Acquisition — the Super Ming Acquisition" below for details.

In November 2023, Yichun Yikouniao, as an employee shareholding platform of Super Ming Food Technology at that time, together with our employee shareholding platform, Changsha Zhongmang, subscribed for an increased registered capital of RMB896,078 and RMB477,418 of our Company at the consideration of the equivalent amount of such increased registered capital, respectively. In the meantime, for the purpose of rewarding Mr. Wang Yutong for his contribution to our Group, Changsha Shizaimang, one of the Series A Investors at the time of its initial investment in our Company, also subscribed for an additional RMB199,824 of our registered capital at the consideration of the equivalent amount of such increased registered capital in November 2023, which was designated to Mr. Wang Yutong.

Upon completion of above capital increases and the Series A+++ Financing, our capital structure was as follows:

Shareholders	Registered capital subscribed for	Percentage of shareholding
	(RMB)	*(%)*
Mr. Yan	6,700,000	30.18
Yichun Bird Nest	6,215,322	27.99
Mr. Li Wei	1,100,000	4.95
Yichun Yikouniao	896,078	4.04
Mr. Zhu Lang	867,360	3.91
Mr. Liu Wei	867,360	3.91
Gaorong LKZN	701,527	3.16
Yichun Anyicheng	690,591	3.11
HongShan Yaheng	591,392	2.66
HongShan Hanchen	504,396	2.27
Changsha Zhongmang	477,418	2.15
Changsha Xunmang	415,006	1.87
5Y	401,104	1.81
Xiamen Hei Yi	337,477	1.52
Xiamen Black Ant	310,835	1.40
Discounter Seed HK	293,028	1.32
Changsha Shizaimang	249,824	1.13
Changsha Jianmang	204,040	0.92
Changsha Lingmang	140,100	0.63
Shanghai Yihai	133,215	0.60
BA HM	106,574	0.48
Total	**22,202,647**	**100.00**

(6) Series B Financing

From December 2023 to March 2024, we completed the Series B Financing, pursuant to which (i) in December 2023, Haoxiangni Health Food Co., Ltd. (好想你健康食品股份有限公司) ("**Haoxiangni Health Food**"), Henan Haoxiangni Youran Technology Co., Ltd. (河南好想你悠然科技有限公司) ("**Haoxiangni Youran**"), Jiandan Qiaochu Health Food Co., Ltd. (簡單巧廚健康食品有限公司) ("**Jiandan Qiaochu**") and Hunan Yanker Shop Food Holding Co., Ltd. (湖南鹽津鋪子控股有限公司) ("**Yanker Shop**") subscribed for an increased registered capital of RMB467,424, RMB467,424, RMB701,136 and RMB817,992 at a consideration of RMB200,000,000, RMB200,000,000, RMB300,000,000 and RMB350,000,000, respectively; and (ii) in March 2024, Xiamen Black Ant and Discounter Seed HK subscribed for an increased registered capital of RMB44,930 and RMB14,825 of our Company at a consideration of RMB19,224,554 and RMB6,343,154, respectively. Further, Xiamen Black Ant and Discounter Seed HK acquired the registered capital of RMB55,619 and RMB18,351 in our Company from Yichun Anyicheng at a consideration of RMB23,797,905 and RMB7,852,062, respectively. See "— Pre-[**REDACTED**] Investments" of this section for details. As a result, the registered capital of our Company was increased to RMB24,716,378.

(7) Equity transfer in December 2024

In December 2024, Yanker Shop transferred RMB817,992 registered capital of our Company to Hunan Xiaomang Enterprise Management Co., Ltd. (湖南曉芒企業管理有限公司) ("**Hunan Xiaomang**"), an Independent Third Party, at a consideration of RMB360 million.

(8) Conversion into a Joint Stock Limited Company in March 2025

On February 19, 2025, our Shareholders approved, among other matters, the conversion of our Company from a limited liability company into a joint stock limited company. Pursuant to the promoters' agreement dated February 19, 2025, all the then Shareholders approved the conversion of the net asset value of our Company as of November 30, 2024, amounting to RMB4,847,070,205.33, into 40,000,000 Shares of our Company with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective interests in our Company before the conversion. The remaining net asset value amounting to RMB4,807,070,205.33 was recorded as capital reserves of our Company, and our Company's name was changed to Busy Ming Group Co., Ltd. (湖南鳴鳴很忙商業連鎖股份有限公司). The conversion was completed on March 17, 2025. Upon completion of the conversion, the share capital of our Company was RMB40,000,000 divided into 40,000,000 Shares with a nominal value of RMB1.00 each and our shareholding structure was as follows:

Shareholders	Shares held in our Company	Percentage of shareholding
	(RMB)	*(%)*
Mr. Yan	10,843,014	27.11
Yichun Bird Nest	10,058,629	25.15
Mr. Li Wei	1,780,196	4.45
Yichun Yikouniao	1,450,177	3.63
Mr. Zhu Lang	1,403,701	3.51

Shareholders	Shares held in our Company	Percentage of shareholding
	(RMB)	*(%)*
Mr. Liu Wei	1,403,701	3.51
Hunan Xiaomang	1,323,806	3.31
Gaorong LKZN	1,135,323	2.84
Jiandan Qiaochu	1,134,691	2.84
Yichun Anyicheng	997,915	2.49
HongShan Yaheng	957,085	2.39
HongShan Hanchen	816,294	2.04
Changsha Zhongmang	772,634	1.93
Haoxiangni Health Food	756,460	1.89
Haoxiangni Youran	756,460	1.89
Changsha Xunmang	671,629	1.68
Xiamen Black Ant	665,767	1.66
5Y	649,131	1.62
Xiamen Hei Yi	546,159	1.37
Discounter Seed HK	527,916	1.32
Changsha Shizaimang	404,305	1.01
Changsha Jianmang	330,210	0.83
Changsha Lingmang	226,732	0.57
Shanghai Yihai	215,590	0.54
BA HM	172,475	0.43
Total	**40,000,000**	**100.00**

(9) Share Capital Increases by Employee Shareholding Platforms and Capitalization of Capital Reserve in April 2025

In April 2025, each of Changsha Zhongmang and Changsha Xunmang, our employee shareholding platforms, subscribed for an increased share capital of RMB1,052,631 each at nominal value.

At the same time, the share capital of our Company was increased from RMB42,105,262 to RMB200,000,000 by way of capitalization of the capital reserve of our Company through the issuance of 3.75 new Shares to each existing Share for all the then Shareholders of our Company (the "**Capitalization of Capital Reserve**").

(10) Share Transfers in April 2025

In April 2025, a series of share transfers of our Company were completed, pursuant to which (i) HongShan Growth VII Holdco A, Ltd. ("**HongShan Growth**") acquired approximately 1%, 1%, 0.5% and 0.36% shareholding interests in our Company from Yichun Bird Nest, Mr. Li Wei, Mr. Liu Wei and Mr. Zhu Lang at a consideration of RMB108,780,000 (in equivalent U.S. dollars), RMB108,780,000 (in equivalent U.S. dollars), RMB54,390,000 (in equivalent U.S. dollars) and RMB39,390,000 (in equivalent U.S. dollars), respectively; and (ii) each of Shanghai Yihai and BA HM further acquired approximately 0.1% and 0.1% shareholding interests in our Company from Yichun Bird Nest at a consideration of RMB10,878,000 and USD1,484,787.68 (equivalent to approximately RMB10,878,000), respectively. See "— Pre-[**REDACTED**] Investments" of this section for details. Upon completion of above share transfers, our shareholding structure was as follows:

Shareholders	Shares held in our Company	Percentage of shareholding
	(RMB)	*(%)*
Mr. Yan	51,504,319	25.75
Yichun Bird Nest	45,378,489	22.69
Mr. Li Wei	6,455,931	3.23
Yichun Yikouniao	6,888,341	3.44
Mr. Liu Wei	5,667,580	2.83
Mr. Zhu Lang	5,943,366	2.97
Hunan Xiaomang	6,288,079	3.14
Gaorong LKZN	5,392,784	2.70
Jiandan Qiaochu	5,389,782	2.70
Yichun Anyicheng	4,740,096	2.37
HongShan Growth	5,724,214	2.86
HongShan Yaheng	4,546,154	2.27
HongShan Hanchen	3,877,397	1.94
Changsha Zhongmang	8,670,009	4.34
Haoxiangni Youran	3,593,185	1.80
Haoxiangni Health Food	3,593,185	1.80
Changsha Xunmang	8,190,235	4.10
Xiamen Black Ant	3,162,393	1.58
5Y	3,083,372	1.54
Xiamen Hei Yi	2,594,255	1.30
Discounter Seed HK	2,507,601	1.25
Changsha Shizaimang	1,920,449	0.96
Changsha Jianmang	1,568,498	0.78
Changsha Lingmang	1,076,977	0.54
Shanghai Yihai	1,224,053	0.61
BA HM	1,019,256	0.51
Total	**200,000,000**	**100.00**

MAJOR ACQUISITION — THE SUPER MING ACQUISITION

With a view to further expanding our business operation and nationwide store network, achieving business alliance and enhancing our core competitiveness, we completed the Super Ming Acquisition. Prior to the Super Ming Acquisition, Super Ming Food Technology was principally engaged in sales of food and beverages in stores under the "Super Ming" Brand. On November 9, 2023, we entered into a series of share purchase agreements with certain shareholders of Super Ming Food Technology, namely Yichun Bird Nest, Yichun Anyicheng, BA HM, Xiamen Black Ant, Xiamen Hei Yi and Shanghai Yihai. Specifically:

(1) we acquired 69.98% and 7.78% equity interests in Super Ming Food Technology from Yichun Bird Nest and Yichun Anyicheng, respectively. As of the Latest Practicable Date, Yichun Bird Nest was controlled by Mr. Zhao and Yichun Anyicheng was controlled by Mr. Wang Ping'an, each a director of Super Ming Food Technology and our executive Director. As consideration for such acquisition of equity interests by our Company, a registered capital of RMB6,215,322 and RMB690,591 of our Company were issued to Yichun Bird Nest and Yichun Anyicheng, accounting for 27.99% and 3.11% of our total registered capital upon completion of the Super Ming Acquisition, respectively;

(2) we acquired 1.20%, 3.50%, 3.80% and 1.50% equity interests in Super Ming Food Technology from certain shareholders of Super Ming Food Technology, namely BA HM, Xiamen Black Ant, Xiamen Hei Yi and Shanghai Yihai, respectively, for a consideration of RMB18,000,000, RMB52,500,000, RMB86,999,682 and RMB52,499,682, respectively. Meanwhile, BA HM, Xiamen Black Ant, Xiamen Hei Yi and Shanghai Yihai applied the same amount of cash to subscribe for an increased registered capital of RMB106,574, RMB310,835, RMB337,477 and RMB133,215 of our Company, respectively; and

(3) the remaining two shareholders of Super Ming Food Technology, namely Yichun Chengming Enterprise Management Partnership (Limited Partnership) (宜春成鳴企業管理合夥企業(有限合夥)) ("**Yichun Chengming**") and Yichun Zhongming Enterprise Management Partnership (Limited Partnership) (宜春眾鳴企業管理合夥企業(有限合夥)) ("**Yichun Zhongming**"), which were both serving as employee shareholding platforms of Super Ming Food Technology and were controlled by Mr. Zhao, completed capital reduction and withdrew their capital contribution of the 12.24% equity interests in Super Ming Food Technology.

Upon completion of the above acquisitions, Super Ming Food Technology became our wholly-owned subsidiary on November 10, 2023.

The consideration for the Super Ming Acquisition was determined based on arm's length negotiation amongst our Company and the relevant shareholders of Super Ming Food Technology after taking into consideration of the timing of the investments, the status of their business operations and prospects as well as the valuation report of Super Ming Food Technology as appraised by an independent professional valuer.

The Super Ming Acquisition is considered as a major acquisition for the purpose of Rule 4.05A of the Listing Rules, as the highest applicable percentage ratios in relation to the Super Ming Acquisition exceeds 25% by reference to the most recent audited financial year of the Track Record Period. See "Appendix I — Accountants' Report — II. Supplementary Pre-Acquisition Financial Information of Super Ming Group" and "Financial Information — Financial Information of Super Ming" for a discussion of the historical financial information of Super Ming Food Technology.

On January 3, 2025, our Company was imposed an administrative penalty of RMB1.75 million due to its failure to timely conduct the operation concentration filing with the regulatory authority with respect to the Super Ming Acquisition according to the PRC Anti-monopoly Law (the "**Anti-monopoly Penalty**"). According to the penalty decision issued by the State Administration for Market Regulation, (i) considering the circumstance of our Company's violation including but not limited to the nature, extent and duration of violations of our Company, the above administration penalty against our Company did not fall under the circumstance of "aggravated punishment" under the PRC Anti-monopoly Law; and (ii) our Company has not been subject any similar administrative penalties before, has cooperated proactively with the investigation by the regulatory authorities, and has established and effectively implemented an antitrust compliance system. Therefore, our PRC Legal Advisers is of the view that the Anti-monopoly Penalty does not constitute a material non-compliance of our Company.

We have implemented a series of enhanced internal control measures to prevent the recurrence of similar incident, and we have not experienced any incident similar to the Anti-monopoly Penalty during the Track Record Period and up to the date of this document. In particular, we have put in place the anti-monopoly compliance procedures, which stipulate that the compliance management department, business operation department, investment department, legal department and finance department shall collectively be responsible for our anti-monopoly matters, and shall regularly evaluate our anti-monopoly risks, conduct anti-monopoly compliance training to the relevant employees and report to the senior management regarding our anti-monopoly compliance status. Based on the review conducted by our internal control consultant, they are of the view that our enhanced internal control measures regarding anti-monopoly management are effective.

The PRC Legal Advisers confirmed that the Super Ming Acquisition has been properly completed notwithstanding the Anti-monopoly Penalty, and that we have obtained the requisite regulatory approvals required under the PRC laws and regulations with respect to the Super Ming Acquisition.

During the Track Record Period and up to the Latest Practicable Date, save as the Super Ming Acquisition, we did not conduct any other major acquisitions, disposals or mergers.

PRE-[REDACTED] INVESTMENTS

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments to our Company made by the Pre-[**REDACTED**] Investors:

Name of Pre-[REDACTED] Investors	Date of agreement	Date of settlement of consideration	Amount of registered/ share capital subscribed for	Consideration	Cost per Share[2]	Round of Pre-[REDACTED] Investments	Discount to the [REDACTED][1]	Shareholding in our Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
HongShan Hanchen	April 14, 2021	April 29, 2021	RMB504,396	RMB100,879,121	RMB26.02	Series A	[REDACTED]%	[REDACTED]%
Gaorong LKZN	April 14, 2021	May 13, 2021	RMB504,396	RMB100,879,121	RMB26.02	Series A	[REDACTED]%	[REDACTED]%
	October 8, 2022	October 31, 2022	RMB197,131	RMB50,000,000	RMB32.99	Series A+	[REDACTED]%	
Discounter Seed HK	April 14, 2021	May 14, 2021	RMB150,000	RMB30,000,000	RMB26.02	Series A	[REDACTED]%	
	October 8, 2022	October 26, 2022	RMB78,852	RMB20,000,000	RMB32.99	Series A+	[REDACTED]%	
	January 13, 2023	February 11, 2023	RMB64,176	RMB20,000,000	RMB40.54	Series A++	[REDACTED]%	[REDACTED]%
	March 21, 2024	April 24, 2024	RMB33,176	RMB14,195,216	RMB55.66	Series B	[REDACTED]%	
Changsha Shizaimang[8]	April 14, 2021	September 17, 2021	RMB50,000	RMB10,000,000	RMB26.02	Series A	[REDACTED]%	[REDACTED]%
HongShan Yaheng	October 8, 2022	October 28, 2022	RMB591,392	RMB150,000,000	RMB32.99	Series A+	[REDACTED]%	[REDACTED]%
5Y	January 13, 2023	February 11, 2023	RMB401,104	RMB125,000,000	RMB40.54	Series A++	[REDACTED]%	[REDACTED]%
BA HM	November 9, 2023	February 29, 2024	RMB106,574	RMB18,000,000	RMB21.97[3]	Series A+++[3]	[REDACTED]%	[REDACTED]%
	April 22, 2025	April 24, 2025	RMB200,000	RMB10,878,000	RMB54.39[5]	Series B+	[REDACTED]%	
Shanghai Yihai	November 9, 2023	November 20, 2023	RMB133,215	RMB52,499,682	RMB51.27[3]	Series A+++	[REDACTED]%	[REDACTED]%
	April 22, 2025	April 23, 2025	RMB200,000	RMB10,878,000	RMB54.39[5]	Series B+	[REDACTED]%	
Xiamen Black Ant	November 9, 2023	November 17, 2023	RMB310,835	RMB52,500,000	RMB21.97[3]	Series A+++[3]	[REDACTED]%	[REDACTED]%
	March 21, 2024	March 27, 2024	RMB100,549	RMB43,022,459	RMB55.66	Series B	[REDACTED]%	
Xiamen Hei Yi[6]	November 9, 2023	February 28, 2024	RMB337,477	RMB86,999,682	RMB33.54[3]	Series A+++[3]	[REDACTED]%	[REDACTED]%
Haoxiangni Health Food	December 18, 2023	December 18, 2023	RMB467,424	RMB200,000,000	RMB55.66	Series B	[REDACTED]%	[REDACTED]%
Haoxiangni Youran	December 18, 2023	December 18, 2023	RMB467,424	RMB200,000,000	RMB55.66	Series B	[REDACTED]%	[REDACTED]%

Name of Pre-[REDACTED] Investors	Date of agreement	Date of settlement of consideration	Amount of registered/ share capital subscribed for	Consideration	Cost per Share(2)	Round of Pre-[REDACTED] Investments	Discount to the [REDACTED](1)	Shareholding in our Company upon [REDACTED] (assuming the [REDACTED] is not exercised)
Jiandan Qiaochu . . .	December 18, 2023	December 18, 2023	RMB701,136	RMB300,000,000	RMB55.66	Series B	[REDACTED]%	[REDACTED]%
Hunan Xiaomang(7) . .	December 30, 2024	April 23, 2025	RMB817,992	RMB360,000,000	RMB57.25(5)	Series B+	[REDACTED]%	[REDACTED]%
HongShan Growth. . .	April 22, 2025	April 24, 2025	RMB5,724,214	RMB311,340,000	RMB54.39(5)	Series B+	[REDACTED]%	[REDACTED]%

Notes:

(1) Calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]).

(2) The cost per Share is calculated by dividing the total consideration paid by the relevant Pre-[**REDACTED**] Investor by the current number of Shares held by it following the conversion into a joint stock company and Capitalization of Capital Reserve.

(3) Each of BA HM, Xiamen Black Ant, Xiamen Hei Yi and Shanghai Yihai (the "**Black Ant Entities**") is ultimately owned by Mr. HE Yu. The difference in cost per Share for the Pre-[**REDACTED**] Investment by the Black Ant Entities was due to the time difference of their respective investment in Super Ming Food Technology. In May 2023, BA HM, Xiamen Black Ant and Xiamen Hei Yi subscribed for the registered capital of Super Ming Food Technology in the amount of RMB13,889, RMB40,509 and RMB26,620 at a consideration of RMB18,000,000, RMB52,500,000 and RMB34,500,000, respectively, applying the same cost per share. In October 2023, in view of Super Ming Food Technology's rapid business growth, each of Xiamen Hei Yi and Shanghai Yihai further subscribed for the registered capital of RMB17,361 of Super Ming Food Technology at a consideration of RMB52,499,682. Such considerations were determined based on arm's length negotiation amongst Super Ming Food Technology and the relevant investors with reference to the then valuation and business prospects of Super Ming Food Technology. Following the completion of the Super Ming Acquisition, to mirror their respective equity interests in Super Ming Food Technology, the Black Ant Entities subscribed for an increased registered capital of RMB106,574, RMB310,835, RMB337,477 and RMB133,215 of our Company, respectively, for the consideration of RMB18,000,000, RMB52,500,000, RMB86,999,682 and RMB52,499,682, which was the same amount of consideration paid by the Company for the acquisition of their equity interests in Super Ming Food Technology. Specifically, the cost per share for Xiamen Hei Yi was calculated by dividing its aggregated investment amount for its two rounds of investments in May 2023 and October 2023 in Super Ming Technology by its total number of Shares held in the Company as at the date of this document.

(4) Series A+++ Pre-[**REDACTED**] investment refers to the acquisition of our registered capital by our Series A+++ Pre-[**REDACTED**] Investors during the Super Ming Acquisition.

(5) The difference in cost per Share for Hunan Xiaomang's investment agreed among the parties in December 2024 compared to other Series B+ Pre-[**REDACTED**] Investment in April 2025 was due to the Company's capital increases in April 2025, resulting in the dilution of the value of each Share.

(6) In April 2025, Xiamen Hei Yi transferred all its 1.30% shareholding interests in our Company as of the Latest Practicable Date, representing [**REDACTED**]% of the shareholding in our Company upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), to BA HM at a consideration of RMB86,999,682, which was based on the same investment consideration when Xiamen Hei Yi first invested in the Company with respect to such shareholding. Such consideration was settled on April 24, 2025. Xiamen Hei Yi and BA HM are both controlled by Mr. HE Yu.

(7) In April 2025, Hunan Xiaomang transferred its 2% shareholding interests in the Company as of the Latest Practicable Date, representing [**REDACTED**]% of the shareholding in our Company upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), to Jindong Hong Kong at a consideration of USD30 million, which was based on the same investment consideration when Hunan Xiaomang first invested in the Company with respect to such shareholding interests. Such consideration was settled on April 23, 2025. Hunan Xiaomang is wholly owned by Jindong Hong Kong.

(8) Out of the [**REDACTED**]% Shareholding interests held by Changsha Shizaimang in our Company, [**REDACTED**]% Shareholding interests represent the Series A Investment made by Changsha Shizaimang as a Series A Pre-[**REDACTED**] Investor, while the other [**REDACTED**]% Shareholding interests was subscribed by Changshi Shizaimang for employee incentives purpose, which has been designated to Mr. Wang Yutong. For details, see "Establishment and development of our Company — (5) The Super Ming Acquisition, the Series A+++ Financing and the Capital Increases by Employee Shareholding Platforms in November 2023".

Principal terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' Rights

The table below sets forth the other principal terms of the Pre-[**REDACTED**] Investments:

Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[**REDACTED**] Investments for the principal business of our Group, including but not limited to the growth and expansion of our Group's business and the general working capital purposes. As of the Latest Practicable Date, all funds raised by the Company from the Pre-[**REDACTED**] Investments have been utilized.
Basis of determination of the consideration	The considerations for the Pre-[**REDACTED**] Investments were determined based on arm's length negotiation amongst the respective Pre-[**REDACTED**] Investors and our Group after taking into consideration of the timing of the investments, the status of our business operations and the prospects of our Company.
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) cannot dispose of any of the Shares held by them prior to the [**REDACTED**].
Special Rights of the Pre-[REDACTED] Investors	The Pre-[**REDACTED**] Investors were granted customary special rights, including but not limited to right of first refusal, right of co-sale, anti-dilution, dividend rights, liquidation preferences rights, redemption rights, drag-along rights and information rights. Pursuant to a termination agreement entered into, among others, our Company, our Controlling Shareholders and the Pre-[**REDACTED**] Investors dated April 27, 2025, the redemption rights and liquidation preferences rights against our Company and our certain Shareholders were automatically terminated one day prior to our Company's submission of first [**REDACTED**] to the Stock Exchange, provided that the redemption rights against our certain Shareholders so terminated shall resume to be exercisable automatically upon the earliest of the occurrence of the following events: (i) the [**REDACTED**] is rejected by the Stock Exchange, the SFC or the CSRC; (ii) the [**REDACTED**] is terminated or withdrawn unilaterally by us; or (iii) the [**REDACTED**] does not take place within 24 months upon submission of the first [**REDACTED**]. All the other special rights of the Pre-[**REDACTED**] Investors shall be terminated immediately upon [**REDACTED**].

Strategic Benefits from Pre-[REDACTED] Investments	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors' investments in our Company (where applicable), insights for industry, advice on business expansion or strategic direction that the Pre-[**REDACTED**] Investors may bring to our Company. Our Directors are also of the view that the Pre-[**REDACTED**] Investors' investments in our Company demonstrated their confidence in our Group's operations and served as an endorsement of our Company's performance, strengths and prospects.

Compliance with the Pre-[REDACTED] Investment Guidance

On the basis that (i) the [**REDACTED**], being the first trading day of trading of Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the Pre-[**REDACTED**] Investments; (ii) the redemption rights granted to the Pre-[**REDACTED**] Investors have been terminated before the Company first filed its [**REDACTED**] to the Stock Exchange, and (iii) all other special rights granted to the Pre-[**REDACTED**] Investors shall be terminated upon [**REDACTED**], the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with the guidance in Chapter 4.2 of the Guide for New Listing Applicants.

Information about our Pre-[REDACTED] Investors

Set out below is a description of our Pre-[**REDACTED**] Investors as of the Latest Practicable Date. To the best knowledge of our Directors, each of the following Pre-[**REDACTED**] Investors is an Independent Third Party.

Gaorong Ventures

Gaorong LKZN Holding Limited is a limited liability company incorporated in Hong Kong on February 2, 2021. It is owned by Gaorong Partners Fund V, L.P. and Gaorong Partners Fund V-A, L.P.(collectively, "**Gaorong Funds**") as to 87% and 13% respectively, which are in turn managed and controlled by their general partner Gaorong Partners V Ltd. (together with Gaorong Funds, "**Gaorong Ventures**").

Gaorong Ventures is a sophisticated investor and a leading venture capital firm focusing on early and growth-stage investments in the new consumption, new technology, enterprise services and healthcare-related sectors.

Haoxiangni

Haoxiangni Health Food is a company listed on the Shenzhen Stock Exchange (stock code: 002582.SZ). Jiandan Qiaochu is a limited liability company established in the PRC on June 17, 2022 and is wholly owned by Haoxiangni Health Food.

Haoxiangni Youran is a limited liability company established in the PRC on April 12, 2022 and is wholly owned by Zhengzhou Shushang Grain Warehouse Trading Co., Ltd. (鄭州樹上糧倉商貿有限公司), which is in turn ultimately wholly owned by Haoxiangni Health Food.

HongShan Hanchen and HongShan Yaheng

HongShan Hanchen is a limited partnership established in the PRC. Its principal business is to make equity investments in private companies. The general partner of HongShan Hanchen is Shenzhen HongShan Antai Equity Investment Partnership (Limited Partnership) (深圳紅杉安泰股權投資合夥企業(有限合夥)) ("**HongShan Antai**"), a limited partnership established in the PRC. HongShan Antai is ultimately controlled by Mr. Zhou Kui (周逵). HongShan Hanchen has a sole limited partner, Shenzhen HongShan Yuechen Investment Partnership (Limited Partnership) (深圳紅杉悅辰投資合夥企業(有限合夥)), holding approximately 99.9% of the partnership interest.

HongShan Yaheng is a limited partnership established in the PRC. Its principal business is to make equity investments in private companies. The general partner of HongShan Yaheng is Xiamen HongShan Kunteng Investment Partnership (Limited Partnership) (廈門紅杉坤騰投資合夥企業(有限合夥)) ("**HongShan Kunteng**"), a limited partnership established in the PRC. HongShan Kunteng is ultimately controlled by Mr. Zhou Kui (周逵). HongShan Yaheng has a sole limited partner, Xiamen HongShan Peiheng Equity Investment Partnership (Limited Partnership) (廈門紅杉沛恆股權投資合夥企業(有限合夥)), holding approximately 99.9% of the partnership interest.

HongShan Growth

HongShan Growth is an exempted company with limited liability incorporated in the Cayman Islands. HongShan Growth is a wholly-owned subsidiary of HongShan Capital Growth Fund VII, L.P. The general partner of HongShan Capital Growth Fund VII, L.P., is HSG Growth VII Management, L.P. The general partner of HSG Growth VII Management, L.P. is HSG Holding Limited, a wholly-owned subsidiary of SNP China Enterprises Limited. Neil Nanpeng Shen is the sole shareholder of SNP China Enterprises Limited.

Xiamen Black Ant, Shanghai Yihai and BA HM

Xiamen Black Ant is a limited partnership incorporated in the PRC on May 31, 2021. It has Xiamen Yiyuan Investment Partnership (Limited Partnership) (廈門逸源投資合夥企業(有限合夥) ("**Xiamen Yiyuan**") as its general partner and more than 20 limited partners. None of these limited partners holds more than 30% of limited partnership interests in Xiamen Black Ant. Xiamen Black Ant invests in high growth enterprises in consumer section, especially those with innovative business models and high market potential in the PRC and global markets.

Shanghai Yihai is a limited partnership incorporated in the PRC on November 23, 2021 with Xiamen Yiyuan as its general partner holding 0.01% partnership interests; and Xiamen Black Ant as its sole limited partner holding 99.99% partnership interest therein.

Each of Xiamen Black Ant, Shanghai Yihai and Xiamen Yiyuan is ultimately controlled by Mr. HE Yu.

BA HM is a limited liability company established in Hong Kong on December 24, 2020, principally focusing on investment opportunities in consumer industries and other related industries in China. BA HM is owned by BA Capital Fund III, L.P. as to 98% and BA Capital Limited as to 2%. BA Capital Limited is the general partner of BA Capital Fund III, L.P. Each of BA Capital Fund III, L.P. and BA Capital Limited is ultimately controlled by Mr. HE Yu.

5Y

5Y Growth Holding I HK Limited is a limited company established in Hong Kong on March 25, 2021. 5Y is owned by 5Y Capital Growth Fund I, L.P. and 5Y Capital Growth Fund I Co-Investment, L.P., each of which is an exempted limited partnerships established in the Cayman Islands, and is in turn controlled by 5Y Capital GP Limited, their general partner. Mr. Qin Liu is entitled to exercise or control the exercise of 100% of the voting power of all issued shares in 5Y Capital GP Limited at its general meeting.

Discounter Seed HK

Discounter Seed HK is a limited liability company established in Hong Kong on April 13, 2021. Its principal business is making equity investments. Discounter Seed HK is ultimately controlled by GenBridge Capital Fund II, L.P., which is a private equity investment fund managed by GenBridge Capital (啟承資本). GenBridge Capital (啟承資本) was founded in 2016 and is a professional investment manager dedicating to investing in Chinese consumer sectors with a focus on the new generation of brands, retail and services.

Hunan Xiaomang

Hunan Xiaomang is a limited liability company incorporated in the PRC on December 5, 2024. Hunan Xiaomang is principally engaged in equity investment. Hunan Xiaomang is wholly owned by Jindong (Hong Kong) Holding Limited (津東(香港)控股有限公司) ("**Jindong Hong Kong**").

Changsha Shizaimang

Changsha Shizaimang is a limited partnership established in the PRC on November 8, 2021. Changsha Shizaimang was owned as to approximately (i) 0.1% by Mr. Yan as its general partner; (ii) approximately 99.9% by Mr. Wang Yutong and two other Independent Third Parties as its limited partners.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that the aforesaid capital increases and equity transfers have properly and legally completed with the applicable PRC laws and regulations in all material respects.

PUBLIC FLOAT

[**REDACTED**] Domestic [**REDACTED**] Shares held by [**REDACTED**] (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) will not be considered as part of the public float as such Domestic [**REDACTED**] Shares will not be converted into H Shares.

Among the [**REDACTED**] H Shares to be converted from Domestic [**REDACTED**] Shares pursuant to the Full Circulation Application of the Company and [**REDACTED**] on the Stock Exchange:

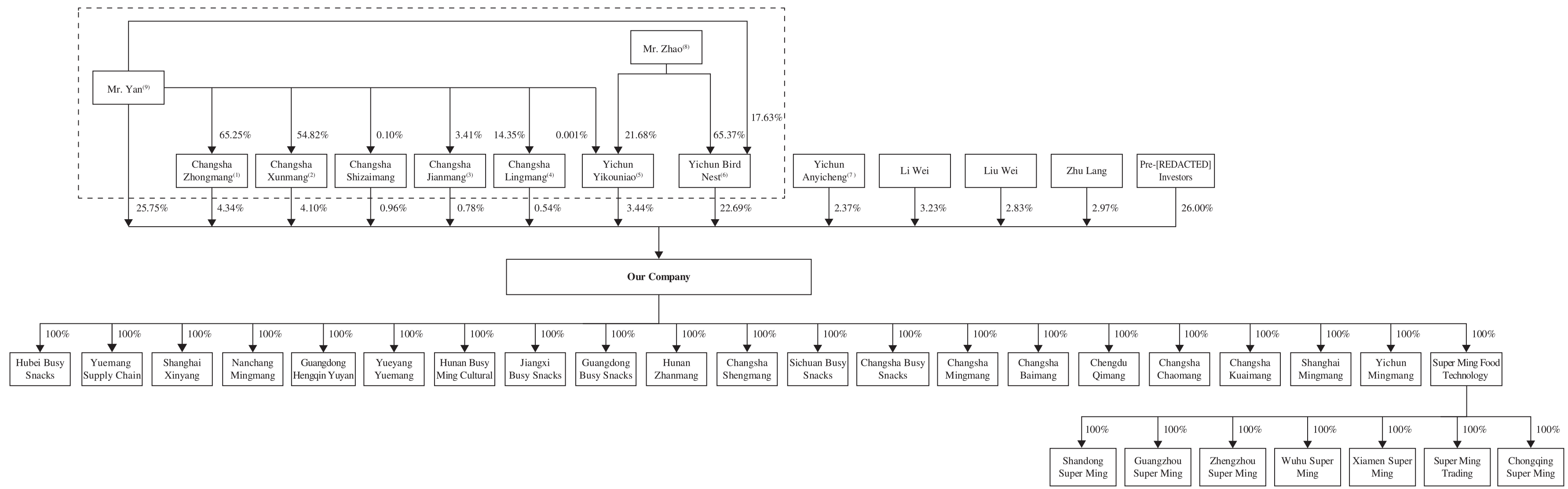
(a) the [**REDACTED**] H Shares to be converted from Domestic [**REDACTED**] Shares pursuant to the Full Circulation Application of the Company and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as such Shares are being held or controlled by the core connected persons of the Company; and

(b) the [**REDACTED**] H Shares to be converted from Domestic [**REDACTED**] Shares pursuant to the Full Circulation Application of the Company and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised)) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as these entities are not held or controlled by the core connected persons of our Company upon [**REDACTED**] nor are they accustomed to take instructions from the Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by the Company's core connected persons.

Taking into account the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), [**REDACTED**] Shares, representing [**REDACTED**]% of our total issued Shares upon [**REDACTED**], will be counted towards to the public float of our Company according to Rule 8.08 of the Listing Rules.

CORPORATE AND SHAREHOLDING STRUCTURE

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



Notes:

(1) As of the Latest Practicable Date, Changsha Zhongmang, an employee shareholding platform of our Company, was owned as to approximately (i) 65.25% by Mr. Yan as its general partner; (ii) 13.84% by Mr. Wang Yutong as one of its limited partners; and (iii) 20.91% by other 36 individuals who are all current employees of our Company as its limited partners. As of the Latest Practicable Date, other than Mr. Wang Yutong, Mr. Liao Song (廖松) (a director of each of Changsha Shengmang, Nanchang Mingmang, Changsha Chaomang and Changsha Mingmang) and Mr. Chen Chao (a director of Shanghai Xinyang), none of the limited partners of Changsha Zhongmang is a core connected person of our Company.

(2) As of the Latest Practicable Date, Changsha Xunmang, an employee shareholding platform, was owned as to approximately (i) 54.82% by Mr. Yan as its general partner; (ii) 12.21% by Mr. Wang Yutong as one of its limited partners; and (iii) 32.97% by 22 individuals who are all current employees of our Company as its limited partners. As of the Latest Practicable Date, other than Mr. Wang Yutong, Ms. Huang Lingyu (黃玲玉) (a director of Hunan Busy Ming Cultural and a supervisor of Changsha Baimang), Mr. Tang Weinan (唐偉男) (a director of Sichuan Busy Snacks) and Mr. Chen Chao, none of the limited partners of Changsha Xunmang is a core connected person of our Company.

(3) As of the Latest Practicable Date, Changsha Jianmang, an employee shareholding platform of our Company, was owned as to approximately (i) 3.41% by Mr. Yan as its general partner; and (ii) 96.59% by 11 individuals who are all current employees of our Company as its limited partners. As of the Latest Practicable Date, other than Mr. Zhang Jiang (張江) (a director of Shandong Super Ming and our financial director), none of the limited partners of Changsha Jianmang is a core connected person of our Company.

(4) As of the Latest Practicable Date, Changsha Lingmang, an employee shareholding platform of our Company, was owned as to approximately (i) 14.35% by Mr. Yan as its general partner; and (ii) 85.65% by 12 individuals who are all current employees of our Company as its limited partners. As of the Latest Practicable Date, other than Ms. Huang Lingyu and Mr. Luo Kun (羅坤) (a supervisor of Guangdong Busy Snacks), none of the limited partners of Changsha Lingmang is a core connected person of our Company.

(5) As of the Latest Practicable Date, Yichun Yikouniao, an employee shareholding platform of our Company, was owned as to approximately (i) 0.001% by Mr. Yan as its general partner; (ii) 21.68% by Mr. Zhao as its limited partner; (iii) 2.41% by Mr. Wang Ping'an, our executive Director, as one of its limited partners; (iv) 3.80% by Changsha Xiaoming Enterprice Management Partnership (Limited Partnership) (長沙曉鳴企業管理合伙企業(有限合伙)) ("**Changsha Xiaoming**") as one of its limited partners. The general partner of Changsha Xiaoming is Mr. Yan, holding approximately 1% of its partnership interests, and the limited partners of Changsha Xiaoming are 48 individuals who are all current employees of our Company; and (v) 72.11% by other 33 individuals who are all current employees of our Company as its limited partners. As of the Latest Practicable Date, other than Mr. Zhao, Mr. Wang Ping'an, Mr. Yao Wenchao (姚文超) (a director of Super Ming Food Technology), Mr. Zhang Wei (張偉) (a director of Wuhu Super Ming) and Mr. Huang Yongning (黃永寧) (a supervisor of Super Ming Food Technology), none of the limited partners of Yichun Yikouniao or Changsha Xiaoming is a core connected person of our Company.

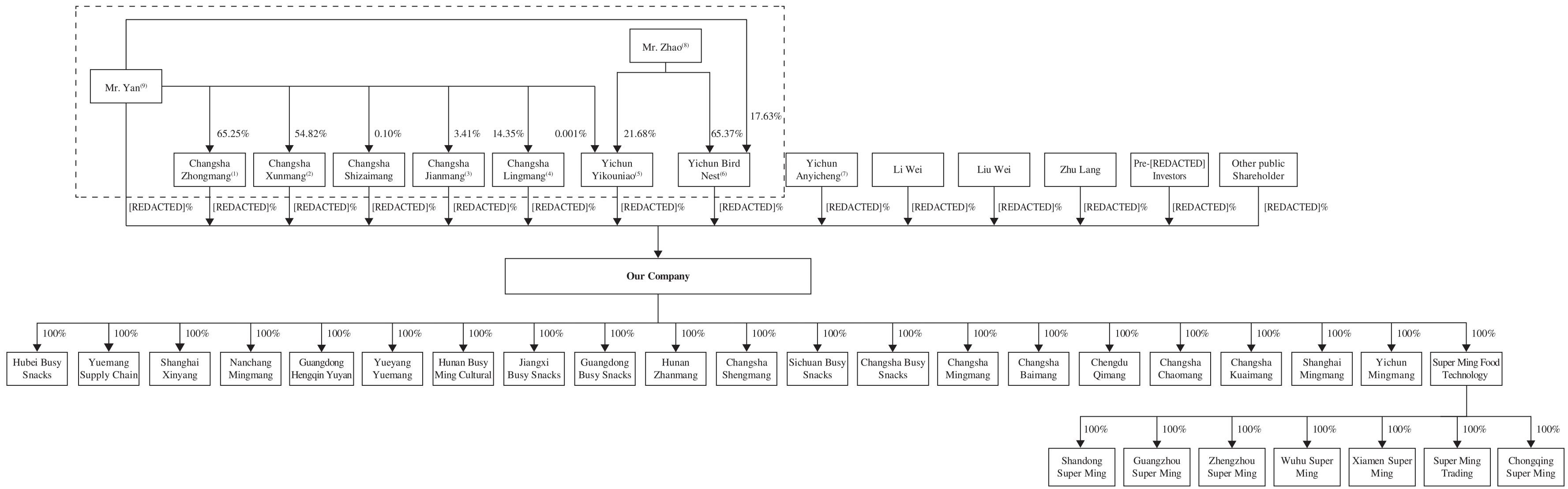
(6) As of the Latest Practicable Date, Yichun Bird Nest was owned by Mr. Zhao, Mr. Yan and Ms. Gao Caifang (高採芳) as to 65.37%, 17.63% and 17%, respectively. Ms. Gao Caifang is the spouse of Mr. Zhao.

(7) As of the Latest Practicable Date, Yichun Anyicheng was owned by Mr. Wang Ping'an and Ms. Chen Yanfang (陳艷芳) as to 51% and 49%, respectively. Ms. Chen Yanfang is the spouse of Mr. Wang Ping'an.

(8) Mr. Yan and Mr. Zhao have been acting in concert with respect to the exercising of voting rights in the general meeting of our Company since the Completion of the Super Ming Acquisition in November 2023. As such, Mr. Yan and Mr. Zhao, as well as their controlled entities, namely Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao, are together entitled to control the exercise of approximately 62.60% of the voting rights in the issued Shares of our Company as of the Latest Practicable Date.

(9) In April 22, 2025, Mr. Yan acquired approximately 17.63% equity interests in Yichun Bird Nest from Mr. Zhao at a consideration of RMB435,120,000 ("**Mr. Yan Acquisition**"). On the same date, Mr. Yan and Xiamen Hongshan Xingrui Innovation Technology Co., Ltd. (廈門紅杉興瑞創新科技有限公司) ("**Hongshan Xingrui**") entered into an agreement, pursuant to which 46.14% and 48.84% partnership interests in Changsha Zhongmang and Changsha Xunmang and 17.63% equity interests in Yichun Bird Nest held by Mr. Yan, respectively, shall be placed under pledge as security in favor of Hongshan Xingrui for the purpose of the loan facility of RMB435,120,000 provided by Hongshan Xingrui to Mr. Yan (the "**Loan**") to fund the Mr. Yan Acquisition (the "**Equity Interests Pledge**"). Hongshan Xingrui is ultimately controlled by Mr. Zhou Kui. The terms of the repayment of the Loan shall be three years commencing from the date of the draw-down of the Loan (the "**Three-year Period**"), which may be further extended for one year upon mutual consent, and Hongshan Xingrui shall not enforce the Equity Interests Pledge before the expiry of the Three-year Period. In addition, assuming that the Company completed the [**REDACTED**] within the three-year period, Hongshan Xingrui agrees not to enforce the Equity Interests Pledge within 12 months upon the [**REDACTED**]. Considering Mr. Yan is the general partner of Changsha Zhongmang and Changsha Xunmang, and Yichun Bird Nest is controlled by Mr. Zhao as to more than 50%, and taking into consideration the act in concert arrangement between Mr. Yan and Mr. Zhao, in the unlikely event that the Equity Interests Pledge was enforced by Hongshan Xingrui, the voting rights controlled by Mr. Yan and Mr. Zhao in our Company through each of Changsha Zhongmang, Changsha Xunmang and Yichun Bird Nest will not be affected.

The following diagram sets forth the corporate structure of our Group immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



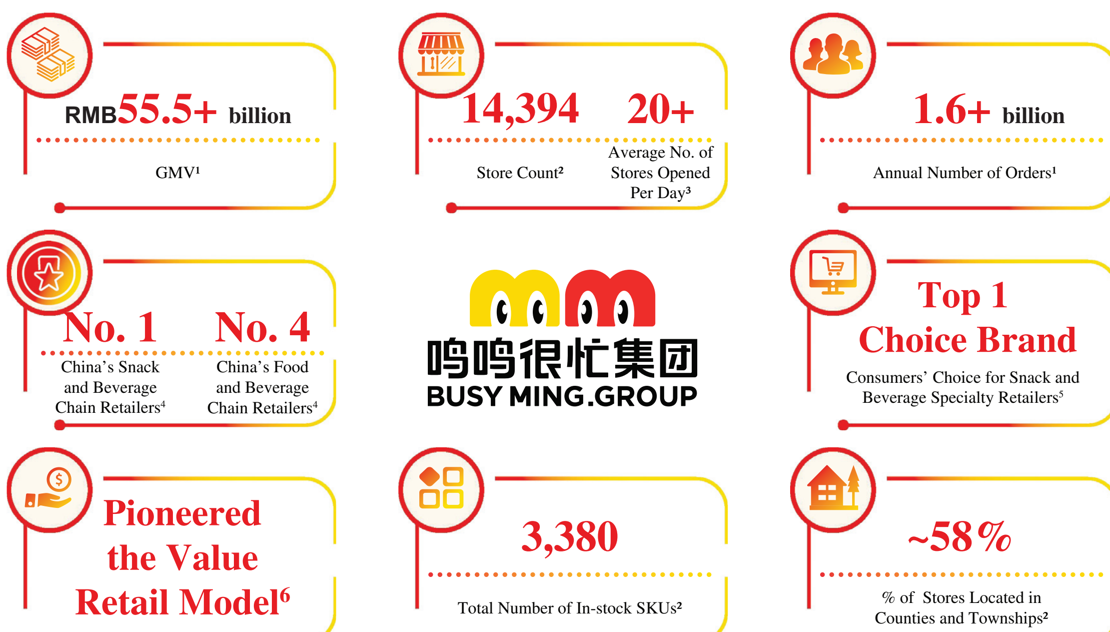
Notes:

(1)-(9): Please refer to the shareholding and corporate structure immediately prior to the completion of the [**REDACTED**].

OVERVIEW

Who We Are

We are a leading and rapidly growing food and beverage retailer in China. Our stores are predominantly located in high-traffic, highly visible and easily accessible street-side locations. We offer a joyful and comfortable browsing and shopping experience with a wide variety of value-for-money products and frequently launched new SKUs. We were founded on our founders' commitment to meeting the demand for affordable and high-quality snacks among consumers. Through supply chain streamlining and innovative product portfolio development, we have redefined our product portfolio and the retail pricing system, pioneering our value retail model. The unique experience we have accumulated in snacks also benefited our expansion into a broader range of product categories. As of December 31, 2024, our store network comprised 14,394 stores covering 28 provinces and all city tiers in China, with approximately 58% of our stores located in counties and townships. In 2024, we recorded a GMV of RMB55.5 billion. According to Frost & Sullivan, in terms of GMV of snack and beverage products in 2024, we are the largest chain retailer in China; in terms of GMV of food and beverage products in 2024, we are the fourth largest chain retailer in China and maintain a rapid growth. The following chart sets forth our key operating metrics:



Notes:

(1) In 2024.

(2) as of December 31, 2024.

(3) calculated as the number of stores opened in 2024 divided by 365 days.

(4) according to Frost & Sullivan, in terms of GMV of snack and beverage products, and food and beverage products in 2024, respectively.

(5) according to Frost & Sullivan.

(6) according to Frost & Sullivan, in food and beverage retail industry of China.

We own two brands, "Busy for You" ("零食很忙") and "Super Ming" ("趙一鳴零食"). "Busy for You" was founded by Mr. Yan Zhou in March 2017 in Changsha, Hunan Province. "Super Ming" was founded by Mr. Zhao Ding in January 2019 in Yichun, Jiangxi Province. Although the two brands had different origination and distinct geographical coverage, both Mr. Yan Zhou and Mr. Zhao Ding have always aimed to "create a snack brand for the people" ("打造人民的零食品牌") and "enable the public to buy snacks whenever and wherever" ("幫助老百姓實現零食自由"). Their shared vision led to the consolidation of "Busy for You" and "Super Ming" in November 2023, forming the Busy Ming Group. Given the complementary regional coverage and established consumer recognition, we adopted a dual-brand strategy after the Super Ming Acquisition. We have deeply integrated operational and management processes. According to Frost & Sullivan, we are consumers' top one choice for snack and beverage specialty retailers in China.

Our Value Retail Model Addresses the Pain Points in China's Snack and Beverage Retail Industry

Traditional retail model for snack and beverage products typically prioritize sales and production efficiency. They rarely deeply empathize with consumers to grasp their purchasing demand and habits. Furthermore, numerous price markups obstruct the complete realization of consumer demand, while multiple layers of intermediaries in the industry chain impede swift responses to consumers' changing tastes. Nor does the traditional retail model provide a varied product selection, resulting in outdated and homogeneous products that lack emphasis on quality and sales potential. In addition, the supply chain and infrastructure of traditional retail model are underdeveloped in lower-tier markets, leading to considerable unmet consumer demand for affordable products.

We pioneered the value retail model, addressing industry pain points through creating a joyful and comfortable browsing and shopping experience, inventively developing product portfolio, as well as streamlining supply chain:

Rich and diverse products as well as a joyful and comfortable browsing and shopping experience. Driven by our consumer-centered product portfolio development philosophy and efficient product selection mechanism, we have created a product portfolio with diverse products and frequently launched new SKUs. Each of our stores generally offers no fewer than 1,800 SKUs. According to Frost & Sullivan, our average SKU count per store is twice that of snack and beverage products in similarly sized supermarkets, fully meeting consumers' needs for diversity. We believe that the in-store experience is crucial for continuously attracting and maintaining active engagement with consumers. Therefore, we strive to provide a joyful and comfortable browsing and shopping experience to consumers through multiple aspects, including lighting, product display and store flow design. In addition, we host a variety of interactive in-store activities that integrate shopping, entertainment and socializing. The unique store design and in-store events increase the time consumers spend in our stores and further boost store recognition.

Product selection and customization centered on consumer needs. In 2024, more than 1.6 billion orders were placed in our stores, allowing us to accumulate deep insights into consumers' preferences, purchasing behavior and evolving trends in tastes. We engage in the customization of products based on consumer needs. As of December 31, 2024, approximately 25% of our SKUs are customized in collaboration with the producers and brand owners. We have also lowered the threshold for trying new products by offering customized small-packaged products and weight-priced individual-pack products. Furthermore, we have established a standardized product selection decision-making mechanism consisting of initial selection, trial tastings, trial sales and product promotion. In 2024, we on average introduced hundreds of new products each month, continuously providing consumers with fresh and exciting product experiences while setting taste trends in the snack and beverage industry.

Streamlined supply chain to enhance the value for money of products. We optimized and greatly simplified the value chain from production to end-sales. The majority of our products are directly supplied by producers or brand owners and sold directly to end consumers through our store network. Benefiting from our streamlined supply chain and significant economies of scale, our high-quality products, are priced approximately 25% lower than the average for similar products available in the supermarket channel, according to Frost & Sullivan (based on a comparative analysis of prices for a basket of commonly consumed snack and beverage products of our Group and the supermarket channel).

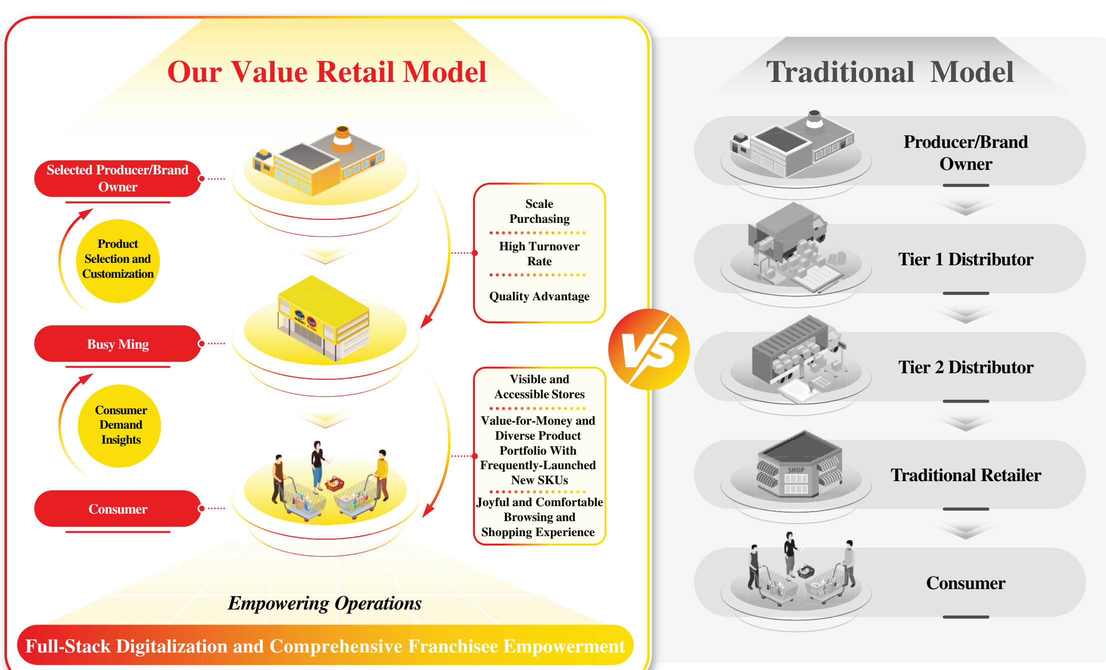
Wide coverage of lower-tier markets. We remain committed to serving the public, thoroughly penetrating lower-tier markets. As of December 31, 2024, our store network comprised 14,394 stores, with approximately 58% located in counties and townships. Our store network reached 1,224 counties as of the same date, accounting for approximately 66% of all counties in China. This broad and deep store network coverage enables us to provide consumers in all city tiers, counties and townships with products and services of consistently high value for money.

We have also developed capabilities in full-stack digitalization and comprehensive franchisee empowerment, which enable us to improve the efficiency and scale of our operations, and lead the industry development:

Full-stack digitalization capabilities. According to Frost & Sullivan, as of December 31, 2024, we had the largest digitalization team among snack and beverage specialty retailers in China and had developed full-stack digitalization capabilities covering product selection and procurement, warehousing and logistics as well as franchisee and store management. We were one of the first snack and beverage specialty retailers in China to build a digital order management system. We also launched fully digitalized warehouse and transportation management systems (the "**WMS**" and "**TMS**"). These capabilities effectively improve supply chain efficiency. We have developed a smart retail middle platform and are one of the first in the industry to introduce the digitalized store supervision tool. In addition, we are one of the few companies in the industry to effectively address the digital and accurate identification of weight-priced individual-pack products. Such smart retail middle platform and product identification capability help ensure standardized store operations. The smart retail middle platform also allows franchisees to monitor store operational data in real time and enables us to provide franchisees with tailored operation improvement guidance that facilitates the enhancement of store performance.

Comprehensive franchisee empowerment. Different store types, geographic locations and consumer demographics have distinct preferences for store display. Our visualized store display templates help franchisees establish differentiated store flow design and product display. This enables distinct store displays that emphasize individual characteristics. On the other hand, despite different store display characteristics across our stores, we implement standardized management in aspects such as store renovation, adjustments of product displays and customer service. We strive to provide comprehensive training and guidance, establishing smooth communication channels and promptly addressing their needs. Our comprehensive franchisee empowerment helps us build close and stable franchisee relationships, allowing us to work alongside franchisees to deliver high-quality products and services to consumers and ensuring that consumers enjoy a cohesive experience and customer service across our stores.

Under our value retail model, we accumulate insights into consumer demand, thereby achieving product selection and customization. Benefiting from our scale purchasing, high turnover rates and product quality advantage, and through stores at highly visible, easily accessible locations, we offer consumers a wide variety of value-for-money products and frequently launched new SKUs as well as a joyful and comfortable browsing and shopping experience. Our full-stack digitalization and franchisee empowerment capabilities comprehensively underpin our excellent operating capabilities. During the Track Record Period, we achieved rapid growth far exceeding that of the snack and beverage retail industry. The following diagram sets forth the key features of our value retail model in comparison with the traditional retail model:



Outstanding Financial Performance

Our revenue was mainly derived from (i) sales of goods to franchisees and (ii) fees for franchising services. Benefitting from our organic growth and acquisition, during the Track Record Period, we recorded high-speed growth and robust profitability. Our revenue increased by 140.2% from RMB4,285.7 million in 2022 to RMB10,295.3 million in 2023, and further increased by 282.2% to RMB39,343.5 million in 2024, at a CAGR of 203.0% from 2022 to 2024. We achieved adjusted net profit (non-IFRS measure) of RMB81.5 million, RMB234.8 million and RMB912.6 million in 2022, 2023 and 2024, respectively, at a CAGR of 234.6% from 2022 to 2024.

OUR STRENGTHS

Undisputed Industry Leader With Continued Rapid Growth

According to Frost & Sullivan, the market size of China's snack and beverage retail industry reached RMB3.7 trillion in 2024, accounting for 53.0% of the total market size of China's food and beverage retail industry. In terms of GMV of snack and beverage products in 2024, we are the largest chain retailer in China; in terms of GMV of food and beverage products in 2024, we are the fourth largest chain retailer in China, according to Frost & Sullivan. As of December 31, 2024, our store network comprised 14,394 stores, representing an increase of approximately 8,000 stores compared to December 31, 2023. As of the same date, our store network covered 28 provinces and all city tiers across China, with approximately 58% located in counties and townships, achieving deep penetration in these areas. Benefitting from our organic growth and acquisition, in 2024, we recorded a GMV of RMB55.5 billion, representing a year-on-year increase of 262.4% compared to 2023.

We continue to bring enjoyment to consumers in their shopping experience of snack and beverage products, thereby building a large and loyal consumer base. As of December 31, 2024, the number of our registered members reached approximately 120 million. We have established a deeply ingrained brand image in the snack and beverage retail industry, firmly capturing consumer mindshare. According to Frost & Sullivan, we are consumers' top one choice for snack and beverage specialty retailers in China.

We maintain leading advantages in product portfolio development capabilities, supply chain efficiency, store experience, store network coverage and brand recognition, which create a positive cycle that allows us to maintain our leading position in China's snack and beverage retail industry. Leveraging our above capabilities and industry leading position, we are well positioned to capture significant growth opportunities in China's snack and beverage retail industry.

Outstanding Product Offering Capabilities Supported by Reliable Supply Chain

Outstanding Product Offering Capabilities Benefiting From our Unique Product Portfolio Development Philosophy

"Product selection and customization centered on consumer needs" is our philosophy of product portfolio development. In 2024, more than 1.6 billion orders were placed in our stores, allowing us to accumulate deep insights into consumers' preferences, purchasing behavior and trends in tastes and helping us select and customize products based on the needs of consumers. As of December 31, 2024, we had 3,380 in-stock SKUs, among which approximately 25% were customized. For example, we sharply identified consumers' preference for sesame paste flavors and innovatively developed sesame paste-flavored vegan beef tripe in collaboration with the producers and brand owners. Such products received widespread acclaim from consumers, with sales reaching more than 100 million units in 2024. In addition, in terms of product packaging, we strategically collaborate in the customization of small-pack products and weight-priced individual-pack products. As of December 31, 2024, more than 40% of our products adopted the form of weight-priced individual pack, significantly lowering the cost for consumers to try new products while offering a more innovative product experience and continuing to attract repeat purchases.

In terms of product selection, we have established a standardized decision-making mechanism consisting of initial selection, trial tastings, trial sales and product promotion. As of December 31, 2024, we had a product selection team of 187 personnel who conduct in-depth analysis and make decisions, focusing on characteristics and changing trends in consumer demand. In addition, we have developed the "Everybody's Picks" ("全民選品") WeChat mini-program, allowing franchisees, store staff and our product selection team to provide timely feedback on the most demanded products in the local market. When we launch a new product, we conduct trial tastings and trial sales at selected stores in various regions before launching a broader product promotion. This standardized decision-making mechanism of initial selection, trial tastings, trial sales and product promotion allows us to quickly iterate products as well as introduce special products tailored to factors such as seasons, regions and holidays.

Driven by our product portfolio development philosophy centered on consumer needs and an efficient product selection mechanism, we developed a diverse product portfolio that excels in value for money and is frequently updated with newly launched SKUs. Our products cover seven major product categories and more than 750 key brands. Each of our stores generally offers no fewer than 1,800 SKUs, twice that of snack and beverage products in similarly sized supermarkets, according to Frost & Sullivan, fully meeting consumers' needs for diversity. Our products offer excellent value for money. According to Frost & Sullivan, our products are priced approximately 25% lower than the industry average for similar products available in the supermarket channel. In 2024, we on average introduced hundreds of new products per month, continually providing consumers with fresh and exciting product experiences.

Reliable Supply Chain Featuring Economies of Scale, Operational Efficiency and High Quality

Reshaping of the supply chain. We optimized and greatly streamlined the value chain from production to end-sales. The vast majority of our products are directly supplied by producers and brand owners and are sold directly to consumers through our store network, reducing intermediaries in the supply chain. In addition, we strive to shorten the credit terms with suppliers to secure at more competitive procurement prices.

Scale effects in the supply chain. As the largest chain retailer in China in terms of GMV of snack and beverage products in 2024, we have a significant procurement volume, allowing us to achieve substantial economies of scale and continually provide consumers with value-for-money product offerings.

High-quality supplier resources. We insist on partnering with the industry-leading producers in each sub-category of products that have sufficient production capacity and strong capabilities in collaborative product development and customization, as well as excellent product quality. As of December 31, 2024, approximately 50% of enterprises shortlisted on the 2024 Hurun China Food Industry Top 100 are collaborating with us.

Efficient warehousing and logistics systems. As of December 31, 2024, we had strategically established a nationwide warehousing network with 36 warehouses based on our store network. Our stores are typically located within 300-kilometer proximity to the nearest of our warehouses, which in general enable timely 24-hour delivery to the stores. Our inventory turnover efficiency is significantly ahead of the industry average, with inventory turnover days of 11.6 days in 2024. Our overall warehousing and logistics costs, including expenses relating to transportation expenses and warehousing service fees, at 1.5%, 1.6% and 1.7% of our total revenue in 2022, 2023 and 2024, respectively, which is industry-leading, according to Frost & Sullivan.

Strict food quality and safety control. Food quality and food safety are the foundations of our business. We have established food quality and safety control systems for our supply chain and store operations across the entire operation process from the source of products, encompassing the evaluation of production, transportation, warehousing, in-store sales and after-sales customer services. We have our own laboratory, and collaborate with third-party testing organizations to conduct random product inspections. As of December 31, 2024, we had 142 quality control personnel and continuously enhance their awareness and skills regarding food quality and food safety.

A Joyful and Comfortable Browsing and Shopping Experience, with a Consistency Enabled by Our Standardized Store Operations

Joyful and Comfortable Browsing and Shopping Experience

Our store designs focus on providing a joyful and comfortable browsing and shopping experience through multiple designs, including lighting, product display and store flow design, as well as customer services. Our eye-catching storefront signage, alongside neatly arranged and abundant product displays, creates a comfortable browsing and shopping experience with ample space between the shelves. Our staff provide warm and friendly customer service. In addition, we organize a variety of interactive in-store activities, combining shopping, entertainment and socializing. For example, our Snack Carnival features themed decorations, new product tasting stations and interactive games to attract consumers. The unique store design and in-store activities increase the time consumers spend in-store, further enhancing our store recognition.

Distinct Store Displays That Emphasize Individual Characteristics Across Stores, and Standardized Operations That Ensure a Cohesive Experience Across Stores

Different store types, geographic locations and consumer demographics exhibit distinct preferences for store displays. For example, the emphasis of product displays and the items showcased at the front of the shelves may be different for stores situated near different functional zones. In addition, regional demand for best-selling products varies. To address this, we have designed approximately 30,000 visual store display templates based on our extensive display experience, allowing franchisees to customize store flow design and product display. This approach enabled us to achieve distinct store display characteristics across our stores.

While we have different store display characteristics across our stores, we maintain standardized management in aspects such as store renovation, adjustment of product displays and customer service to provide a cohesive experience and services to consumers. We combine online remote inspections with offline supervision, ensuring regular assessments of our stores. Store performance is typically evaluated monthly, and rewards or penalties are given accordingly.

Comprehensive Franchisee Empowerment

We strive to provide comprehensive support to our franchisees, constantly addressing their needs and cultivating close, stable relationships with them. We work with our franchisees to provide consumers with quality products and consistent services.

Skill enhancement and alignment with company values. We provide franchisees with high-quality training across comprehensive aspects, including a seven-day training for franchisees at our headquarters before signing franchise agreements, a 10 to 12-day training session for store staff before store opening, monthly and annual meetings and regular post-opening follow-up and supervision. This comprehensive training helps franchisees develop and enhance operational skills while fostering a deep understanding of and alignment with our corporate culture and business philosophy.

Timely resolution of issues. We place great importance on promptly addressing and responding to franchisees' concerns and requests by establishing smooth communication channels. In addition, we have implemented a regional store operations advisory system, where regional store operations advisers maintain one-on-one communication with franchisees to ensure the timely resolution of franchisees' various requests.

Performance enhancement. We are dedicated to enhancing store operational performance right from the inception of new stores. This starts with assisting in the design of initial promotional activities to enhance the performance of newly opened stores. For stores that require additional support, we analyze operational issues and provide tailored advice on enhancement.

Benefiting from standardized store operations and comprehensive franchisee empowerment, we have built a sustainable store network with a healthy and cohesive brand image, shopping experience, product quality and level of customer service.

Extensive Store Network Coverage with Deep Penetration, Featuring Highly Visible and Easily Accessible Store Locations

Extensive Store Network Coverage with Deep Penetration

As of December 31, 2024, we had a sales network consisting of 14,394 stores across 28 provinces in China. As of December 31, 2024, our stores covered all city tiers in China and approximately 58% of our stores were located in counties and townships, achieving deep coverage in lower-tier markets. Our store network reached 1,224 counties as of the same date, accounting for approximately 66% of all counties in China.

Highly Visible and Easily Accessible Store Locations

Our stores are typically located in highly visible, easily accessible street-side locations with high and stable foot traffic, meeting consumers' daily needs for snacks and beverages while encouraging repeat purchases. Our site selection is based on scientific data analysis that is continuously updated. We have built a dedicated and experienced team and, based on analysis on our existing stores and accumulated experience, developed our own digital site selection tool to analyze and predict optimal store sites. We maintain and continually update a site database for major markets across the country. As of the Latest Practicable Date, our database contained over 10,000 potential sites, ensuring that our store locations are both highly visible and easily accessible to consumers, while maintaining high foot traffic for franchisees and balancing sales and rental costs.

Ingrained Brand Image and Innovative Marketing Strategies, Making Us the Go-to Brand for Consumers in China

A Brand Image that is Ingrained, Securing a Leading Position in Consumer Recognition

We have crafted a joyful and relaxing brand image, which resonates with our extensive store network, a diverse range of value-for-money products and frequently launched new SKUs, as well as a joyful and comfortable browsing and shopping experience. This has helped us establish a deeply ingrained brand image in the snack and beverage retail industry, making us the go-to brand for consumers in China. According to Frost & Sullivan, we are consumers' top one choice for snack and beverage specialty retailers in China.

Diversified and Innovative Marketing Strategies, Significantly Enhancing Brand Recognition

We emphasize the adoption of entertainment marketing strategies, creating a distinctive brand culture characterized by creativity and fun, and significantly enhancing brand recognition. As one of the first brands in the snack and beverage retail industry to launch brand endorsements, we invited brand ambassadors to elevate our brand visibility and resonate with younger consumers. Since July 2024, we have conducted online and offline brand promotion campaigns to announce our brand ambassador for "Busy for You" and "Super Ming" brands. These campaigns generated over 2.5 billion online impressions. In addition, we have introduced innovative concept stores, such as "Super • Busy for You" ("超級•零食很忙,") "Big • Busy for You" ("零食很大") and "Super Ming Snack Research Institute" ("趙一鳴零食研究所,"), offering consumers a new and fun shopping experience that sparks a viral marketing effect. Our "Big • Busy for You" store in Changsha achieved a single-day GMV of over RMB1 million, becoming one of the new landmarks in Changsha for consumers. In 2024, our innovative concept stores had over 1.6 billion online impressions on Douyin. During the Track Record Period, we established co-branding collaborations with intellectual properties ("**IPs**") such as Nailong (奶龍) and Want Want (旺旺) and offered co-branded products, continuously bringing surprises to consumers.

Continuously Evolving Membership Program and Precision Marketing

We have established a membership program. We utilize various online channels such as WeChat mini-programs and official WeChat accounts as well as offline store channels for member attraction and engagement. As of December 31, 2024, we had approximately 120 million members, with a member repurchase rate of approximately 75% in 2024. We interact actively with our members and, through consumer analysis and data collection, we tailor promotional strategies and make special promotional offers to continuously enhance consumer repurchase rates and loyalty.

Full-stack Digital Capabilities Further Driving Excellence in Operations

We began building our digitalization team in 2021, which had grown to 235 personnel as of December 31, 2024. This makes our digitalization team the largest among snack and beverage specialty retailers in China. Our full-stack digitalization capabilities, which span procurement, warehousing, logistics, store sales and management, are fundamental to maintaining our advantages in efficiency as we scale up, further driving operational excellence.

Digitalized Product Selection and Procurement

We gain deep insights into consumer demand through vast amounts of product sales information, guiding our product selection and customization. By analyzing store ordering and sales information and utilizing the "Everybody's Pick" WeChat mini-program we developed in-house, we track the evolving trends of consumer demand for products. In addition, through analysis of membership consumption behaviors, we further deepen our understanding of evolving consumer needs and regional characteristics thereof.

We are one of the first in the industry to establish the digitalized systems for order placement that covers the entire operational process across the store level, warehouse level and supplier level. Under the traditional model, stores place orders based on manual management of inventory and forecasts of future sales orders, which easily leads to errors. We established the digitalized systems for order placement, which collaborate with the warehouse level system, to significantly improve the accuracy of demand forecasting at the store level and enhanced fulfillment efficiency at the supplier level.

Digitalized Warehousing and Logistics

We are one of the first among China's snack and beverage specialty retailers to launch fully digitalized warehouse management and transportation management systems. This enables electronic documentation throughout the entire warehousing and logistics process, such as shipping lists and store receipts, thereby effectively reducing warehousing operational costs. We are committed to reducing the time spent on manual sorting by promoting the level of automation at operational nodes. Benefiting from digital empowerment, we have significantly enhanced both the efficiency and standardization of our warehousing and logistics operations. Furthermore, we offer live notifications to stores regarding updates at each stage of the transportation process. In addition, our stores are equipped with automatic inbound goods recognition systems. This ensures both delivery and goods receipt efficiency.

Digitalized Store Management

We are one of the first in the industry to develop a smart retail middle platform in-house, thereby achieving a high level of alignment between our information systems and business development. In addition, through digital empowerment, we have significantly enhanced store operation indicators such as product shelf-life management accuracy, store checkout efficiency and service level standardization, improving our stores' operational efficiency. Furthermore, we are one of the first in the industry to introduce digitalized store supervision. The digitalized store supervision tool effectively works with onsite inspections by store supervisors, thereby increasing the efficiency of store supervision.

We are committed to effectively solving the challenge of digitally and accurately identifying weight-priced individual-pack products. The check out of weight-priced individual-pack products is complex and difficult. The traditional method requires store employees to manually sort and weigh each SKU, which easily leads to human errors and limited efficiency. We are one of the few companies in the industry owning a digitalized cashier that utilizes image recognition technologies to accurately identify SKUs, where our store employees only need to perform simple operations before the system automatically classifies and weighs the products. This significantly improves store checkout efficiency and greatly enhances the accuracy of inventory and product shelf-life management.

Management Team with Strategic Foresight and Integrity-Driven, Pragmatic Corporate Culture

Our founders, Mr. Yan Zhou and Mr. Zhao Ding, are young and highly insightful entrepreneurs. With their keen market sense, they identified the pain points of the snack and beverage retail industry. Through precise targeting of consumer groups, innovative business models and a disruptive supply chain system, they have provided consumers with products with the high value for money.

Our outstanding and young management team has grown alongside the founders and the brands, demonstrating strong resilience and cohesion. Our senior management team, with an average age of under 40, adapts to contemporary trends and possesses sharp insights into innovations within the snack and beverage retail industry, collaborating efficiently with our founders to drive the rapid growth of our company. Our core management team consists of widely recognized experts in their respective fields, combined with self-cultivated young talent who possess deep insights into emerging consumer trends. This seamless integration of experienced leadership and new talent has fostered our diverse approach to business management and strategic vision.

We uphold the core values of "integrity, efficiency, excellence and altruism" ("廉潔、高效、極致、利他"), maintaining a dynamic and progressive team spirit. We are committed to compliance, staying grounded and continuously striving for excellence. To uphold integrity, we have established a dedicated email box for integrity supervision. Furthermore, we always consider talent to be the core driving force behind our business development. We attract and retain top talent through an incentive system and comprehensive training programs.

OUR STRATEGIES

To Strategically Upgrade Our Store Network

We plan to further solidify our nationwide store network under the brands of "Busy for You" and "Super Ming." We intend to continuously enhance the quality of our stores and their complementary regional coverage, further expanding the depth and breadth of our offline store network. By upgrading existing stores, we aim to strengthen our competitive edge and brand influence. This involves optimizing our store variety as well as enhancing store layouts to further improve our stores' operational efficiency and elevate the joyful and comfortable browsing and shopping experience. For example, in terms of optimizing store performance, we plan to further use digital technologies to upgrade store layouts, which will allow our stores to effectively display products in limited shelf space. We also intend to further combine digital systems with our experience to identify suitable store locations and strategically deploy our stores with optimal density to reach a broader consumer base and drive higher foot traffic. Furthermore, we plan to diversify our store types to adapt to different consumption scenarios, ensuring our stores meet the varying needs and preferences of consumers across regions.

To Relentlessly Upgrade Products in Response to Market Demand

We intend to actively capture market demand. We plan to conduct in-depth analysis of consumer preferences, consumption scenarios and product categories. By integrating our experience in product selection with digital capabilities, we aim to continuously refine our product offerings, focusing on comprehensive aspects such as quality, price and packaging. We also aim to dive deeper in our existing product categories and expand into new ones, aiming to provide products that meet the needs of different consumption scenarios. In addition, we plan to upgrade SKUs and enrich our product categories with products covering consumer demand for food, drinks and fun. This is expected to offer a joyful and comfortable browsing and shopping experience and satisfy the diverse needs of consumers.

To Broaden Product Offerings in Existing Product Categories and Expand into New Ones

Building on our past experience in product selection under both brands, we plan to further strengthen our product selection capabilities through the use of the "Everybody's Picks" WeChat mini-program and offline market research. We will continue to monitor market dynamics and regional preferences to optimize the supply and quality of products offered in our stores and timely adjust our product mix, such as developing product categories and SKUs that capture regional consumer preferences. We will strategically increase product categories and SKUs, including more refrigerated and frozen products, and expand these offerings across our store network in China to meet ever-evolving consumer demand.

We intend to strengthen cooperation with suppliers on product customization. By actively seeking partnerships with reputable suppliers, we will work closely with them on developing and launching a wider range of products with customized packages, specifications and combos. We will deepen partnerships with them to ensure a stable and sufficient supply of high-quality products.

To Develop Private-label Products

To better provide consumers with safe, value-for-money products, we plan to further analyze information such as consumer purchasing preferences and evolving trends in tastes to identify consumer demands that existing products have not addressed, strategically developing private-label products. We plan to further enhance product traceability through packaging or label scanning and promote "clean lists of ingredients" ("潔淨配料表"), thereby facilitating the development of China's food and beverage industry with more high-quality, value-for-money products.

To Continuously Optimize and Upgrade Our Supply Chain System

We intend to enhance our warehousing network by setting up more warehouses to accommodate the swift geographical expansion and regional penetration of our store network. This will help us further enhance the nationwide supply chain and ensure efficient and timely supplies for our stores across the country, thereby maintaining our leading inventory turnover efficiency.

At the same time, we intend to establish a cold chain logistics system by collaborating with reputable logistics service providers to support the expansion of our refrigerated and frozen food offerings in our stores. This is expected to help us expand refrigerated and frozen product offerings across our nationwide store network.

In addition, we will optimize our supplier evaluation, focusing on assessing supplier credibility, quality management and production or fulfillment capability. This will allow us to further select quality suppliers and stay informed about their latest developments.

To Enhance Digital Capabilities to Optimize Management Efficiency

We will continue to promote the integration of business and digitization to enhance managerial and operational efficiency. We plan to foster collaboration between operational and technology teams and encourage our operational personnel to participate in the development, construction and optimization of our digital systems. We plan to enhance the digital awareness of our operational teams as well as the business capability of our technology teams, and provide more effective digital tools applicable to our operational teams, thereby enabling rapid responses to changing market demand.

To better serve our consumers, we will apply our digital capabilities to enhance product selection, quality control and marketing and branding, thereby further bringing joyful and comfortable browsing and shopping experience to consumers.

To more effectively empower our franchisees and franchised stores, we will continuously improve our management across the full life cycle of franchisees to help them swiftly open, smoothly operate and effectively manage franchised stores. We also plan to improve operational efficiency and cost control capabilities of our franchisees by enhancing their digital capabilities.

To further strengthen our capabilities in supply chain management, we will continuously enhance our application of the digitalized integrated system for supply chain management. We plan to further integrate our suppliers into this system and assist suppliers in enhancing their order fulfillment ability through our digitalization capabilities, enabling more accurate order forecasts and faster inventory turnover and ultimately improving supply chain efficiency.

To Further Increase Marketing Efforts and Strengthen Brand Influence

We will continue our marketing strategy by combining top-down and bottom-up approaches. We intend to boost our brand-building and marketing initiatives to strengthen the joyful and comfortable browsing and shopping experience as well as our joyful and relaxing brand image. We plan to enhance the quality of consumer interactions across various channels while continuously enhancing consumers' engagement and increasing brand recognition, awareness and reputation, as well as enhancing consumer loyalty.

For the top-down approach, we will continue to adopt marketing initiatives that empower our brands and increase brand awareness. For example, we plan to periodically engage brand ambassadors and organize large-scale brand-themed events, thereby enhancing brand exposure and strengthening brand equity. We also plan to further explore co-branding with different IPs to increase the cultural value of our brands. Furthermore, via a wide range of online platforms and by exploring additional strategies, such as collaborating with KOLs, we intend to enhance brand recognition as well as continuously promote the expansion of our store network to new markets and the launch of new products.

For the bottom-up approach, we will leverage our expanding store network to reach consumers and enhance their recognition of our brands through value-for-money product offerings as well as joyful and comfortable browsing and shopping experiences. We plan to train and assist franchisees in enhancing their consumer reach and increasing foot traffic, such as through further developing our membership program, engaging in membership community operations and conducting varieties of digital marketing. We plan to continue establishing innovative concept stores, such as "Super • Busy For You", "Big • Busy For You" stores and "Super Ming Snack Research Institute" at central locations of major cities, to further enhance our brand awareness and influence.

To Explore Potential Investment and Acquisition Opportunities

As a complement to our organic growth strategy, we will selectively pursue investments and acquisitions to capitalize on market opportunities and drive business growth. We will strategically explore opportunities based on our business development needs and market demand. We may consider investing in or acquiring industry participants that create synergies and enhance our competitiveness. As of the Latest Practicable Date, we had not identified any specific partnership, investment or acquisition targets, nor had we entered into any related agreements.

OUR STORE NETWORK

Overview

We opened our first store in 2017 in Changsha, Hunan Province, under the brand name "Busy for You". In 2023, we acquired "Super Ming." Our two brands generally do not have stores in the same geographic area, achieving optimal geographic complementarity. As of December 31, 2024, we had established a store network comprising 14,394 stores spanning 28 provinces in China across all city tiers, with approximately 58% of our stores located in counties and townships. Our store network reached 1,224 counties as of the same date, accounting for approximately 66% of all counties in China. The following map illustrates the presence of our stores across China as of December 31, 2024:

Note: As of December 31, 2024.

We primarily operate under the franchise model, authorizing our franchisees to sell snacks and beverages through franchised stores under our brands. See "— Our Franchise Model" for details. In addition, we strategically operate self-operated stores to enhance brand recognition and gain market intelligence. See "— Self-operated Stores" for details.

The following table sets forth the number of our stores by nature as of the dates indicated:

	As of December 31,					
	2022		2023		2024	
	Number of stores	%	Number of stores*	%	Number of stores	%
	(count, except for percentages)					
Self-operated stores	4	0.2	16	0.2	15	0.1
Franchised stores	1,898	99.8	6,569	99.8	14,379	99.9
Total	**1,902**	**100.0**	**6,585**	**100.0**	**14,394**	**100.0**

Note: Including 2,433 stores acquired through the Super Ming Acquisition. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition."

The following table sets forth the number of our stores by city tier as of the dates indicated:

	As of December 31,					
	2022		2023		2024	
	Number of stores	%	Number of stores(1)	%	Number of stores	%
	(count, except for percentages)					
First- and new first-tier city(2)	441	23.2	1,063	16.1	2,530	17.6
Second-tier city(2)	104	5.5	532	8.1	1,943	13.5
Third- and lower-tier city(2)	1,357	71.3	4,990	75.8	9,921	68.9
Total	**1,902**	**100.0**	**6,585**	**100.0**	**14,394**	**100.0**

Notes:

(1) Including 2,433 stores acquired through the acquisition of the "Super Ming" brand. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition."

(2) Including urban areas as well as the subordinate counties and townships in these cities.

We have successfully established a strong presence not only in urban areas but also in counties and townships across all city tiers, which are administrative areas typically located away from downtown areas. As of December 31, 2024, approximately 58% of our stores were located in counties and townships. Our stores are strategically and efficiently located near our consumers to cater to their purchasing patterns and to timely and sufficiently meet their demands. We believe that lower-tier markets represent large untapped demands, making it essential for us to further penetrate into those markets to capture demands therein, enhance competitiveness and achieve long-term success in China's evolving snack and beverage retail landscape.

Store Features

During the Track Record Period, the aggregate area of our stores generally ranged between 140 and 190 sq.m. We also have large stores with an aggregate area between 250 and 300 sq.m. in prime locations that we identify and choose following our thorough site selection criteria. See "— Site Selection" for details. For instance, we select highly visible corner sites in central areas for our large stores. These large stores offer an expanded range of SKUs and trendy snack zones, as well as interactive zones and rest areas which aim to boost consumer engagement and enhance brand reputation. Furthermore, we have established innovative concept stores, such as "Super • Busy For You", "Big • Busy For You" and "Super Ming Snack Research Institute", to offer a differentiated browsing and shopping experience for consumers. In addition to the products we generally offer, we provide unique products to consumers in our innovative concept stores, such as snacks in specially designed packages, creating engaging discussion topics and enhancing social experiences. These innovative concept stores showcase our efforts in innovation, reinforce our brand image and help us build a loyal consumer base. All of the innovative concept stores are self-operated and share the same design style as our other stores.

Our stores adopt a cohesive design style that is both inviting and memorable, offering consumers a consistent browsing and shopping experience and highlighting our brand image. They are designed to provide a joyful and comfortable browsing and shopping experience to a broad consumer base. We require the use of consistent color themes of bright yellow or red for both storefronts and interior decorations. The indoor temperature and lighting are thoughtfully designed to ensure a pleasant environment. The baked goods we make in-store release a delightful aroma which enhances the sense of happiness for consumers when browsing and shopping in our stores. On the other hand, we recognize that various geographic locations and store types attract different consumer demographics, each with distinct preferences for store displays. For example, the emphasis of product displays and the items showcased at the front of the shelves may be different for stores situated near different functional zones. In addition, regional demand for best-selling products varies. To cater to these needs, we encourage each store to select a template from our collection of approximately 30,000 visual store display templates which detail store flow design and product display, enabling distinct characteristics for our stores in terms of layout and product display. This approach allows for distinct store displays that emphasize individual characteristics, while maintaining a cohesive design style across stores.

The following diagrams illustrate the storefronts of our stores:

Store Operation

We adopt standard store operation procedures across all our stores. Our standard store operation procedures encompass multiple aspects to ensure consistency in customer experience, enhance operational efficiency, maintain product quality and support scalability and brand identity, all of which contribute to consumer satisfaction and enhanced sales performance of our stores.

For example, we generally require each store to maintain a minimum of 1,800 SKUs. We have stringent standards for shelf length and aisle widths to ensure ample space for consumers to browse and shop comfortably. We require products to be neatly arranged. We encourage each store to adopt a display from our collection of visual store display templates. We require our stores to adopt an adaptive staffing strategy, such as assigning more employees to stores with higher daily sales to maximize operational efficiency. We require store staff to wear uniforms, greet consumers and answer consumers' inquiries patiently.

The following diagrams illustrate the shelves and product displays in our stores:

In addition, the stores are required to accept various payment options, including cash and mobile payment tools such as Alipay and WeChat Pay. In addition, our consumers may also claim gifts using the reward points they have accumulated as registered members. See "— Marketing and Brand Building — Our Membership Program." To ensure the authenticity and accuracy of record keeping of the stores' sales activities, we implement an integrated store-level POS system which is connected to our ERP system. We have in place stringent and detailed settlement policies for the front-end operations of the POS system that stores are required to comply with.

We utilize digital tools, including the smart retail middle platform for our franchisees to manage stock replenishment and digitalized cashiers for store staff to check out and process payments, enhancing the efficiency of our store operations and management. See "— Digitalization" for details.

Site Selection

Site selection is critical to the expansion of our store network. Leveraging our established nationwide network and proven business model, we have developed a deep understanding of various local market conditions. We maintain and continually update our site database for major geographic areas across China. As of the Latest Practicable Date, our site database contained over 10,000 potential sites. In addition, we use our digital site selection tool for analyzing foot traffic and the commercial environment of the potential sites to enhance our planning capabilities. See "— Digitalization — Digitalized Store Management."

We follow a disciplined approach in selecting cities, counties and townships for store network expansion. In determining the regions we expect to tap into, we evaluate a number of factors, including the local economy, level of urbanization and population, as well as purchasing power.

To choose the specific sites within a region for our new stores, we conduct analysis of the target site using digital tools. Typically, we consider the following criteria when evaluating sites:

- convenient and diverse transportation options zones;
- proximity to high-traffic functional zones such as residential zones, manufacturing zones, commercial streets and shopping centers;
- population and demographics in the surrounding areas;
- number of competing businesses in the surrounding areas; and
- reasonable rental costs.

Locations that satisfy the aforementioned criteria allow consumers to make purchases conveniently. Stores at these locations could further enhance our brand awareness.

When franchisees seek to open new stores, we assist them by providing candidate sites using our digital site selection tool. Franchisees can choose from proposed sites or suggest alternatives. After a thorough evaluation, discussion and on-site inspection, we approve or reject the locations suggested by the franchisees. According to the franchise agreement, franchisees must operate stores at the approved locations as specified in the franchise agreements and are responsible for signing the leases for the premises and managing their lease agreements.

Operation Performance

The following table sets forth the key operating metrics relating to our stores for the periods indicated:

	Year ended December 31,		
	2022	2023[(1)]	2024
Total GMV *(RMB in million)*.	6,447	15,325	55,531
Total number of orders *(million)*	175	423	1,615
Average daily order volume per store[(2)].	385	388	452

Notes:

(1) The total GMV and number of orders in 2023 included GMV and number of orders of "Busy for You" stores throughout the year and the GMV and number of orders of "Super Ming" stores in December 2023 after the Super Ming Acquisition in November 2023. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition." The total GMV and number of orders in 2024 included GMV and number of orders of both brands throughout the year.

(2) Calculated by dividing the aggregate number of orders placed by consumers for a particular period by the aggregate number of days of operation of our stores during the same period.

Self-operated Stores

We strategically operate self-operated stores which serve the purpose of strengthening our presence, enhancing brand recognition and gaining market intelligence. Our self-operated stores typically have similar features, operate under same operating standards and follow the uniform site selection criteria as our franchised stores. Some of our self-operated stores are innovative concept stores, such as "Super • Busy For You", "Big • Busy For You" and "Super Ming Snack Research Institute", which offer consumers differentiated browsing and shopping experience, creating engaging discussion topics and enhancing social experiences. These self-operated innovative concept stores showcase our efforts in innovation, reinforce our brand image and help us build a loyal consumer base. See "— Store Features", "— Store Operation" and "— Site Selection" for details.

OUR PRODUCTS

Our Product Offering

We meet consumer demand by offering a diverse range of value-for-money products with frequently launched new SKUs. We had a total of 3,380 in-stock SKUs as of December 31, 2024. We generally require each store to maintain a minimum of 1,800 SKUs. We primarily offered the following types of products during the Track Record Period:

Bakery. Our bakery products include both cold-processed and hot-processed breads, cakes and pastries, with a range of flavors and fillings. Sales prices generally range from approximately RMB1.0 to RMB49.6 per unit and approximately RMB0.4 to RMB29.6 per 500 grams for weight-priced individual-pack products.

Biscuits. We offer a wide selection of biscuit products in a range of flavors, such as wafer biscuits, chocolate-filled biscuits, soft cookies, crispy snacks and savory crackers. Sales prices range from approximately RMB2.9 to RMB49.6 per unit or approximately RMB1.4 to RMB8.6 per 500 grams for weight-priced individual-pack products.

Nuts and seeds. This category includes a variety of flavored and plain nuts and seeds, such as sunflower seeds and peanuts. Sales prices generally range from approximately RMB3.9 to RMB59.8 per unit or approximately RMB1.8 to RMB71.2 per 500 grams for weight-priced individual-pack products.

Puffed snacks and instant meals. We offer puffed snacks, such as potato chips, in a range of flavors, and instant meals such as instant noodles. Sales prices generally range from approximately RMB1.0 to RMB35.8 per unit or approximately RMB2.2 to RMB11.4 per 500 grams for weight-priced individual-pack products.

Deli snacks. We offer a variety of deli snacks, such as jerky meat snacks, seafood snacks and processed vegetable snacks. Sales prices generally range from approximately RMB4.5 to RMB59.8 per unit or approximately RMB1.4 to RMB59.2 per 500 grams for weight-priced individual-pack products.

Confectionery, chocolates and preserves. This category includes a variety of products, such as hard and soft candies, jellies, chocolate bars and fruit preserves. Sales prices generally range from approximately RMB0.7 to RMB68.0 per unit or approximately RMB0.4 to RMB22.2 per 500 grams for weight-priced individual-pack products.

Beverages. Our beverage products include a wide selection, such as milk, instant beverage, soft drinks and water. Our beverage products complement our snack offerings, providing consumers with a one-stop shopping experience and further enhancing customer satisfaction. Sales prices generally range from approximately RMB0.8 to RMB8.8 per unit.

Several factors set our product offering apart from those of our competitors and highlight our commitment to excellence and consumer satisfaction, including:

- ***Wide choice of SKUs and diverse product specifications***. We offer a wide variety of snacks and beverages designed to ensure that consumers have ample choices in our stores. Our SKUs include standardized options as well as customized products. We collaborate with suppliers to offer small packages of products and weight-priced individual-pack products, making it easier for consumers to try new items without committing to larger sizes and catering to those who prefer a more flexible purchasing experience. In addition, we offer unique bundles of products in different flavors or varieties in collaboration with brand owners.

- ***Outstanding value for money***. Our products are characterized by the use of high-quality ingredients and adherence to strict quality control standards. We carefully source our products to ensure that every product delivers on taste and quality, while maintaining competitive pricing, which has benefited from our economies of scale. Our focus on value for money effectively addresses the strong demand from consumers who seek delicious and satisfying snacks and beverages without incurring a high financial burden.

- ***Frequently launched new SKUs***. Our ability to rapidly launch new products not only keeps our offerings up to date and exciting, but also positions us as a leader in the competitive snack and beverage retail industry. This approach ensures that we can meet the demands of consumers who are constantly seeking novel flavors and experiences. We frequently launch new SKUs. We typically introduce an average of hundreds of new SKUs every month while simultaneously phasing out underperforming SKUs.

Product Selection

Product selection is critical to our success. A satisfying product offering strengthens our brand identity and ensures our competitiveness by meeting consumer preferences and market trends. Our philosophy of product selection focuses on consumer needs through careful product selection and customization. Benefiting from our skilled, experienced product selection team, meticulous product selection methodologies and digital tools, we offer a diverse range of value-for-money products and frequently launched new SKUs.

As of December 31, 2024, our product selection team comprised 187 personnel. Our skilled product selection team analyzes consumer purchasing patterns when selecting sub-categories of products and specific SKUs. Based on our analysis of consumer purchasing patterns, we select and customize products based on consumer needs. For example, we sharply identified consumers' preference for sesame paste flavors and inventively customized sesame paste-flavored vegan beef tripe, which received widespread acclaim from consumers, with sales reaching more than 100 million units in 2024. In addition, our proprietary WeChat mini-program "Everybody's Picks" allows franchisees and the product selection team to submit requests for potentially well-received products in local markets. As of December 31, 2024, we had 3,380 in-stock SKUs. According to Frost & Sullivan, our average SKU count per store is twice that of snack and beverage products in similarly sized supermarkets, fully meeting consumers' needs for diversity.

In addition to our careful product selection process, we collaborate with snack and beverage producers and brand owners to offer small packages and weight-priced individual-pack products, making it easier for consumers to try new items without committing to larger sizes and catering to those who prefer a more flexible purchasing experience. As of December 31, 2024, more than 40% of our products adopted the form of weight-priced individual-pack, significantly lowering the cost for consumers to try new products while continuing to attract repeat purchases.

We tailor and update our product portfolio based on regions and seasons. Our product selection team carefully selects suitable sub-categories of products and specific SKUs for different regions and seasons. To gather valuable feedback, our product selection team prepares sample products as well as conducts trial tastings and trial sales at selected stores in various regions before launching a broader product promotion. This product selection process enables us to rapidly optimize our product offerings and introduce products customized for seasonal, regional and holiday considerations. As of December 31, 2024, approximately 25% of our SKUs were customized in collaboration with the producers and brand owners.

Product Pricing

The value-for-money pricing strategy constitutes a fundamental component of our competitive position. According to Frost & Sullivan, our products are priced approximately 25% lower than the average for similar products available in the supermarket channel. This strength stems from our advanced supply chain management capabilities, particularly through our ability to directly source from the producers and brand owners and reduce layers of intermediary prevalent in the traditional supply chain model, and the significant bargaining power benefiting from our economies of scale. These capabilities further solidify our pricing advantages.

Our headquarters determine the retail prices for our products, which our self-operated stores and franchised stores alike must follow. We take into account various factors such as procurement costs and market conditions when determining retail prices. We strategically adjust our pricing to align with market trends and broader economic conditions. This pricing mechanism allows us to maintain a competitive position across various markets.

OUR FRANCHISE MODEL

According to Frost & Sullivan, the franchise model is a common market practice in China's retail industry. Our business growth depends on cooperation with franchisees who are committed to our value and highly motivated to grow our brands and store network. We seek to maintain close and long-term mutually beneficial relationships with our franchisees by establishing a supporting platform. During the Track Record Period, all of our franchised stores were located in China. Our successful franchise model propelled the rapid growth of our store network throughout China. While we rapidly grew, we have consistently maintained close communications with our franchisees and comprehensively empowered them. Going forward, we plan to utilize the franchise model to further expand our store network.

Under the franchise model, we generate revenue primarily from: (i) sales of goods to franchisees and (ii) fees for franchising services. As of December 31, 2024, we were in contract with a total of 7,241 franchisees, operating 14,379 franchised stores across 28 provinces across China.

There is no material difference in the franchise model under "Busy for You" and "Super Ming". We cooperate with our franchisees on every major aspect of store operations to align their business goals with our core values. We support franchisees with our strong brand reputation, diverse range of product selection, industry expertise and resources, while they manage the day-to-day operations according to our standard store operation procedures. This allows us to focus on strengthening our brands, selecting products, improving our supply chain capabilities, expanding our scale and enhancing store performance. This interest-aligned approach fosters mutually beneficial relationships, attracting more franchisees to our network. We believe the effective and systematic empowerment for our franchisees is critical to our success. Therefore, our franchisees are not only our business partners, but also our teammates who are committed to our business philosophy and motivated to grow our brand and store network with us.

The following table sets forth the movement of our franchised stores during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
Number of franchised stores at the beginning of the period	823	1,898	6,569
Number of new franchised stores opened during the period	1,089	4,715[(1)]	8,083
Number of franchised stores closed during the period[(2)]	14	44	273
Number of franchised stores at the end of the period	**1,898**	**6,569**	**14,379**

Notes:

(1) Including both newly opened stores and those acquired through the Super Ming Acquisition. See "History, Development and Corporate History — Major Acquisition — The Super Ming Acquisition." The number of new franchised stores gained from the acquisition is 2,433. This figure represents the number of stores acquired at the time of the acquisition. The stores opened or closed under the "Super Ming" brand after the acquisition are counted as part of the normal store openings and closings.

(2) Reasons for our store closures during the Track Record Period include the relevant stores' failure to meet our operational standards and other reasons beyond our control.

Franchisee Development, Selection and Onboarding

To attract new franchisees, we rely on word-of-mouth referrals, online platforms such as social media and offline channels such as billboards to promote our established reputation, appealing value proposition and historical success of franchised stores. We organize conferences for potential franchisees to engage directly with our brands and learn about our store network.

To preserve our brand values and ensure consistently superior consumer experiences, we maintain stringent standards when evaluating franchisee candidates. We primarily assess their understanding of the snack and beverage retail industry, adherence to our core values and familiarity of our brands and products. We take into consideration their ability to conduct market research and provide insight on the local market. We also consider whether they have sufficient financial resources and their ability to withstand financial risks.

We have developed a comprehensive franchisee onboarding process and systematically apply it to all franchisee applications. The key steps of our onboarding process include:

- *Initial application.* Potential franchisees first acquaint themselves with our brands, store operation and market prospects through our official accounts on social media platforms. Interested franchisees further file applications, which typically require key information such as their business plans and financial condition.

- *Interview and review*. Upon receiving the applications, we typically conduct phone screenings with the applicants and encourage them to conduct self-guided site visits to learn more about our stores and the snack and beverage retail industry. For applicants who pass our phone screenings, we typically invite them for in-person interviews and conduct comprehensive reviews of their background and quality.

- *Site selection*. After the interviews and reviews, qualified applicants are placed under uniform management. If both parties are interested in further collaboration, we typically work with the applicants to identify appropriate sites to open their stores. The applicants can also propose their preferred store locations, in which case we evaluate their proposals and approve or reject the proposed sites. After the appropriate sites are selected, the potential franchisees sign the leases, the copies of which are shared with us.

- *Signing of franchise agreement.* After we review and approve the leases, the review process is officially complete. Once both parties agree on the franchise terms, we typically sign franchise agreements, detailing the rights and obligations of each party and the specifics of the cooperation. The franchisees shall pay fees as stipulated in the agreement on time.

The following table sets forth the changes in the number of our franchisees for the periods indicated:

	Year ended December 31,		
	2022	2023	2024
Number of franchisees at the beginning of the period	410	994	3,377
Number of new franchisees	585	2,396[1]	3,950
Number of departing franchisees[2]	1	13	86
Number of franchisees at the end of the period	**994**	**3,377**	**7,241**

Notes:

(1) Including both newly joined franchisees and franchisees acquired through the Super Ming Acquisition. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition." The number of franchisees added as a result of the acquisition is 1,397. This figure represents the number of franchisees acquired at the time of the acquisition. The franchisees of "Super Ming" that joined or departed after the acquisition are counted as part of the normal franchisee addition or departure.

(2) During the Track Record Period, franchisees departed after they closed down all franchised stores they had been operating.

During the Track Record Period, we were not subject to any material risk of store concentration among a small number of franchisees. For the years ended December 31, 2022, 2023 and 2024, our sales to the largest franchisee accounted for 2.6%, 1.5% and 1.0% of our total revenue in 2022, 2023 and 2024, respectively.

Store Opening Process

The development process of a new franchised store mainly consists of the following key steps after signing the franchise agreement and approval of the new store location:

- *Obtaining licenses and permits*. Franchisees are responsible for obtaining all the licenses and permits required for operating franchised stores.

- *Store design and renovation*. We provide a collection of visual store display templates for our franchisees to choose from to ensure cohesive design style and tailored store display. We recommend third-party vendors for store renovation and decoration with costs borne by franchisees.

- *Hiring and training store employees*. Franchisees typically hire and train new employees concurrently with the store design and renovation process. Store staff is typically required to complete a 10- to 12-day training session.

- *Initial equipment and stock purchase*. Before store opening, franchisees prepare inventory and equipment for store operations. We conduct a final review of product pricing and operations before the official opening.

Franchise Agreement

We enter into franchise agreements with our franchisees to govern the franchise relationship and the operation of our franchised stores. The following sets forth a summary of the salient terms of our standard franchise agreements:

- *Term, renewal and termination.* Our franchise agreement has an initial term of one to three years, renewable annually. Our franchisees can submit a written request to renew prior to agreement expiration and we can decide whether to renew based on our evaluations. If our franchisees do not submit written requests or if we decide not to renew, the franchise agreement will be automatically terminated.

- *Product offering and pricing.* Our franchisees shall only sell products supplied by us and our designated suppliers. They are typically required to sell the products at prices set by us and not allowed to lower or raise the selling price without our permission.

- *Exclusivity.* Franchisees are not allowed to join or operate competing brands.

- *Location and renovation*. Location of franchised stores must be approved by us. See "— Our Store Network — Site Selection." Renovation is carried out by third-party service providers recommended by us and the cost is borne by franchisees. To the best of our knowledge, the third-party service providers we recommend were all Independent Third Parties during the Track Record Period.

- *Franchise fees.* We typically charge lump-sum service fees for the entire agreement term for the support we provide to our franchisees such as IT systems, training and supervision.

- *Security deposit.* Our franchisees are typically required to pay a fixed security deposit at the beginning of the franchise period and keep the level of deposit at such amount during the franchise period. We are typically entitled to deduct from the security deposit the amount of outstanding payments or damages due from the franchisees for any breach of the franchise agreement and require the franchisees to timely replenish the security deposit. Where the outstanding payments or damages exceed the security deposit amount, we are entitled to require further payments from the franchisees. Such security deposit typically will be returned to the franchisees provided the franchisees have discharged all liabilities under the franchise agreement and ceased all operations of the franchised stores.

- *Intellectual property.* Our franchisees have a non-exclusive, non-transferrable license to use our brand, trademarks and other intellectual property rights within the designated premises. They shall protect our creditability and reputation and keep our corporate information, business know-how and trade secrets in strict confidence during business operation and marketing activities. The franchisees are not allowed to expand the use of our intellectual property beyond the permitted scope under the franchise agreement or authorize other third parties to use our brands, trademarks and other intellectual property rights.

- *Franchised store opening.* Franchisees are responsible for obtaining all the licenses and permits required for operating a franchised store at their own costs.

- *Store management and operation standard.* We have adopted strict standards and requirements to ensure standardized store operation and management. We typically require franchisees to attend training before store opening and reserve the right to conduct inspections of the franchised stores regularly to ensure compliance with our store management and operation standards. Any food safety issues or consumer complaints resulting from failure to adhere to our standards typically will render the franchisees fully responsible for penalties and compensation for any of our lost profits or reputational harm.

- *Logistical support.* We are responsible for delivering the products from our warehouses to the franchised stores. Franchisees bear the delivery costs.

- *Liabilities*. Franchised stores are operated independently by franchisees who manage their own hiring and bear their own profits and losses.

- *Sales targets*. We generally do not set sales targets or minimum purchase requirements for our franchisees under the franchise agreement.

- *Payment terms.* The franchisees typically are required to make upfront payments before we ship products or store supplies and equipment.

- *Returns or exchanges of products.* We generally do not allow product returns except in cases where the delivered products do not match the franchisees' ordered categories or quantity, or there are quality issues with the delivered products. According to Frost & Sullivan, this is in line with industry norm.

- *Contract breach.* If there is any breach of franchise agreements, the franchisees may be subject to penalties pursuant to the terms of the relevant franchise agreements, which in certain cases may lead to store closures.

Supervision of Franchised Stores

The franchised stores are operated independently by the franchisees and are supervised by our store management teams. Franchisees must adhere to our store management and operation standards. Franchisees are required to attend training and monthly meetings, conform to our standard store operating procedures and adhere to the terms in our franchise agreements.

Training, meetings and assessments. Franchisees typically undergo a seven-day deep communication and learning program before signing the franchise agreement, including four days' on-site training and three days' online theoretical study. This serves both as training and a selection process for franchisees. Separately, store staff of these new franchised stores must also go through a training program to familiarize themselves with our operational standards and procedures. Both the new franchisees and their new employees must pass respective assessments before starting to operate the new franchised stores. See "— Franchisee Development, Selection and Onboarding" and "— Store Opening Process." We also require food safety compliance training to ensure franchisees understand and adhere to relevant regulations and standards. See "— Food Safety and Quality Control — Food Safety." Franchisees are also required to attend monthly online meetings and take monthly assessments.

Standard operating procedures. We have detailed measures and policies in place to guide our franchisees in their day-to-day store operations, including store layout and product display, staffing, operation hours, consumer interaction, food handling, storage condition management and inventory management and internal reporting procedure. See "— Our Store Network — Store Operation." We design these standards and procedures in an easy-to-understand manner to streamline management and execution for franchisees and their employees.

Centralized procurement. To ensure food safety, quality and brand reputation, we generally require franchisees to procure products from us and our designated suppliers. Furthermore, franchisees typically are required to procure the equipment, including shelves and freezers, from our designated suppliers. See "— Franchise Agreement" and "— Digitalization."

As of December 31, 2024, we deployed a store supervision team with 2,398 personnel, among whom 794 were store supervisors responsible for inspecting store operations. To ensure compliance, store supervisors monitor operations remotely using our digitalized store supervision tool and also conduct onsite inspections covering product quality, customer services, food safety and compliance.

Performance Scoring System

To maintain dynamic and effective management of our franchised stores, we use a scoring system to quantify their performance. Such evaluation primarily focuses on food safety and quality control as well as consumer satisfaction, taking into consideration each store's adherence to our store management and operation standards. Our store performance evaluation largely hinges on feedback from the supervisors during store check-ins and the results of monthly assessment. See "— Supervision of Franchised Stores." If any franchised store has low scores, we first assess the reasons for underperformance and formulate customized, actionable improvement advice to help franchised stores operate up to our store management and operation standards. On the other hand, we provide incentives, such as discounts on delivery fees, to high-scoring franchised stores.

Franchisee Empowerment

We endeavor to foster shared success with our franchisee community. We provide comprehensive support throughout all stages of store operation, including site selection, store design and display, product selection and daily operation, as well as marketing and promotion.

Pre-opening assistance. We facilitate the smooth opening of franchised stores for our franchisees. We assist them with site selection utilizing our digital tools and industry expertise. Leveraging our experience built from our nationwide store network, we can make practical suggestions to our franchisees on store designs and third-party service providers for store renovation, simplifying preparations for the opening. See "— Our Store Network — Site Selection" and "— Franchise Agreement."

Comprehensive training. In addition to the uniform trainings before entering into franchise agreements and opening stores, we also offer training programs at our Busy Ming Academy to franchisees and their store staff, including store managers, to ensure smooth operations and alignment with our goal. These training programs cover topics of food safety, customer services, development pathways, best practices shared by successful franchisees and management and mentoring capabilities. Our training encompasses all functional roles within the store, ensuring a well-rounded understanding and capability across the team. These training programs help franchisees and their store employees obtain first-hand knowledge and experiences needed for successful store operations. We offer online training through both proprietary and external platforms, and also hold offline training sessions. As of December 31, 2024, we had 25 full-time professionals dedicated to designing the training programs for our franchisees and their store staff.

Communication and support. We created a communication channel between franchisees and our regional operation teams to ensure that franchisees receive timely assistance when issues arise. Our regional operational team is also responsible for regular store check-ins and communication, particularly with new franchisees and those facing business challenges. We also advise franchised stores on upgrade of store decorations and optimization of store displays to improve store performance. As of December 31, 2024, we had 44 regional store operations advisers, who are tasked with providing guidance to facilitate franchisees' store operations and check the stores assigned to them on a regular basis.

Franchisee events. We hold conferences and events for our franchisees from time to time. These gatherings provide an opportunity for us to convey the latest developments in our brands, product offerings and strategies. In addition, they serve as a platform for franchisees to exchange operational experiences, such as experience in site selection and consumer interaction. We are committed to fostering a collaborative environment between us and our franchisees, as well as among franchisees.

Non-independent Franchised Stores

During the Track Record Period, certain of our franchisees were our former or then employees, or our connected persons (collectively, the "**Non-independent Franchisees**"). As of December 31, 2022, 2023 and 2024, we had nil, 20 and 25 Non-independent Franchisees operating nil, 150 and 94 franchised stores as of the respective dates (collectively, the "**Non-independent Franchised Stores**"). In 2022, 2023 and 2024, the revenue contributed by these Non-independent Franchised Stores accounted for nil, 0.5% and 0.9% of our total revenue for the respective years. Such amounts are derived from our operating systems and presented as operating data rather than financial data. As of the Latest Practicable Date, we did not have Non-independent Franchised Stores.

All non-independent franchisees and stores were associated with the "Super Ming" brand, and the acquisition thereof was completed in November 2023. The revenue contribution from these Non-independent Franchised Stores in 2023 only includes the revenue they generated after the Super Ming Acquisition. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition." During the early stage when the "Super Ming" brand was exploring operation under the franchise model, it selected and trained some franchisees from business partners or close persons with who it had established trust, including former or then existing employees and connected persons. These Non-independent Franchisees were able to effectively promote and develop the brand and acquire market opportunities. As it gradually accumulated experience and success in operating under the franchise model, the "Super Ming" brand was able to attract franchisees other than existing business partners or close persons to further develop business.

We apply the same selection criteria when enrolling these franchisees, and the franchise agreements that we entered into with these franchisees generally contain the same terms and conditions that we offered to independent franchisees. We sell products to the Non-independent Franchisees at the same prices that we apply to our independent franchisees. To the best of our knowledge, other than as described above, our franchisees were all Independent Third Parties during the Track Record Period and up to the Latest Practicable Date.

MARKETING AND BRAND BUILDING

We attach great emphasis to brand building and adopt flexible and diversified marketing strategies to access a broad consumer base. We enjoy strong brand recognition in regions where we already have a significant presence, and continually attract new consumers through organic traffic, word-of-mouth referrals and targeted marketing activities. We engage in targeted marketing activities through both online and offline channels.

We continuously solidify public awareness of our dual brands, "Busy for You" and "Super Ming," and strengthen close connection with consumers through various marketing activities, including:

IP Marketing. We evolve our brand image and theme in accordance with market trends and aesthetic preferences to enhance consumers' perception of our brands. We have established cartoon characters as our key IPs to further promote our brand image. For example, the cartoon characters we created in-house, "Baby Busy" ("小忙") and "Baby Ming" ("小鳴") are welcomed by consumers, creating joyful and relaxing brand images.

Baby Busy

Baby Ming

Brand Ambassador. We partner with carefully chosen brand ambassadors to promote our brand image and enhance the exposure of our brands and products, thereby connecting with the younger generation who are among our targeted group of consumers and attracting franchisees. In particular, since July 2024, we conducted online and offline brand promotion campaigns to announce our brand ambassador, including live streaming, short videos and push notifications on social media channels, as well as advertisements on public billboards, community media and in-store advertisements. These campaigns generated over 2.5 billion online impressions.

Promotional Events. We hold promotional events on special days, such as the Special Purchase Day for Spring Festival (年貨節). We provide store-wide or targeted promotional events, along with themed store decorations, to attract consumers, encourage consumer visits and further strengthen our brand recognition. For example, during the 2025 Special Purchase Day for Spring Festival, we organized a marketing campaign centered around Spring Festival major product sales, which achieved rapid exposure for the festival sales in stores, generating over 1.6 billion of total online impressions. To further solidify our brand image and store style, we organize engaging in-store events with special decorations that seamlessly integrate shopping, entertainment and social interaction. For example, we hold Snack Carnival (零食狂歡節) events periodically in areas where we have newly entered and have opened a certain number of stores. Our Snack Carnival includes themed decorations, new product tasting stations and interactive games, creating a lively and festive atmosphere that attracts consumers.

Social Media Campaign. We interact with the public through Xiaohongshu, Douyin, Kuaishou, WeChat and Weibo. In particular, we attract consumers through vivid, interactive live-streaming sessions. We also conduct a variety of marketing and promotional activities on social media platforms to enhance our brand recognition and attract consumers. For example, as of December 31, 2024, topics related to our brand ambassador announcement had accumulated over 2.5 billion impressions on Douyin challenges.

Co-branding Collaboration. We collaborate with third-party IPs to expand our reach. During the Track Record Period, we co-branded with a number of third-party IP characters and food and beverage brands, such as Nailong and Want Want, in marketing campaigns as well as to offer co-branded products. Our collaborations with third-party IPs capitalize on cultural phenomena and trends by featuring co-branded elements in our stores and product packaging, and adding diversity and excitement to our marketing activities. Our established co-branding relationships are a strong testimony to our growing brand value and awareness. As a result, more consumers are attracted to shop in our stores and enjoy a browsing and shopping experience with joyful surprises.

Our Membership Program

In addition to the diverse range of value-for-money snacks and beverages with frequently refreshed selections available at our stores that attract consumers and invite repeat purchase, we foster customer loyalty through our membership program, which customers access through our WeChat mini-program. Through our membership program, consumers are able to receive promotions, such as membership points for placing orders which can be exchanged for rewards such as discount coupons or gifts. We also have "members' day" once a month where we offer exclusive discounts to members who make purchases that day. We believe our membership program fosters loyalty to our brand. We also encourage our members to join certain membership communities on social media, seeking to foster a close-knit environment.

The number of our registered members experienced significant growth during the Track Record Period, achieving approximately 120 million as of December 31, 2024. The number of active members has increased commensurately. In 2024, we recorded 103.1 million members making purchases. During the same period, the member repurchase rate was approximately 75%.

SUPPLY CHAIN MANAGEMENT

Supply chain management is crucial to our business growth because it allows us to effectively meet the demand of consumers for value-for-money snacks and beverages. We have optimized our supply chain, allowing for direct supply from producers and brand owners to us and reducing intermediary layers. As the largest chain retailer in China in terms of GMV of snack and beverage products in 2024, we have a significant procurement volume, allowing us to achieve substantial economies of scale. This provides us bargaining power to better manage procurement costs. Moreover, we have formed stable relationships with industry-leading producers and brand owners to guarantee high-quality products. During the Track Record Period, we procured all of our products from within China.

We adopt a digitalized and integrated system for supply chain management, including an SRM system and an order management system, to oversee the procurement process and manage our suppliers. We utilize these digital tools to maintain close collaboration with our suppliers and deeply integrate them into our inventory management process. These systems allow us to plan, manage, monitor and coordinate every step of the supply chain process, improve inventory management and shorten order and reorder lead times. For example, the SRM system offers comprehensive management of the supplier profiles, agreements and procurement data. It optimizes our supplier management by assessing creditworthiness, production capacity, quality systems and delivery capabilities. It also benefits our product customization strategy, allowing for clear communication of our specific requirements for customization and ensuring that customized products meet our specifications and market demand. In addition, the order management system is interconnected with the suppliers' data system and allows for automated procurement, helping minimize delays by effectively managing lead times and streamlining the procurement process from order placement to payment settlement. See "— Digitalization — Digitalized Product Selection and Procurement — Digitalized Procurement."

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any material incidents of supply interruption, early termination of contractual arrangements with our suppliers or failure to secure sufficient quantities of raw materials.

Procurement Process

During the product selection phase, we generally require the suppliers to provide product samples for us to determine their quality. For customized products, our team collaborates with suppliers to develop customized products. During order placement, we place orders through our digitalized order management system subject to the terms of the purchase agreements and purchase orders, which specify the SKU, quantity, price, quality standards for acceptance, packaging style and standards as well as designated delivery locations. We negotiate and confirm the purchase prices with each supplier through our order management system. After orders are placed, suppliers handle transportation from their facilities to our warehouses, following our instructions regarding delivery locations and timelines. We typically conduct inbound quality inspection. See "— Food Safety and Quality Control — Food Safety."

Suppliers

Our comprehensive supplier engagement throughout the supply chain process via digital integration, along with the strong relationships we build with qualified suppliers through our substantial procurement volumes and timely payments, are key factors in our ability to operate an efficient supply chain. This approach enables us to maintain a diverse range of value-for-money SKUs, frequently introduce new SKUs and sustain cost advantages. We carefully nurture our relationship with suppliers and empower them to grow with us and adapt to our changing business needs. As of December 31, 2024, we had established partnerships with more than 2,300 producers and brand owners. Approximately 50% of enterprises shortlisted on the Hurun China Food Industry Top 100 are collaborating with us.

Supplier Selection and Oversight

We implement strict supplier selection criteria and thorough vetting procedures, which demonstrate our dedication to food safety and product quality. We require potential candidates to undergo thorough evaluations by our procurement and quality control teams before adding them to our approved suppliers list. To qualify, suppliers must meet several criteria, including maintaining a solid reputation and position within their respective industry, possessing qualifications that comply with relevant laws and regulations, demonstrating adequate product volume and quality, and showcasing strong R&D capabilities. We also require that the suppliers implement a sound management and quality control system and internal structure with sufficient and stable production capabilities and equipment. We typically select leading suppliers in their product categories in terms of business scale, quality control, brand recognition and R&D capabilities.

We not only vet new suppliers, but also regularly assess our existing ones. We conduct both scheduled and random inspections of our suppliers. For suppliers that are snack and beverage producers, our focus includes workshop sanitation and disinfection, standard operation of their employees as well as the swift handling of any anomalies in the production process. When issues arise, we promptly contact suppliers for resolution.

Key Terms of Our Procurement Agreements

We typically enter into annual procurement agreements with our suppliers which include the following salient terms:

- *Term*. Our supply agreement with suppliers typically has a term of one year.

- *Delivery*. We impose requirements in relation to how goods are packaged and stored during transportation and the timeliness of deliveries. We may reject and return shipments that do not meet our transportation and delivery requirements. The suppliers are typically responsible for delivery costs.

- *Product quality and warranty*. We require the products to satisfy all relevant national and industry standards as well as our internal standard specified in the agreement. We typically reserve the right to conduct product inspections before shelf stocking. Products with quality issues are typically rejected and returned. Our suppliers are typically required to pay a fixed quality assurance deposit, which serves to guarantee their full assumption of liability for product defects which are their fault.

- *Pricing and quantity*. Our suppliers and us typically agree on the purchase price and quantity in each purchase order. During the Track Record Period, we did not experience any material price fluctuations.

- *Payment and credit terms*. We typically pay by bank transfer and settle payments upon completing goods acceptance and receiving invoices.

- *Transfer of risk*. Risks are typically transferred to us after the goods are delivered and accepted.

- *Termination*. Our agreements terminate automatically upon the expiration of agreement term. Either party's failure to meet their obligation set out in the agreements will entitle the other party to terminate the agreement and claim damages.

Major Suppliers

Our suppliers primarily comprise snack and beverage producers and brand owners. Purchases from our largest supplier in each year during the Track Record Period accounted for 5.0%, 5.1% and 3.3%, respectively, of our total purchase amount. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 14.6%, 11.4% and 13.2%, respectively, of our total purchase amount. During the Track Record Period, we were not subject to any material supplier concentration risk. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

WAREHOUSING AND LOGISTICS

Warehousing

As of December 31, 2024, our comprehensive warehousing and distribution network included 36 warehouses, among which 25 are self-operated and 11 are operated by third-party warehousing service providers, together encompassing an aggregate area of approximately 730 thousand sq.m.

Our stores are typically located within 300-kilometer proximity to the nearest of our warehouses, which in general enable timely 24-hour delivery to the stores. Leveraging our warehousing network along with our digitalized integrated system for supply chain management, we were able to achieve an inventory turnover days of 11.6 days in 2024, which is shorter than industry-average, according to Frost & Sullivan. We ship in full load without break bulk to franchised stores and adopt quantitative assessment indicators. Our overall warehousing and logistics costs, including expenses relating to transportation expenses and warehousing service fees, accounted for only 1.5%, 1.6% and 1.7% of our total revenue in 2022, 2023 and 2024, respectively, which is lower than industry average, according to Frost & Sullivan.

For our warehouses operated by third-party warehousing service providers, adopt a logistics service fee model and procure the services of third-party warehousing service providers based on the number of shipments, effectively outsourcing warehouse operations. We typically lease the space from third-party lessors and bear the lease expenses, while other the warehousing services and equipment such as forklifts and pallets are provided by the third-party warehousing service providers. Our agreements with third-party warehousing and logistics service providers typically include the following salient terms:

- *Storage of products*. The third-party warehousing service providers are responsible for the storage of products and the maintenance of the quantity, appearance and quality of the products stored in the warehouses. We have the right to inspect the products at any time.

- *Operation*. The third-party warehousing and logistics service providers shall deliver industry-compliant inventory management and order fulfillment services, with all costs of operational equipment and supplies borne by them. They shall be liable for losses arising from operational failures which are their fault. We reserve the right to terminate the agreements under these circumstances.

- *Term*. The term of the agreement is typically one year.

- *Payment*. We generally settle payments with our third-party warehousing and logistics service providers on a monthly basis.

We manage and control daily warehouse operations of our self-operated warehouses, from receipt of goods from suppliers to the dispatch of goods to stores and also oversee the warehouse operations of warehouses operated by third-party warehousing service providers through our WMS. See "— Digitalization." We have established operational standards for both our self-operated warehouses and those operated by third-party warehousing service providers and have a dedicated warehouse management team responsible for supervising warehouse quality.

Logistics

Our logistics and distribution operations are managed by third-party service providers. Our comprehensive logistics system, coupled with our nationwide warehousing network, ensures delivery from warehouses to stores generally within 24 hours, thereby enhancing our operational efficiency and making us highly competitive in the snack and beverage retail industry.

Our logistics partners have integrated information systems compatible with our transportation management system ("**TMS**"), enabling us to monitor and trace shipments from the moment they are dispatched until they reach our stores. See "— Digitalization." Our agreements with these third-party providers typically include key terms that support these logistics operations.

DIGITALIZATION

We believe that digitalization plays a key role in our continued success. A reliable, comprehensive digital infrastructure has played and will continue to play a key role in enhancing our operational efficiency, managing our business and achieving sustainable growth. Our digital infrastructure encompasses integrated digital management systems designed to support various key aspects of our businesses, including store operations and management, supply chain management and inventory control. In 2022, 2023 and 2024, we incurred technology expenses of RMB9.6 million, RMB17.0 million and RMB53.3 million, respectively, primarily representing IT employee compensations and IT service fees.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any IT system failure or downtime that had a material adverse effect on our business operations.

Digitalized Product Selection and Procurement

Digitalized Product Planning

Our "Everybody's Picks" WeChat mini-program developed in-house allows franchisees and the product selection team to submit images of potentially well-received products in local markets, which helps us accurately gauge market demand and improve product selection efficiency. "Everybody's Picks" uses a similarity matching feature to search for similar products by analyzing uploaded product images. It automatically recognizes products in the images and checks them against the product database, identifying and excluding items already in the system to avoid duplicate reviews and improve selection efficiency.

Digitalized Procurement

Our digitalized procurement capabilities encompass supplier management and order management. We adopt an integrated system for supply chain management that is built on microservices architecture with data analysis tools, comprising the SRM system and the order management system. Our digitalized supplier management is achieved through the SRM system, which manages supplier profiles, agreements and procurement data, assessing creditworthiness, production capacity, quality systems and delivery capabilities. We manage orders digitally utilizing our order management system, which is linked with major suppliers' data systems for automated procurement from order placement to payment settlement, effectively managing lead times and enhancing procurement efficiency. These digitalized tools are connected with the WMS, TMS and our digitalized systems for goods inspection and return, automating the entire procurement processes, including order placement, scheduling and product receipt, and thereby improving procurement efficiency. These digitalized tools provide continuous oversight of supply chain operations, enabling informed decision-making and fostering long-term partnerships with reliable suppliers.

Digitalized Warehousing and Logistics Management

Data Analysis for Warehousing

We have a dedicated data analytical tool for warehousing. It archives historical stock data to facilitate trend analysis and long-term warehousing planning and optimize query performance for efficient analysis. It supports complex analytical tasks, including multidimensional analysis and data mining, and is designed for flexibility and scalability to meet evolving data needs. By centralizing data management, our data analytical tool effectively reduces costs associated with warehousing data handling and analysis. This comprehensive system enables informed decision-making and enhances warehousing efficiency.

WMS and TMS

Our WMS effectively tracks inventory levels, locations and movements to ensure accurate stock management while managing the entire order fulfillment process, from picking and packing to shipping, guaranteeing timely delivery. It streamlines the receiving of goods and their placement to optimize space and improve efficiency. It is integrated with other systems, such as our SRM, and automation technologies to enhance overall operational effectiveness. Our TMS enhances logistics control from warehouse to stores through features such as vehicle management and transport visualization. It enforces key performance index assessments for carriers and drivers, enabling enhancing the efficiency of order allocation and scheduling that reduce staffing needs and lower logistics costs. The TMS enables us to offer live notifications to stores regarding updates at each stage of the transportation process. In addition, our stores are equipped with digitalized inbound goods receipt systems. This ensures both delivery and goods receipt efficiency. By ensuring cargo accuracy through driver checks and real-time status updates, the TMS significantly improves delivery timeliness. We further enhance operational efficiency by enabling seamless data-sharing through API connection with the SRM system, supporting informed decision-making. Our WMS and TMS enable electronic documentation throughout the entire warehousing and logistics process, such as shipping lists and store receipts, thereby effectively reducing warehousing and logistics operational costs.

Digitalized Store Management

Smart Retail Middle Platform

We enable our franchisees to achieve effective and efficient store-level inventory management through the smart retail middle platform. As one of the first companies in the industry to develop such a platform in-house, we achieve seamless integration of this platform with store operations, thereby enhancing operational efficiency. This system analyzes store-level sales records and trends, utilizing algorithms trained on historical sales data to forecast consumer demand and provide recommendations for inventory replenishment for our stores. This approach helps our stores maintain optimal inventory levels. Moreover, it enhances our stores' ability to manage product shelf-life and streamline check-out operations, boosting overall store operational efficiency. This, in turn, enables our informed product selection and procurement.

Digitalized Site Selection

Our proprietary digital site selection tool is designed to improve the efficiency and accuracy of decision-making by streamlining the site selection and store planning processes. Our digital site selection tool employs data analysis to conduct comprehensive assessments of commercial environments in target areas. It generates standardized reports with visualized elements, such as charts and maps, facilitating a clear understanding of the target areas and reducing the time required for analysis and reporting.

Digitalized Store Supervision

Our proprietary digitalized store supervision management tool leverages video stream analysis and tailored algorithm models to automate and standardize the store inspection process, significantly reducing the need for manual labor. By extracting and analyzing frames from video footage, the tool assesses store shelves to determine if they are fully stocked or empty. We have created scoring criteria to assess whether the stores' operations adhere to our standards, including the level of completeness and abundancy of product display, employee attire and shopping environment, and the tool helps us with this assessment. This sophisticated tool enhances our operational efficiency by effectively monitoring store operations.

Digitalized Cashier

Checking out weight-priced individual-pack products presents several challenges, including the time-consuming manual code entry or barcode scanning, as well as determining the weight of each type of weight-priced individual-pack products when mixed. Our digitalized cashier utilizes image recognition technologies to accurately identify SKUs, where our store employees only need to perform simple operations before the system automatically classifies and weighs the products. In addition, our digitalized cashier is capable of analyzing the number of units sold under each SKU based on the total weight of the products in the checkout counter and the standard weight of each SKU, which assists in tracking any changes in inventory and keeping our inventory data accurate and up-to-date.

FOOD SAFETY AND QUALITY CONTROL

We have established a series of food safety and quality control procedures, covering all key steps in our business from supply chain management to our store operations. We have formulated a comprehensive quality control system, including product compliance inspection, quality control in warehousing and delivery, in-store management and quality analysis and improvement. As of December 31, 2024, we had established a food safety and quality control department comprising 142 personnel with extensive professional experience in food safety and quality control.

Food Safety

Our internal control measures for food safety primarily include the following:

Comprehensive management infrastructure. We have established comprehensive food safety management systems for our supply chain and for our stores, respectively. These systems cover the entire process from production transportation and warehousing to in-store sales and consumer after-sales service, forming a complete food safety management workflow. Our audit and inspection mechanisms include initial factory qualification checks, video and image reviews, on-site inspections, compliance checks of products, pre-market safety audits and retail label reviews, ensuring product traceability and transparency. We standardize the reporting procedures for food safety issues and formulate an emergency response mechanism.

Supply chain management. We conduct multi-dimensional and regular evaluations of suppliers to ensure the quality of their products by our internal terms and also with the assistance of external third-party testing organizations. In addition, our suppliers are required to provide regular production and quality reports throughout their collaboration with us. Our rigorous supplier audits include remote quality control measures and on-site inspections. If issues are identified, we immediately communicate with the producer to ensure corrective actions are taken. See "— Supply Chain Management — Suppliers — Supplier Selection and Oversight."

Warehousing and quality check. All our warehouses are equipped with inbound quality inspection processes. We have established a laboratory to conduct common physicochemical and microbial tests, ensuring the quality of incoming products. Upon product arrival at the stores, we require store staff to inspect the products and report any issues with product dates, standards or quality. Moreover, we conduct random spot checks at stores to ensure product safety.

Training. To enhance awareness and skills of food safety among our staff, we launched a food safety training program, which provides specialized online training for management, quality control managers, store managers and warehouse personnel, focusing on the specific knowledge and skills required for all positions in relation to food safety. We regularly update training modules for store employees, including stock managers, stock clerks and cashiers.

Quality Warranty and Recall Policies

In the event of a food safety issue, we conduct a detailed analysis to determine whether it is an isolated incident at a single store or a widespread issue. If confirmed not to be an isolated incident, we initiate preventive recall measures and remove relevant products from shelves. Our quality control personnel monitor the rectification process of products at issue.

We provide training to our franchisees, which includes food safety compliance. The responsibilities between our franchisees and us are clearly delineated through franchise agreements, which define the rights, obligations and legal relationships of both parties. Our franchisees are liable for legal consequences arising from incidents, such as food safety violations and personal injury occurring at their locations. Furthermore, under the terms of the franchise agreement, if such incidents negatively impact our brand reputation, the franchisees are required to assume liability for breach of contract. We reserve the right to pursue claims against the franchisee in such cases. See "— Our Franchise Model — Franchise Agreement." We generally do not allow product returns except in cases where the delivered products do not match the franchisees' ordered quantity, incorrect products are delivered, or there are quality issues with the delivered products. We enforce a stringent operating procedure for inspecting returned products, focusing on product quantity, quality and remaining shelf life. For recalled products, only those that meet our criteria will be restocked in our stores. If quality issues are traced to our suppliers, we have the right to return the products to them and deduct from their quality assurance deposits, where applicable. See "— Supply Chain Management — Suppliers — Key Terms of Our Procurement Agreements."

During the Track Record Period and up to the Latest Practicable Date, (i) we were not subject to any material administrative or other penalties from any governmental authority in connection with product quality or food safety, (ii) we were not ordered to undertake any mandatory product recalls as required by any government authorities, which could have a material adverse effect on our business, financial condition and results of operations, (iii) we did not experience any incidents related to material product liability exposure, and (iv) we did not receive any material complaints from customers in connection with product quality. During the Track Record Period, we did not conduct any material product recalls that could have adversely affected our business and results of operation.

Store Quality Control

We provide standardized, uniform guidance and supervision over the operation of our stores in terms of food safety, product selling and pricing, product display and storage, store maintenance, marketing and promotion as well as staff training. We require franchisees to strictly follow all applicable laws and regulations. See "— Our Store Network — Store Operation."

CUSTOMERS

Our customers primarily comprise the franchisees who operate franchised stores pursuant to the franchise agreements. We generated a substantial majority of revenue from (i) sales of goods to franchisees and (ii) fees for franchising services. All of our five largest customers in each year during the Track Record Period are our franchisees. Revenue generated from our largest customer in each year during the Track Record Period accounted for 2.6%, 1.5% and 1.0%, respectively, of our total revenue. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 9.8%, 5.8% and 2.5%, respectively, of our total revenue. During the Track Record Period, we were not subject to any material customer concentration risk. As of the Latest Practicable Date, except for our largest customer in 2024, which is our Directors, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers. See "— Our Franchise Model — Non-independent Franchised Stores."

Consumer Feedback

We place great importance on our consumers' feedback and actively collect consumer opinions to improve our product offering and our customer service qualities. We collect consumer feedback through different channels, including in-store surveys, customer service hotline and online review solicitations, and evaluate the responses to continually optimize our business operations.

After-sales Services

We take consumer complaints seriously at both the store level and headquarters level. When addressing consumer complaints in store, store staff must respond promptly and responsibly. We require staff at every store, including our self-operated stores and franchised stores, to address concerns regardless of in which store the purchase was made, quickly assessing whether a product quality inspection is needed. If the product is inspected and determined to have no quality issue, the staff will guide the consumer to the store manager for further assistance. If the consumer remains unsatisfied, the issue will be escalated to our customer service team at headquarters level, where we offer one-on-one consumer support within 24 hours until the consumer is satisfied with the resolution.

Consumers can also bypass the stores and directly report complaints to headquarters level through our customer service hotline or official platforms including our website, WeChat official account, email and social media. We prioritize food safety issues, which are escalated directly to our quality control manager. We require our customer service team at our headquarters to resolve complaints within 48 hours of receipt. We employ a tiered approach to issue resolution. Our customer service team directly manages routine matters such as returns or compensation. For significant quality issues, we initiate a comprehensive recall process to ensure complete product withdrawal from all stores. To prevent recurrence, our quality control team compiles monthly reports on problematic products, mandating timely rectifications by suppliers and conducting on-site audits when necessary. Our customer service representatives maintain ongoing communication with consumers, conducting follow-up calls to ensure satisfaction. For complex issues, such as those involving regulatory complaints, we coordinate with our legal and compliance teams to ensure appropriate resolution.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material consumer complaints or other claims which may cause a material and adverse effect on our business and results of operations.

DATA PRIVACY AND SECURITY

In the ordinary course of business, we from time to time collect, store and use certain personal information of consumers and franchisees. For example, (i) for consumers to place online orders through our online applications, such as our WeChat mini-program, we may collect information such as their account names, phone numbers and records of online orders, (ii) for franchisees, during the franchisee onboarding process, we collect their basic information, such as their names, ID numbers, educational records and work experience records.

We strictly follow the relevant laws and regulations in collecting personal information, and we continuously improve our practices in personal information protection by internal inspections, supervision, review and other measures to ensure maximum protection of personal information. For details on our risks associated with the protection of personal information, see "Risk Factors — Risks Relating to Our Business and Industry — Any failure to comply with data privacy protection and information security laws could harm our reputation, result in a loss of revenue, lead to substantial additional costs, and expose us to litigation and regulatory scrutiny." As of the Latest Practicable Date, our information systems are accredited the Multi-Layer Protection Scheme Level III Certification ("信息系統安全等級保護三級") awarded by the local branch of the Ministry of Public Security of the PRC, which endorses our capability in system operation and information security. To ensure proper and sufficient protection for user privacy and data security, we have implemented internal data security and protection protocols which provide for data management responsibilities, data protection and confidentiality procedures. We also update our policies and internal control measures for data protection based on evolving regulatory requirements and industry standards. We implemented several detailed measures with respect to cybersecurity and personal data protection. For example, we notify consumers and obtain consents from them about how we collect and use their personal data per the requirements of applicable laws. Data regarding our consumers' online purchases made through third-party platforms are managed subject to those third-party platforms' data governance policies.

During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations relating to user privacy and data security in material aspects. Given that legislation and law enforcement in the PRC on user privacy and data security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

COMPETITION

China's snack and beverage retail industry is highly competitive and fragmented. We compete with other retailers in our industry in areas such as consumer loyalty, resource of quality suppliers and store locations.

We believe that we are positioned favorably against our competitors on the basis of (i) our undisputed industry leader with continued rapid growth; (ii) our outstanding product offering capabilities supported by reliable supply chain; (iii) our joyful and comfortable browsing and shopping experience, with a consistency enabled by our standardized store operations; (iv) our deeply penetrated and extensive store network coverage, with highly visible and easily accessible store locations; (v) our ingrained brand image and innovative marketing strategies; (vi) our full-stack digital capabilities; and (vii) our strategic management team and integrity-driven, pragmatic corporate culture. According to Frost & Sullivan, we are the largest chain retailer in China in terms of GMV of snack and beverage products in 2024.

INTELLECTUAL PROPERTY

As of December 31, 2024, we had registered 14 patents, 87 copyrights and eight domain names, and we had 350 trademarks in China. For details, see "Appendix VI — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights."

As our brand names are becoming increasingly more recognized among consumers in China, we believe that protecting our intellectual property rights is of significant importance for our business operations, branding and reputation. We seek to protect our intellectual property rights by registration of trademarks, trade secret protection and confidentiality agreements executed with core employees and other third parties.

As of the Latest Practicable Date, we did not have any outstanding material proceedings in connection with infringement of intellectual property rights brought by any third party that could have a material and adverse effect on our business, financial condition or results of operations; we were not aware of any threatened material proceedings or claims relating to intellectual property rights against us that could have a material and adverse effect on our business, financial condition or results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — Intellectual property infringement claims brought against us may be costly to defend and could disrupt our business."

EMPLOYEES

As of December 31, 2024, we had 8,253 full-time employees, all of whom are located in China. The following table sets forth a breakdown of our employees by business function as of the same date:

Business Function	Number of Employees	Percent (%)
Strategy and administrative	780	9.5
Store management	3,260	39.5
Supply chain	2,633	31.9
Products	345	4.2
Marketing and branding	201	2.4
Business development	1,034	12.5
Total	**8,253**	**100.0**

Our success, to a considerable extent, depends upon our ability to attract, motivate and retain a sufficient number of qualified employees. We adopt high standards in recruitment with strict procedures to ensure the quality of new hires. We use various methods for our recruitment, including campus recruitment, online recruitment, internal recommendation and recruitment through headhunter firms or agents to satisfy our demand for different types of talent. We believe we offer our employees competitive compensation packages and an environment that encourages self-development and creativity. We design and offer various training programs for employees of different departments and positions, covering subjects such as operation, digitalization, research and development, branding and marketing, career advancement and general management, in order to enhance their professional skill sets and understanding of our Company and the industry.

We enter into employment contracts and confidentiality agreements with all of our employees. We have a performance evaluation system to assess the performance of our employees monthly, which forms the basis for determining the salary levels, bonuses and promotions employees may receive.

We have not experienced any significant labor disputes which have adversely affected or are likely to have adverse effects on our business operations. We believe we have maintained a good relationship with our employees, and we did not have any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We have retained the statutory social insurances as required by the relevant PRC laws and regulations, such as pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. We also maintain insurance policies covering employer liability. We have property insurance for our inventories. We do not have any property insurance for our equipment and facilities to cover personal injury or loss resulting from fires, earthquakes, floods or other disasters. We believe our existing insurance coverage is adequate for our existing operations and is in line with industry standards in China. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Risks Relating to Our Business and Industry — The insurance policies we have might not offer sufficient coverage for all risks related to our business operations."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe that environmental, social and governance ("**ESG**") matters are essential to our sustainable growth. We are committed to embedding ESG principles across our entire value chain to build a sustainable community food consumption ecosystem. Our ESG efforts focus on product quality and safety, responsible supply chain management, sustainable packaging and resource efficiency, consumer rights protection, community engagement, compliant employment practices and developing a resilient and structured talent bench.

We are progressively establishing a systematic ESG strategy, supported by a framework of quantitative targets and key performance indicators ("**KPIs**") to ensure that our initiatives are actionable, trackable and sustainable. In addition, we have established a regular review mechanism to assess the effectiveness of ESG-related policies and continuously enhance relevant management procedures.

ESG Governance

We recognize that a comprehensive and well-defined ESG governance structure is an essential cornerstone for achieving sustainable development. To effectively manage ESG-related matters, we have established a top-down governance framework with clearly delineated roles and responsibilities, comprising the Board of Directors, the Senior Management Team (the "**Senior Management**") and the ESG Working Group.

Board of Directors: Responsible for reviewing and approving ESG strategies, overseeing key risks and opportunities and guiding the overall direction.

Senior Management: Composed of senior executives and management team. Key responsibilities include:

- Identifying and assessing ESG-related risks and opportunities;

- Setting ESG goals and metrics, formulating and evaluating ESG strategies and mitigation plans;

- Overseeing ESG matters to ensure policy implementation; and

- Evaluating the effectiveness of the ESG framework and reporting to the Board.

ESG Working Group: Consisting of specialists from key functional departments, including supply chain management, operations, human resources, marketing and legal. The group is responsible for executing ESG initiatives, convening regular meetings to discuss progress and outcomes and coordinating ESG-related work across departments, such as store operations, procurement and information technology. The group also reports to senior management on ESG matters.

ESG Policies

To ensure compliance and promote sustainable development amid our expansion, we have formulated a comprehensive set of ESG policies covering a wide range of key areas, including food safety and quality, sustainable packaging and waste management, ESG assessments in supply chains, information security and data protection, employee rights and occupational health, business ethics and community welfare.

All policies are developed in line with the core principles of industry compliance, social responsibility and effective implementation. These policies have been embedded into our product management, operational standards, franchise system and day-to-day store execution to ensure ESG concepts are fully embedded in all aspects of our business.

Materiality Assessment

Based on our business characteristics and strategic direction within the snack and beverage retail industry, we identify and assess material ESG issues through industry research, store and franchisee surveys, consumer feedback and stakeholder interviews. Our evaluation is based on three key dimensions:

- Materiality of the issue;

- Effectiveness of issue management; and

- Potential financial impact on the Company.

Following this assessment, we have identified the following material ESG issues closely related to our business operations, ranked by significance:

Material ESG Issues	
Food Safety and Traceability	We implement end-to-end quality and safety control over all products currently on sale to ensure full compliance with national food safety standards. We have established a traceability system covering raw materials, production, distribution and retail stores.
Efficient Supply Chain Management	We continue to upgrade our digital systems, enhance supplier selection and evaluation, and strengthen coordination and inventory management across the supply chain to ensure efficient and stable supply.
Food Waste Management	We leverage data systems to optimize replenishment and product display strategies, thereby reducing food waste from expired products.
Environmental Footprint Management	We focus on managing energy use, water consumption and emissions during daily store operations, and we promote the establishment of green store standards to improve environmental performance.
Energy Efficiency	We improve energy efficiency at store level, optimize logistics operations and promote the use of energy-saving equipment, thereby reducing overall energy consumption.
Employee Health and Safety	We care about the occupational health and safety of our employees, and provide comprehensive protection, training and career development for frontline employees.
Employment and Diversity	We strictly comply with labor laws and regulations and promote equal opportunity and cultural diversity, aiming to build a sustainable talent pipeline.
Franchisee Compliance Management	We have established a comprehensive franchise compliance system to promote ESG alignment across our franchise network.

Material ESG Issues

Business Ethics and Anti-corruption	We uphold high standards of business integrity and ethics, and have implemented relevant training, monitoring and accountability systems.
Product Innovation and Nutritional Value	We actively develop products with fewer additives and higher nutritional value, aligning with national health policy such as the "Outline of the *'Healthy China 2030'* Plan" (《"健康中國2030"規劃綱要》), to expand healthy snack options for consumers.
Community Engagement and Public Welfare . . .	We actively engage in community initiatives, fulfill our corporate social responsibility and strengthen emotional bonds with the communities we serve.
Policy and Collaboration	We closely monitor policy developments in areas such as food safety, packaging and labor practices, while actively participating in industry exchanges and collaborative standard-setting.

We plan to further refine our materiality assessment to include more stakeholder inputs and to enhance our ESG materiality matrix in alignment with our strategic development.

ESG Risks and Opportunities

Informed by the material topics identified above, we strategically identify, prioritize and manage ESG risks that may significantly impact our operations, supply chain and the communities we serve. The major ESG risks are as follows:

i. *Food Safety and Quality Risk*. Potential contamination or non-compliance could lead to reputational and regulatory crises. We mitigate this through standardized quality inspection protocols and random store audits.

ii. *Supply Chain Stability Risk*. Volatility in raw materials, climate impact or supplier non-compliance may disrupt our stable supply. We have built a diversified supplier network and established emergency coordination mechanisms.

iii. *Packaging and Waste Management Risk*. The widespread use of disposable packaging increases environmental pressure. We are progressively adopting eco-friendly materials and exploring store-level recycling systems.

iv. *Food Waste Risk*. A wide range of SKUs may result in product expiration and waste. We utilize data systems to optimize replenishment and display strategies.

v. *Energy and Resource Utilization Risk*. Frequent product launches and extensive store operations increase energy and logistics consumption. We promote energy-efficient equipment and optimize distribution and cold chain logistics.

vi. *Employee and Franchise System Risk*. We continuously enhance training and audit mechanisms within our franchise network to promote standardized and regulated employee rights management, ensuring full compliance across the network.

vii. *Occupational Health and Safety Risk*. High-intensity store roles may pose physical health risks. We provide protective equipment, pre-job training and rational scheduling for relevant employees.

viii. *Business Ethics and Compliance Risk*. We promote integrity through anti-corruption pledges and internal whistleblower channels.

ix. *Regulatory and Policy Change Risk*. New regulations on food, consumption tax and packaging may affect operational costs. We closely monitor policy trends and actively engage with industry associations.

As society shifts towards a low-carbon economy, rising environmental awareness has created new opportunities for sustainable development in the snack and beverage retail industry. We focus on offline store operations and stand out by optimizing warehousing, logistics and in-store display flows, while improving energy efficiency. This gives us a competitive edge in environmental management, enabling us to better attract consumers and business partners.

At the same time, consumers are increasingly focused on a healthy diet and nutritional balance. We adhere to a differentiated product positioning strategy and continue to enrich our portfolio of healthy snack products — such as low-sugar, low-salt, non-fried and naturally sourced offerings — to meet diverse demands, enhance brand influence and grow our market share.

Environmental Protection

We strictly comply with the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Solid Waste Pollution Prevention and Control Law of the People's Republic of China and other relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any significant fines or administrative penalties due to non-compliance with environmental laws in China.

Use of Water

We are not faced with issues in accessing applicable water sources. Our water supply is obtained from municipal water utility companies in the locations of our administrative offices and warehouses. We are committed to strictly complying with local environmental protection laws and regulations, ensuring that environmental impact assessments and inspections are conducted as required, and managing wastewater discharge in a compliant and efficient manner.

Furthermore, we actively enhance water use efficiency and adhere to the philosophy of green development. We have installed water-saving devices in our warehouses and office areas to reduce water wastage in daily operations. Additionally, we optimize cleaning processes to minimize water consumption in the same areas, thereby improving overall water resource utilization. In 2024, we set a clear goal to enhance water efficiency, aiming to reduce water consumption intensity by 5% between 2024 and 2034.

The following table sets forth our water consumption during the Track Record Period:

	Year ended December 31,		
Indicators	**2022**	**2023***	**2024**
Water Source			
Tap water/municipal water withdrawal (m^3)	34,467.4	51,089.6	104,070.5
Water intensity (m^3 of water withdrawal/RMB millions of revenue)*	8.04	4.96	2.65

Note: The 2023 revenue and tap water/ municipal water withdrawal includes data of "Busy for You" from January to December and "Super Ming" in December.

Waste Management

During our daily operations, we primarily generate general waste, recyclable waste and food waste, all of which are classified as non-hazardous waste. Our business activities do not involve the generation of hazardous waste.

- ***General waste***: Includes household waste and food packaging waste generated from daily operations in office areas and warehouses.

- ***Recyclable waste***: Primarily consists of recyclable materials such as cardboard and wooden pallets from logistics and warehousing processes.

- ***Food waste***: Mainly includes expired or damaged food products that cannot be sold. We implement waste reduction measures to minimize food waste.

In 2024, our total non-hazardous waste output was approximately 1,880 tons. We have implemented a systematic waste management strategy to reduce the environmental impact of waste and improve resource utilization efficiency. In our office areas and warehouses, we continuously strengthen the separation management of general and recyclable waste, exploring optimized classification measures to gradually increase the recycling rate of reusable materials. Additionally, we collaborate with third-party recycling agencies to recycle materials such as cardboard and wooden pallets to reduce landfill waste. Furthermore, we optimize inventory management to minimize food expiration. For non-recyclable waste, we strictly adhere to local environmental regulations to ensure its safe and compliant disposal. We have set a target to reduce non-hazardous waste intensity by 5% between 2024 and 2034. Moving forward, we will continue to optimize waste management, improve resource recovery and utilization rates and promote more sustainable business practices to further minimize our environmental impact.

Climate Change and Response

Climate change presents unprecedented challenges to global economic development. In recent years, international attention to climate change has intensified. The Paris Agreement, which came into effect in November 2016, aims to limit global warming to well below 2°C above pre-industrial levels, with efforts to further limit the increase to 1.5°C. The Chinese government has actively committed to global climate change cooperation by promoting emission reduction efforts and setting carbon peak and carbon neutrality targets.

We recognize the adverse impacts of global climate change on our society and economy and understand its close relevance to our business, strategy and financial performance. Through assessment, we have identified two primary risks associated with climate change: physical risks and transition risks.

- ***Physical risks***: These refer to the direct physical impacts of extreme weather events (e.g., typhoons, heavy rainfall) and natural disasters (e.g., floods, droughts) on our business operations. Such events may cause fluctuations in raw material prices, supply chain disruptions or logistics obstructions, and may also damage our stores, warehouses and offices while posing safety threats to customers, suppliers and employees. We have not yet established a response plan for the aforementioned physical risks. However, we fully recognize the potential impact of climate change on our supply chain and operations. In the future, we plan to strengthen the identification and management of climate-related risks and gradually develop corresponding emergency mechanisms to enhance business resilience and minimize the risk and impact of business disruptions.

- ***Transition risks***: Changes in global low-carbon transition policies and market preferences may impose additional operational and compliance costs on us, thereby affecting our business and financial performance. As consumer awareness of environmental protection and health rises, there is a growing demand for food traceability, environmental standards and healthier products. This requires us to diversify our product offerings, enhance food quality and reduce our carbon footprint (e.g., promoting sustainable sourcing) to meet market expectations. We will continue to monitor government regulations, compliance requirements and stakeholder expectations while actively exploring more sustainable business models to mitigate the impact of climate change on our operations.

Climate-Related Targets and Indicators

We recognize that optimizing energy management and reducing greenhouse gas ("**GHG**") emissions are key to effectively addressing climate change risks. Energy consumption is closely linked to GHG emissions. Our GHG emissions include Scope 1 and Scope 2 emissions. Scope 1 emissions refer to direct emissions from sources we own or control, such as refrigerant use in office air conditioning systems and fuel combustion in company vehicles. Scope 2 emissions refer to indirect emissions from purchased electricity used in our warehouses and administrative offices.

Although our overall energy consumption may increase as our business grows, we are committed to adopting greener measures to reduce our energy consumption intensity and GHG emission intensity. We aim to decrease both energy consumption intensity and GHG emission intensity by 5% between 2024 and 2034.

The following table sets forth our GHG emissions and resource consumption during the Track Record Period:

	Year ended December 31,		
Indicators	**2022**	**2023***	**2024**
Greenhouse Gas			
Scope 1 greenhouse gas emission (tons of carbon dioxide equivalent)	139.7	307.6	475.3
Scope 2 greenhouse gas emission (tons of carbon dioxide equivalent)	884.3	1,574.2	5,494.9
Total greenhouse gas emissions (tons of carbon dioxide equivalent)	1,024.0	1,881.8	5,970.2
Greenhouse gas emissions intensity (tons of carbon dioxide equivalent/RMB millions of revenue)*	0.24	0.18	0.15

	Year ended December 31,		
Indicators	**2022**	**2023***	**2024**
Energy Consumption			
Consumption of purchased electricity (million watt-hours)	1,449.4	2,580.3	9,006.6
Consumption of purchased electricity intensity (million watt-hours/RMB millions of revenue)	0.34	0.25	0.23
Gasoline (liter)	–	45,596.0	38,621.0
Gasoline consumption intensity (liter/RMB millions of revenue)*	–	4.43	0.98

Note: The 2023 revenue, emission and consumption amount includes data of "Busy for You" from January to December and "Super Ming" in December.

Energy and GHG Management

We have established procedures to reduce energy consumption and GHG emissions, continuously optimizing resource utilization and improving energy efficiency. We strictly comply with the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations. Our energy-saving measures include:

- ***Optimizing warehouse energy management***: We have installed high-efficiency LED lighting systems in our warehouses, equipped with smart sensor lighting to reduce unnecessary energy consumption. Additionally, we use energy-efficient air conditioning and cold chain equipment, conducting regular maintenance. Furthermore, we leverage smart temperature control systems to ensure safe storage while controlling energy use.

- ***Green office practices***: In our administrative office buildings, we optimize air conditioning usage, maximize natural lighting and promote paperless office practices. Moreover, we prioritize purchasing energy-certified equipment and encourage energy-saving habits, such as setting office devices to standby mode when not in use.

- ***Green packaging***: We reduce packaging waste by using reusable straps instead of traditional wrapping film in our warehouses and optimize packaging strategies to cut excess and improve transport efficiency.

- ***Optimizing logistics and supply chain***: We use smart inventory management to maximize warehouse space and reduce waste. Efficient route planning decreases fuel use and carbon emissions during transport. We also collaborate with suppliers to adopt sustainable packaging and transport methods.

Supply Chain Management

Guided by our principles of "high quality and sustainability," we are dedicated to building a transparent, compliant and resilient supply chain governance system. By implementing institutional controls, comprehensive risk management and industry-wide collaboration, we drive efficiency and sustainability across our supply chain. All suppliers must undergo rigorous assessments and background reviews by our food safety, quality control and procurement teams before entering our supply network.

We continuously enhance our supply chain management by refining supplier admission criteria, procurement processes and performance evaluations. We prioritize the quality producers in each product category nationwide, with annual framework contracts that explicitly define the *Supplier Code of Conduct*, *Integrity Statement*, and *Violation Handling Procedures*. Our governance framework covers core compliance areas, including ethical collaboration, anti-money laundering and financial transparency, which are integrated throughout procurement, expense management and marketing activities.

To further enhance compliance and sustainability, we conduct regular supplier assessments, evaluating quality, pricing, delivery timelines and adherence to environmental and social responsibilities. We provide timely recommendations for improvement and monitor their implementation to optimize our supply chain.

Moving forward, we will continue optimizing and upgrading every aspect of the supply chain through a reliable audit system and a well-structured framework for training, evaluation and incentives, ensuring continuous improvements in supply chain management and contributing to the company's high-quality development goals.

Employment Compliance

We adhere to a legally compliant and people-centric employment philosophy, strictly following the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other relevant regulations to protect employees' legitimate rights and interests. We are committed to fostering a fair, just and transparent working environment that supports the mutual growth of employees and our Company.

As of the end of 2024, our workforce totaled 8,253 employees across gender and age:

- ***Gender***: Male (65.6%), Female (34.4%)

- ***Age***: Under 30 (70.0%), 31-50 (29.9%), Over 50 (0.1%)

This balanced workforce composition establishes a strong talent foundation for our Company's sustainable and stable development.

We are committed to fostering a diverse, inclusive and equitable workplace, strictly adhering to non-discrimination policies that eliminate biases based on gender, age, origin, ethnicity or religion. Additionally, we equally employ people with disabilities and support underprivileged groups in securing job opportunities, promoting inclusive development across our workforce and franchise network.

Occupational Health and Employee Well-Being

We have implemented an employee health management framework covering every stage of employment. New hires undergo mandatory health screenings, including verification of legal age and medical fitness. Annual health check-ups are provided for all employees, with specialized safety management training courses for high-risk roles in warehousing and logistics. Additionally, we offer mental health support services, fostering a positive and supportive workplace culture.

To reinforce workplace safety, we fully implement occupational health and safety regulations. Protective equipment — including reflective vests and safety gear — is provided for frontline roles, and strict no-smoking policies are enforced in designated areas. We have integrated "safety" into our warehouse management standards. Regular fire drills, equipment training and emergency response exercises further strengthen our safety culture.

Our full-stack health and safety management system, built on systematic oversight, training programs and risk control measures, has resulted in full regulatory compliance and zero major safety incidents to date. We remain committed to enhancing workplace health protections, setting industry benchmarks for best practices.

Business Ethics

We prioritize ethical business practices and compliance, upholding the principles of fairness, integrity and transparency in all collaborations. Before entering any business relationships, we conduct thorough background checks such as supplier access and factory inspections before cooperation on potential partners including suppliers and franchisees to prevent risks related to dishonest conduct.

To strengthen risk management, we proactively identify, categorize and address potential risks through tailored contingency plans. By embedding compliance and ethical governance into our corporate framework, we consistently generate long-term value for shareholders, customers, employees and society.

Anti-Corruption

We uphold a zero-tolerance policy towards all forms of corruption and bribery. Anti-corruption and integrity governance form an integral part of our corporate governance framework, with compliance requirements deeply embedded in our corporate culture and daily operations. We have fully implemented an employee integrity declaration system, under which all employees are required to proactively deliver an "integrity statement" ("倡廉聲明") before establishing cooperation with third parties such as our franchisees and suppliers, clearly communicating our stance against any form of bribery, kickbacks or personal gain. This measure strengthens integrity awareness and ensures that all business partnerships are built on a foundation of transparency and fairness.

To detect and address misconduct, we have established a dedicated internal investigation department and an anti-fraud task force which rigorously investigate corruption, misconduct and compliance violations. Additionally, we maintain confidential and secure whistleblower channels, ensuring that unethical behavior can be reported and swiftly addressed.

Social Responsibility and Community Engagement

We always uphold the concept of corporate social responsibility and value the importance of charity. With the core principle of "focusing on needs and precise assistance," we combine corporate advantages and local needs and actively participate in public welfare undertakings such as education support, poverty alleviation, disaster relief and community construction.

Our "need-based & targeted assistance" strategy ensures that philanthropic efforts align with local community needs. Up until now, our cumulative charitable contributions have continue to grow, positively impacting various public welfare sectors. By upholding our commitment to social responsibility, we strive to foster a compassionate, sustainable and socially responsible corporate culture.

PROPERTIES AND FACILITIES

Our corporate headquarters are located in Changsha, Hunan Province, China.

As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of December 31, 2024, we owned one land use right in China with an aggregate area of 77,686.9 sq.m., on which we plan to build facilities primarily used for warehousing purposes.

Leased Properties

As of December 31, 2024, we leased 218 properties in China with an aggregate area of 679,477.1 sq.m. from third parties, mainly as our office spaces, warehousing facilities and our self-operated stores.

As of the Latest Practicable Date, among all of our leased properties as of December 31, 2024, the lessors for 46 properties with an aggregate area of 263,665.8 sq.m. mainly used as our office spaces and warehousing facilities and 32 properties with an aggregate area of 9,101.5 sq.m. used as our self-operated stores had not provided us with title certificates or authorizations from the property owners for the lessors to sublease the properties. As advised by our PRC Legal Adviser, as the tenants, we would not be subject to any administrative penalties pursuant to the relevant laws and regulations. However, if any of these leases is terminated as a result of challenges by third parties, we may not be able to continue to use the properties.

In addition, as of the Latest Practicable Date, among all of our leased properties as of December 31, 2024, the lease agreements for 63 leased properties with an aggregate area of 278,463.2 sq.m. mainly used as our office spaces and warehousing facilities and 49 properties with an aggregate area of 13,334.1 sq.m. used as our self-operated stores have not been registered and filed with the relevant government authorities in the PRC, primarily due to the difficulty of procuring the relevant landlords' cooperation to register their leases. Our PRC Legal Adviser has advised us that the failure to complete the registration of lease agreements will not affect the validity of the lease agreement; however, the relevant PRC authorities may require us to complete the registration, and if we still fail to do so, we may be imposed a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements.

As of the Latest Practicable Date, among all of our leased properties as of December 31, 2024, one leased property with an aggregate area of 30,300 sq.m. used as our warehousing facility was leased from an independent third party and was located on collectively owned land (集體土地). As advised by our PRC Legal Adviser, due to the failure of the lessor to provide appropriate decision-making documents of its internal authority to lease this land, the leasing procedures of the land and leased property do not comply with relevant legal laws and regulations for lease of collectively-owned land. As advised by our PRC Legal Adviser, the lease of the collectively owned land may be required to be rectified. There is a potential risk that we may be forced to vacate this leased property. See "Risk Factors — Properties and Facilities — Leased Properties" for the details of the risks we face due to such issues.

Our Directors believe that the foregoing issues , individually or in aggregate, do not have a material adverse impact on our business operations or financial condition, given that (i) during the Track Record Period and up to the Latest Practicable Date, our leases for the leased properties with title defects were not challenged by third parties or relevant authorities that had resulted in any material disputes, lawsuits or claims in connection with the rights to lease and use such properties occupied by us; (ii) the lack of registration of the leased properties does not affect the validity of the respective lease agreements; (iii) some of our lease agreements provide for breach liability if the lessor fails to perform under the lease or if there are defects in the properties; if the lessor fails to perform under the lease or causes loss to us due to defects in the leased property, the lessor is liable for damages or penalties, allowing us to seek remedies under these provisions; (iv) the revenue contribution from the relevant leased properties was immaterial during the Track Record Period; and (v) the leased properties are primarily used for offices, warehouses, employee dormitories and self-operated stores, and we believe there is a sufficient supply of similar properties and do not expect any impediments to our promptly obtaining alternative properties on equivalent terms.

LICENSES, APPROVALS AND PERMITS

As advised by our PRC Legal Adviser, up to the Latest Practicable Date, except as disclosed below, we have obtained all requisite licenses, approvals and permits from relevant authorities that are material for our operations in the PRC and such licenses, approvals and permits are valid and effective.

Fire Safety

As of the Latest Practicable Date, we were unable to complete the record-filing of fire safety acceptance check (竣工驗收消防備案) (the "**Fire Safety Filings**") with respect to three leased properties (the "**Filing Related Properties**") used as our self-operated stores. These properties have an aggregate area of approximately 1,360 sq.m., accounting for approximately 18.2% of the aggregate area of all leased properties of our self-operated stores as of the Latest Practicable Date. We failed to complete the Fire Safety Filings for the decorating projects of these Filing Related Properties, primarily because the leased property is temporary structure without property right certificate, which caused infeasibility in our applications for the Fire Safety Filings, or the owner of the leased property has not completed the Fire Safety Filings for the entire property within which our leased premises are located, which caused infeasibility in our applications for the Fire Safety Filings. As advised by our PRC Legal Adviser, according to the relevant laws and regulations, failure to complete the Fire Safety Filings might subject us to (i) the order for effecting rectification and a fine of no more than RMB5,000 for each project; and (ii) the cessation of our operation of the stores if such project does not pass a spot check.

As of the Latest Practicable Date, we were unable to complete the pre-opening fire safety inspections (消防安全檢查) (the "**Fire Safety Inspections**") with respect to six leased properties (the "**Inspection Related Properties**") used as our self-operated stores. The Inspection Related Properties had an aggregate area of approximately 1,443 sq.m., accounting for approximately 19.32% of the aggregate area of all leased properties of our self-operated stores as of the Latest Practicable Date. One of these Inspection Related Properties is also a Filing Related Property. We failed to complete the Fire Safety Inspections for the Inspection Related Properties, primarily because the leased properties are temporary structures without property right certificates, which caused infeasibility in our applications for the Fire Safety Inspections. As advised by our PRC Legal Adviser, according to the relevant laws and regulations, all public gathering places ("公眾聚集場所") are required to complete Fire Safety Inspections before commencing operations if their property sizes exceed the relevant thresholds required by the relevant laws and regulations. Our PRC Legal Adviser further advised that failure to complete the Fire Safety Inspections might subject us to discontinue the construction, use, production or operation and be fined not less than RMB30,000 and not more than RMB300,000.

As of the Latest Practicable Date, the relevant regulatory authorities had not imposed any material administrative actions, fines or penalties for our inability to complete the necessary Fire Safety Filings and Fire Safety Inspections (together, the "**Fire Safety Procedures**.") In addition, we have obtained the Public Credit Legal and Regulatory Compliance Certification Reports from relevant government authorities confirming that, during the Track Record Period, the competent authorities did not impose any administrative actions, fines or penalties for our inability to complete the necessary fire safety procedures. Moreover, during the Track Record Period, revenue generated from our Filing Related Properties and Inspection Related Properties (together, the "**Relevant Properties**") is immaterial. In case any of these stores were ordered to be closed down, we believe we can relocate to alternative properties within a reasonable period of time and at reasonable costs as there are sufficient alternative leased properties available in the applicable regions and we believe we can swiftly find substitute sites based on our past site selection experience. Therefore, we believe that even if the failure to complete the Fire Safety Procedures subject us to government-ordered cessation of our operation of the stores, such administrative penalties would not have a material and adverse effect on our operations.

Despite our failure to complete in time the Fire Safety Procedures due to the various reasons outlined above during the Track Record Period, we nonetheless placed significant importance on the fire safety, with a goal to mitigate our risk exposure to potential fire safety accidents and public safety concerns. To this end, we have taken a series of internal control measures, which include: (i) designating experienced personnel to identify risks and design safeguards that aid at preventing, controlling and mitigating the effects of fires when renovating new stores; (ii) providing training on fire safety to our store staff, which cover key aspects of our daily operations, and organizing fire drills from time to time to increase our store staff's fire safety awareness; (iii) installing the necessary fire safety equipment as required by applicable PRC laws and regulations, including fire extinguishers, smoke detectors and automatic water spray in our stores, warehouses and processing facilities, etc.; (iv) installing proper evacuation route indication signs and, where applicable, proper emergency exits; and (v) consulting our external PRC legal counsel from time to time to make sure our employees are aware of the latest laws, regulations and local policies regarding fire safety and do our reasonable best efforts to complete the record-filing of fire safety acceptance checks before the start of business in accordance with the relevant laws and regulations.

Moreover, we have engaged a fire safety consultant (the "**Fire Safety Consultant**") to conduct fire safety evaluations on each of the Relevant Properties as an Independent Third Party qualified to conduct such services in accordance with the relevant PRC laws and regulations. It is primarily engaged in the maintenance and inspection of fire safety facilities and fire safety evaluation, has the relevant qualifications and certificates and has a dedicated inspection team consisting of certified fire engineers and fire safety specialists with extensive prior work experience in the maintenance and inspection of fire safety facilities and fire safety evaluation. The Fire Safety Consultant has conducted a comprehensive review and inspection which was completed by April 2025. According to the Five Safety Consultant's reports, upon inspection at all these Relevant Properties, (i) the Relevant Properties have never experienced any fire safety accidents, nor have they faced significant administrative penalties from fire rescue authorities or been cited for fire safety violations; (ii) the business premises of the Relevant Properties have been equipped with sufficient fire safety equipment, signage, safe evacuation conditions and emergency evacuation plans, all of which are in proper working order and do not pose any major fire hazards; (iii) all of these premises have complied with the applicable fire safety laws, regulations and standards to the extent the Fire Safety Procedures for the Relevant Properties, as the case may be, could be completed; (iv) we were not able to complete the Fire Safety Procedures for the Relevant Properties for reasons other than fire safety defects; and (v) there are no material impediments for the Relevant Properties to complete the required fire safety filings, upon submission of applications and all the requisite documents.

LEGAL PROCEEDINGS AND COMPLIANCE

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting and general compliance. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [**REDACTED**], we have adopted and will adopt, among other things, the following risk management measures.

- We have designed a comprehensive set of policies to identify, analyze, manage and monitor various risks. We periodically assess and update our risk management policies.

- Our Board is responsible for overseeing overall risk management and internal control. Our Audit Committee is authorized to review and evaluate our financial control, risk management and internal control system. See "Directors and Senior Management — Board Committees — Audit Committee" for the composition of the Audit Committee and their qualifications and experience.

- We will adopt various policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to conflict of interest management, connected transactions and information disclosure.

- We will continue to organize training sessions for our Directors and senior management with respect to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

Anti-Corruption Compliance Measures

A strong set of anti-corruption policies and procedures is essential for maintaining the integrity of our quality control, supply chain management and franchisee operations. For example, we unequivocally forbid the acceptance of gifts, discounts, kickbacks and any supplementary benefits which encompass, but are not restricted to, travel and other forms of entertainment, both directly and indirectly. We have also established a whistle-blower program, wherein we encourage our employees, franchisees and other third parties to report instances of bribery directly to our disciplinary department.

Control of Third-party Payment Arrangements

During the Track Record Period, we accepted payment made on behalf of Relevant Franchisees through Third-party Payment Arrangements. As of December 31, 2024, we had ceased all Third-party Payment Arrangements. As advised by our PRC Legal Adviser, Third-party Payment Arrangements are not in breach of mandatory requirements of the current applicable laws and regulations in China. We believe that the cessation of Third-party Payment Arrangements did not and will not have a material adverse effect on our business.

During the Track Record Period, we have duly booked all payments received under Third-party Payment Arrangements according to our internal accounting policies and tax-related laws and regulations. In 2022, 2023 and 2024, the aggregate amount of third-party payments we received was RMB586.1 million, RMB541.0 million and RMB925.9 million, respectively, representing 13.7%, 5.3% and 2.4% of our revenue, respectively. Such amounts are derived from our operating systems and presented as operating data rather than financial data. During the Track Record Period, no individual Relevant Franchisee had a material impact on our revenue.

During the Track Record Period, to the best of our knowledge, the third parties designated by the Relevant Franchisees primarily include the Relevant Franchisees' family members, friends and store staff.

During the Track Record Period: (i) we had not proactively initiated any Third-party Payment Arrangements or participated in other forms in any of such arrangement; (ii) we had not provided any discount, commission, rebate or other benefit to any of the Relevant Franchisees to facilitate or incentivize the Third-party Payment Arrangements; and (iii) the pricing and payment terms of the agreements we entered into with the Relevant Franchisees were generally in line with franchisees not involved in the Third-party Payment Arrangements.

Reasons for the Third-party Payment Arrangements

We had not proactively initiated any Third-party Payment Arrangements or participated in other forms in any of such arrangement. As confirmed by Frost & Sullivan, it is not uncommon for franchisees in the snack and beverage retail market to settle their transactions through third-party payors. Our use of the Third-party Payment Arrangements was primarily due to convenience of payment. Many of our franchisees are small-sized private businesses. For convenience, some of them prefer the settlement arrangement of payment through designated third parties which may offer more flexibility in terms of handling transactions.

Implication and Termination of the Third-party Payment Arrangements

To ascertain the implications of the third-party payment arrangements, we communicated with the Relevant Franchisees and their designated third-party payors and obtained confirmations from a vast majority of them, including:

- The third-party payment arrangements were voluntary arrangements between the Relevant Franchisees and their designated third parties. We did not propose any such arrangement and, except for accepting the payments, did not participate in such arrangement in any other way;

- The Relevant Franchisees' delegation of payment obligations to their designated third-party payors involve genuine underlying business transactions between the Relevant Franchisee and us. The third-party payments are not used for bribery or other illegitimate purposes;

- The Relevant Franchisees and their designated third parties did not receive any financial aid from us. Funds involved in the third-party payments were from legal sources and such third-party payment arrangements were not used for illegal activities such as money laundering;

- All risks arising from the above third-party payments shall be borne by the Relevant Franchisees and their designated third-party payors and not us;

- The payment obligation of the Relevant Franchisees shall be deemed to be fully performed after the designated third-party payors paid the amounts due;

- The designated third-party payors have not and will not request the return of funds paid to us under the Third-party Payment Arrangements;

- We are entitled to seek payment from the Relevant Franchisees in the event that the designated third-party payors fail to perform the payment obligation in full or in part; and

- We shall not be involved in any risks or disputes arising from the payment arrangements between the Relevant Franchisees and their designated third-party payors, and are not obligated to return the payments received from the designated third-party payors regardless of any disputes between the Relevant Franchisees and their designated third-party payors.

Moreover, during the Track Record Period and up to the Latest Practicable Date, we were not aware of any commercial bribery, money laundering, tax evasion or existing or potential disputes existing under the Third-party Payment Arrangements, and were not subject to any administrative notice, investigation or penalty related to the Third-party Payment Arrangements.

We had ceased all Third-Party Payment Arrangements as of December 31, 2024. We believe that the cessation of Third-party Payment Arrangements did not and will not have a material adverse effect on our business. No franchisees terminated their relationships with us as a result of the cessation of Third-party Payment Arrangement. Nevertheless, we face certain risks relating to the Third-party Payment Arrangements. For details, see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to various risks relating to third-party payments."

Our Enhanced Internal Control Measures

We have adopted internal control measures to mitigate risks relating to, and prevent future occurrences of, the Third-party Payment Arrangements.

All of our franchisees are required to register for accounts on our franchisee management system to place orders for supplies, and to link their accounts to certain payment methods. Previously, on the franchisee management system, franchisees were allowed to link their accounts to any bank accounts and pay for their orders with these accounts. As of December 31, 2024, we had updated our system to only allow franchisees to link their accounts to bank accounts assessed and authorized by us. To confirm that the bank accounts used are authorized accounts, we have worked with payment system of financial institutions such as banks to verify key elements of the bank account information, including account owners' names, ID numbers, cell phone numbers and bank card numbers. As of December 31, 2024, we had completely ceased all Third-party Payment Arrangements.

We intend to continuously monitor the effectiveness of our internal control measures to prevent third-party payments and promptly address any identified deficiencies. We believe the foregoing internal control measures are sufficient and can substantially mitigate any risk we face relating to future use of third-party payments. Our internal control consultant has performed a follow-up review of our internal control measures and did not identify any issues. No further recommendations were made for the samples tested.

AWARDS AND RECOGNITIONS

Over the years, we have received recognition for the quality and popularity of our products and services. Some of the significant awards and recognitions we have received are set forth below.

Award Year	Award/Recognition	Awarding Institution/Authority
2024	Mass Consumption Influential Retailer of the Year in 2024 (2024大消費年度影響力零售商)	Forbes China
2024	Changsha City Evening Economy Model Recognition in 2023 (2023年度長沙市夜間消費示範名片)	Changsha Municipal Bureau of Commerce (長沙市商務局)
2024	Drafting Unit of the Group Standard for Healthy Baked Goods (《健康烘焙食品》團體標準起草單位),	China Association for Promoting International Economic and Technical Cooperation (中國國際經濟技術合作促進會)
2024	Drafting Unit of the Group Standard for General Requirements for Healthy Beverages (《健康飲料通用要求》團體標準起草單位)	China Association for Promoting International Economic and Technical Cooperation (中國國際經濟技術合作促進會)
2024	Top 100 Private Enterprises in Hunan Province by Tax Contribution in 2023 (2023年度湖南省民營企業稅收貢獻百強)	Hunan Provincial Department of Finance (湖南省財政廳) Hunan Provincial Taxation Bureau, State Taxation Administration (國家稅務總局湖南省稅務局) and Publicity Department of the Hunan Provincial Committee (中共湖南省委宣傳部)
2024	Humanity Award of Red Cross Society of China, Hunan Branch in 2023 (2023年度湖南省紅十字會人道獎)	Red Cross Society of China, Hunan Branch (湖南省紅十字會)

Award Year	Award/Recognition	Awarding Institution/Authority
2024	Dedication Award of Red Cross Society of China, Hunan Branch in 2023 (2023年度湖南省紅十字會奉獻獎)	Red Cross Society of China, Hunan Branch (湖南省紅十字會)
2023	Outstanding Contribution Enterprise in Commerce and Trade for 2022 (2022年度商貿業突出貢獻企業),	Yuhua District Committee of the Communist Party of China, Changsha City (中共長沙市雨花區委員會), People's Government of Yuhua District, Changsha City (長沙市雨花區人民政府)
2023	Outstanding Contribution Award for Regional Economic Development in 2022 (2022年度區域經濟發展突出貢獻獎)	Yuhua District Committee of the Communist Party of China, Changsha City (中共長沙市雨花區委員會), People's Government of Yuhua District, Changsha City (長沙市雨花區人民政府)
2023	Protection List of Key Trademarks in Changsha (長沙重點商標保護名錄) ("Busy Ming")	Changsha Trademark Association (長沙市商標品牌協會)
2022	Key Contributor to Regional Economic Development for 2021 (2021年度區域經濟發展重點貢獻單位)	Lituo Subdistrict Working Committee of the Communist Party of China, Yuhua District, Changsha City (中共長沙市雨花區黎托街道工作委員會), Lituo Subdistrict Office, Yuhua District, Changsha City (長沙市雨花區黎托街道辦事處)
2022	Dedication Medal of China Red Cross Society (中國紅十字奉獻獎章)	Red Cross Society of China (中國紅十字會)

DIRECTORS

Our Board consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. All Directors are elected by the general meeting for a term of three years which is renewable upon re-election.

The following table sets forth certain information of our Directors:

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director	Relationship with other Directors and senior management
Mr. Yan Zhou	38	Chairman of the Board, executive Director and general manager	Responsible for the overall strategic planning, business development and major operational decisions of our Group	November 2016	December 12, 2019	None
Mr. Zhao Ding	36	Deputy chairman of the Board, executive Director and deputy general manager	Responsible for the overall strategic planning, business development and day-to-day operational decisions of our Group	January 2019	November 9, 2023	None
Mr. Wang Yutong	37	Executive Director and chief financial officer	Responsible for the management of finance and capital of our Group	August 2023	November 9, 2023	None
Mr. Wang Ping'an	37	Executive Director, employee representative Director and head of merchandise and supply chain	Responsible for the management of merchandise procurement and supply chain of our Group	January 2019	November 9, 2023	None
Mr. Li Wei	37	Executive Director and head of store operation	Responsible for the management of store operation of our Group	November 2016	December 12, 2019	None
Dr. Su Kai	47	Non-executive Director	Providing professional opinion and judgement to the Board	April 25, 2025	April 25, 2025	None
Ms. Peng Hui	38	Independent non-executive Director	Providing independent opinion and judgement to the Board	[●]	[●]	None

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director	Relationship with other Directors and senior management
Mr. Qiu Huang. . . .	41	Independent non-executive Director	Providing independent opinion and judgement to the Board	[●]	[●]	None
Ms. Wu Qianhui . . .	52	Independent non-executive Director	Providing independent opinion and judgement to the Board	[●]	[●]	None

Executive Directors

Mr. Yan Zhou (晏周), aged 38, is our chairman of the Board, our executive Director and the general manager.

Mr. Yan has extensive experience in the food and beverage retail industry. He established Changsha Busy for You Food Co., Ltd. in November 2016 and served as its executive director and general manager from November 2016 to October 2023. Since the establishment of our Company in December 2019, he has been serving as the chairman of the Board, a Director and the general manager of our Company.

Mr. Zhao Ding (趙定), aged 36, is our deputy chairman of the Board, our executive Director and the deputy general manager.

Mr. Zhao has extensive experience in the food and beverage retail industry. He established Super Ming Trading in January 2019 and has been serving as its executive director and general manager. Mr. Zhao established Super Ming Food Technology in June 2022 and has been serving successively as its supervisor, executive director, general manager and chairman of the board of directors since then. Mr. Zhao has been serving as a Director and a deputy general manager of our Company since November 2023.

Mr. Wang Yutong (王鈺潼), aged 37, is our executive Director and our chief financial officer.

Mr. Wang has extensive experience in financial management and investment industry. He joined our Company as the chief financial officer in August 2023 and has been serving as our Director since November 2023. Prior to joining our Group, Mr. Wang worked in China Renaissance Holdings Limited (華興資本控股有限公司) (a company listed on the Stock Exchange, stock code: 1911.HK) from March 2013 to September 2018. He founded Ming Yue Capital (明越資本) in November 2019 and has acted as its co-founding partner.

Mr. Wang obtained his master's degree in finance from The University of Texas at Dallas in the United States in 2012.

Mr. Wang Ping'an (王平安), aged 37, is our executive Director, the employee representative Director and head of merchandise and supply chain.

Mr. Wang has extensive experience in the food and beverage retail industry. He joined Super Ming Trading in January 2019 and has been serving as the supervisor and head of merchandise and supply chain of Super Ming Trading since June 2021. Mr. Wang also served as a director and head of merchandise and supply chain of Super Ming Food Technology since June 2022. Mr. Wang has been serving as a Director and head of merchandise and supply chain of our Company since November 2023.

Mr. Wang obtained his bachelor's degree in nuclear science from East China University of Technology (東華理工大學) in Jiangxi, the PRC, in July 2012.

Mr. Li Wei (李維), aged 37, is our executive Director and head of store operation.

Mr. Li has extensive experience in the food and beverage retail industry. He joined Changsha Busy for You Food Co., Ltd. in November 2016 and served as the supervisor and the head of store operation from November 2016 to October 2023. Mr. Li has been serving as a Director and head of store operation of our Company since December 2019.

Mr. Li graduated from Changsha Southern Vocational School (長沙南方職業學院) in Hunan, the PRC majoring in mold design and manufacturing in June 2009.

Non-executive Director

Dr. Su Kai (蘇凱), aged 47, is our non-executive Director.

Dr. Su has extensive experience in retail management, business strategy development, human resource management, information technology and financing and investment. He has served as a partner of HongShan, a leading venture capital and private equity firm investing across the technology, healthcare and consumer sectors, since 2018. Prior to that, Dr. Su worked for several companies, including BenQ Guru Corporation Nanjing Branch, Kronos, IBM China Company Ltd. and San Fu Department Store Ltd. (三福百貨有限公司). Dr. Su also served as the chief executive officer of Golden Eagle Retail Group Limited (a company that was previously listed on the Stock Exchange, stock code: 3308.HK) from August 2014 to May 2018.

Dr. Su obtained his doctoral degree in Chinese history from Nanjing University (南京大學) in Jiangsu, the PRC, in June 2023.

Independent Non-executive Directors

Ms. Peng Hui (彭慧), aged 38, is our independent non-executive Director.

Ms. Peng has extensive experience in accounting and financial management. She worked as a senior auditor at Ernst & Young (安永會計師事務所) from 2008 to 2011, a senior financial manager at Concord Medical Services Holdings Limited (泰和誠醫療集團有限公司) (a company listed on The New York Stock Exchange, stock code: CCM) from 2011 to 2014, a financial manager at Guangdong Oriental Precision Technology Co., Ltd. (廣東東方精工科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002611.SZ) from 2014 to 2016, a deputy general manager of the finance department at Glory Sun Financial Group Limited (a company listed on the Stock Exchange, stock code: 1282.HK) from 2016 to 2020, and a deputy general manager of Pak Tak International Limited (a company listed on the Stock Exchange, stock code: 2668.HK) from April 2020 to October 2021. She has been serving as the chief financial officer at Edensoft Holdings Limited (伊登軟件控股有限公司) (a company listed on the Stock Exchange, stock code: 1147.HK) since November 2021 and as its company secretary since July 2023.

Ms. Peng obtained her bachelor's degree in international economics and trade at Guangdong University of Foreign Studies (廣東外語外貿大學) in Guangdong, the PRC, in June 2008 and her master's degree in business administration at The University of Hong Kong (香港大學) in Hong Kong, the PRC, in November 2018. She is a fellow member of the Hong Kong Institute of Certified Public Accountants (香港會計師公會) and the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), and holds the certificates of Certified Public Accountant (CPA) in both Mainland China and Hong Kong.

Mr. Qiu Huang (邱煌), aged 41, is our independent non-executive Director.

Mr. Qiu has extensive experience in business management. He currently serves as the senior vice-president and the general manager of Greater China and APAC Experiences of Warner Bros. Discovery. Prior to joining Warner Bros. Discovery, he worked at JD.com, where he founded JD Worldwide.

Mr. Qiu obtained his bachelor's degree in engineering from the University of Melbourne in Australia in 2006, master's degree in geotechnical engineering and engineering geology from the University of New South Wales in Australia in 2011, and MBA degree from the Massachusetts Institute of Technology in the United States in June 2014.

Ms. Wu Qianhui (伍前輝), aged 52, is our independent non-executive Director.

Ms. Wu has extensive experience in investment banking and corporate governance. She worked for several companies including South China Securities Co., Ltd. (江南證券有限責任公司) (currently known as AVIC Securities Co., Ltd. (中航證券有限公司)), China Merchants Securities Co., Ltd. (招商證券股份有限公司), Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司) and Changsha Jixi Capital Management Co., Ltd. (長沙市輯熙資本管理有限公司). Ms. Wu has been a deputy general manager at Shanghai Xuantong Business Consulting Partnership (Limited Partnership) (上海暄彤商務諮詢合夥企業(有限合夥)) since November 2022 and an independent director at Shenzhen New Industries Biomedical Engineering Co., Ltd. (深圳市新產業生物醫學工程股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300832.SZ) since May 2022.

Ms. Wu obtained her bachelor's degree in technical economics from Central South University of Technology (中南工業大學) in Hunan, the PRC, in June 1995, and her master's degree in management from the same institution in April 1998.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth certain information of our senior management team:

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a member of senior management	Relationship with other Directors and senior management
Mr. Yan	38	Chairman of the Board, executive Director and general manager	Responsible for the overall strategic planning, business development and major operational decisions of our Group	November 2016	December 12, 2019	None
Mr. Zhao . . .	36	Deputy chairman of the Board, executive Director and deputy general manager	Responsible for the overall strategic planning, business development and day-to-day operational decisions of our Group	January 2019	November 9, 2023	None

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a member of senior management	Relationship with other Directors and senior management
Mr. Zhang Jiang	37	Financial director	Responsible for the day-to-day finance operation of our Group	December 2018	December 12, 2019	None
Mr. Chen Chao	37	Secretary to the Board and joint company secretary	Responsible for corporate governance, information disclosure and investor relationship management of our Group	April 2024	April 7, 2024	None

Mr. Yan is the chairman of the Board, an executive Director and the general manager of our Company. For the biographical details of Mr. Yan, see "— Directors — Executive Director".

Mr. Zhao is the deputy chairman of the Board, an executive Director and the deputy general manager of our Company. For the biographical details of Mr. Zhao, see "— Directors — Executive Director".

Mr. Zhang Jiang (張江), aged 37, is our financial director.

Mr. Zhang has extensive experience in financial management. He worked as a manager at the Shenzhen branch of Grant Thornton Zhitong Certified Public Accountants LLP (致同會計師事務所(特殊普通合夥)) from January 2014 to March 2017 and as the director of the finance department at Changsha Xinhao Financial Consulting Co., Ltd. (長沙欣昊財務諮詢有限公司) from July 2017 to December 2018. Mr. Zhang joined our Group in December 2018 and has been the financial director since then, responsible for the day-to-day finance operation of our Group.

Mr. Zhang obtained his bachelor's degree in management from Hunan Institute of Science and Technology (湖南理工學院) in Hunan, the PRC, in June 2009.

Mr. Chen Chao (陳超), aged 37, is our secretary to the Board and our joint company secretary.

Mr. Chen has extesnive experience in handling financial, asset management, as well as corporate governance matters. He served as the investment manager at HTF Capital Management Co., Ltd. (匯添富資本管理有限公司) from November 2014 to February 2015, and subsequently as an executive director of the investment banking department at Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司). He joined our Group in April 2024 and has been serving as the secretary to the Board of our Company since then.

Mr. Chen obtained his bachelor's degree in finance from Hunan University (湖南大學) in Hunan, the PRC, in June 2010 and his master's degree in finance from the University of Kent in the United Kingdom in September 2012.

INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

Saved as disclosed above, none of our Directors and senior management had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders, nor is there any information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Chen Chao (陳超) is a joint company secretary of our Company. For the biographical details of Mr. Chen Chao, see "— Senior Management"

Ms. Wong Hoi Ting (黃凱婷), aged 34, is a joint company secretary of our Company.

Ms. Wong has over eight years of work experience in the corporate secretarial field and is currently responsible for providing corporate secretarial and compliance services to listed companies. Ms. Wong has been accredited as a member of The Chartered Governance Institute since 2016 and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) since 2016.

Ms. Wong obtained her bachelor's degree in social sciences from Lingnan University in Hong Kong, the PRC in 2009 and her master's degree in professional accounting and corporate governance from City University of Hong Kong in Hong Kong, the PRC in 2014.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors (other than our independent non-executive Directors) had interests in any business, which competes or is likely to compete, either directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D 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 April 23, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of the Company or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

BOARD COMMITTEES

Our Company has established three Board Committees in accordance with the relevant PRC laws and regulations, the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We have established the Audit Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three non-executive Directors, namely Ms. Peng Hui, Dr. Su Kai and Ms. Wu Qianhui. Ms. Peng Hui, being the chairperson of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are as follows:

(i) to make recommendations to the Board on the appointment, replacement and removal of an external auditor, consider and approve the remuneration and terms of engagement of an external auditor and any questions of its resignation or dismissal;

(ii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

(iii) to develop and implement policies on engaging an external auditor to provide non-audit services;

(iv) to review and supervise the truthfulness, completeness and correctness of financial statement, annual report and accounts and half-year report;

(v) to review the financial policy, risk management and internal control evaluation system of the Company;

(vi) to facilitate communications between the internal audit department and the external auditor; and

(vii) other matters required by laws, administrative regulations, the regulations of the CSRC, the rules of the securities regulatory authority of the place where the Shares of the Company are [**REDACTED**] and the requirements of the Articles of Association,.

Remuneration Committee

We have established the Remuneration Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration Committee consists of three Directors, namely Mr. Qiu Huang, Mr. Yan and Ms. Wu Qianhui. Mr. Qiu Huang currently serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee are as follows:

(i) to organize and formulate the remuneration policy and plan of Directors and senior management with reference to their main duties, scope, importance, time commitment and salary level of relevant positions. The remuneration plan and policy mainly include but are not limited to performance evaluation standards, procedures and main evaluation systems, and main plans for rewards and punishments, and shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);

(ii) to make recommendations to the Board on the remuneration packages of the executive Directors and senior management;

(iii) to make recommendations to the Board on the remuneration of non-executive directors;

(iv) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group;

(v) to study and make recommendations to the Board on the appraisal criteria for Directors and senior management, review the performance of Directors (excluding independent non-executive Directors) and senior management and conduct annual performance appraisals;

(vi) to review and approve the compensation payable to the executive Directors and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;

(vii) to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;

(viii) to ensure that no Director or any of his associates is involved in deciding his own remuneration;

(ix) to supervise the implementation of the remuneration procedures and review the relevant remuneration policies on a regular basis;

(x) to review and/or approve relevant share schemes as set out in Chapter 17 of the Listing Rules, and

(xi) other matters required by laws, administrative regulations, the regulations of the CSRC, the rules of the securities regulatory authority of the place where the Shares of the Company are [**REDACTED**] and the requirements of the Articles of Association,

Nomination Committee

We have established the Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Mr. Yan, Ms. Peng Hui and Ms. Wu Qianhui. Mr. Yan currently serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee are as follows:

(i) to review the size and composition of the Board (including the skills, knowledge and experience) at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy;

(ii) to formulate the corporate governance policies and standards, monitor the implementation, and make recommendations to the Board;

(iii) to examine the select standards and procedures of directors and senior management and make recommendation to the Board, and supervise the training and development plan of directors and senior management;

(iv) to identify individuals suitably qualified to become board members and select and make recommendations to the Board on the selection of individuals nominated for directorships;

(v) to assess the independence of the independent non-executive Directors;

(vi) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman of the Board and the general manager);

(vii) support the Company's regular evaluation of the Board's performance; and

(viii) other matters required by laws, administrative regulations, the regulations of the CSRC, the rules of the securities regulatory authority of the place where the Shares of the Company are [**REDACTED**] and the requirements of the Articles of Association.

BOARD DIVERSITY POLICY

Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Board currently consists of two female Directors and seven male Directors with a balanced mix of knowledge and skills, including but not limited to corporate, business and financial management. The Company is of the view that the Board satisfies our board diversity policy.

Our Nomination Committee is responsible for the implementation of our board diversity policy. Upon completion of the [**REDACTED**], our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management members receive remuneration in the forms of salaries, allowances, contribution to pension schemes, discretionary bonuses, share-based compensation and other benefits in kind.

The aggregate amount of remuneration paid to our Directors for the three years ended December 31, 2022, 2023 and 2024 were RMB7.3 million, RMB7.3 million and RMB20.2 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration (including any discretionary bonus which may be paid) payable by our Group to our Directors for the financial year ending December 31, 2025 is expected to be approximately RMB11.6 million.

For each of the years ended December 31, 2022, 2023 and 2024, there were three, four and one Director(s) among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals of our Group for the three years ended December 31, 2022, 2023 and 2024 were RMB2.4 million, RMB2.1 million and RMB17.2 million, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors has waived or agreed to waive any remuneration or benefits in kind for the past three years. Save as disclosed above, there was no other payments paid or payable by our Company or any of our subsidiaries to our Directors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We are committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [**REDACTED**] except for Code Provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and general manager should be separate and should not be performed by the same individual.

The roles of chairman of the Board and general manager of the Company are currently performed by Mr. Yan. In view of Mr. Yan's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Mr. Yan acting as both our chairman and general manager will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it is appropriate and beneficial to our business development and prospects that Mr. Yan continues to act as both our chairman and general manager after the [**REDACTED**], and therefore currently do not propose to separate the functions of chairman and general manager.

While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this arrangement will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Hong Kong Listing Rules; (ii) Mr. Yan and other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and general manager is necessary.

COMPLIANCE ADVISER

We have appointed Maxa Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser 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 and share repurchases;

c. where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

d. where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [**REDACTED**] volume of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment 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**].

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Yan is directly interested in 25.75% of the issued Shares of our Company, and is also able to control the exercise of 4.10%, 0.78%, 0.54%, 4.34%, 0.96% and 3.44% of the voting rights of the issued Shares of our Company through six shareholding platforms, namely Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang and Yichun Yikouniao. As such, Mr. Yan is able to control the voting rights in approximately 39.91% of the issued share capital of our Company. In addition, Mr. Zhao, through Yichun Bird Nest, is able to control the exercise of 22.69% of the voting rights of the issued Shares of our Company as of the Latest Practicable Date.

Mr. Yan and Mr. Zhao have been acting in concert with respect to the exercising of voting rights at the general meeting of our Company since the Super Ming Acquisition in November 2023, aiming to streamline the control and management of our Company. On April 26, 2025, Mr. Yan and Mr. Zhao entered into an acting in concert agreement, pursuant to which they confirmed that they have been acting in concert since the Super Ming Acquisition in November 2023 and will continue to act in concert by aligning their voting rights in the general meeting of our Company, and in the event that they are unable to reach consensus on any matter presented, they will continue to align their votes in accordance with Mr. Yan's decisions at the shareholders' meeting of the Company.

As such, Mr. Yan, Mr. Zhao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao were together entitled to control the exercise of approximately 62.60% of the voting rights at the general meetings of our Company as of the Latest Practicable Date.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Yan, Mr. Zhao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao will be entitled to control the exercise of approximately [**REDACTED**]% of the voting rights at the general meetings of our Company. Therefore, Mr. Yan, Mr. Zhao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao constitute a group of our Controlling Shareholders.

NO COMPETITION

Save and except for the interest of our Controlling Shareholders in our Company, each of our Controlling Shareholders confirms that as of the Latest Practicable Date, they did not have any interest in any business which competes or is likely to compete, directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates upon [**REDACTED**].

Management Independence

Our business is managed and operated by our Board and senior management. Our Directors consider that our Board and senior management team are able to manage our business independently from the Controlling Shareholders for the following reasons:

(a) Mr. Yan and Mr. Zhao are currently responsible for the management of the shareholding platforms of our Controlling Shareholders. None of these shareholding platforms has any business other than its shareholding in the Company. As such, there will be no conflict of interest between the business of the Company and the Controlling Shareholders. Other than above, our executive Directors and all our senior management members do not hold any management position and/or directorship in the Controlling Shareholders or its close associates as of the Latest Practicable Date;

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

(c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and the interested Director, and shall abstain from voting and shall not be counted towards the quorum for the voting;

(d) our Board has a balanced composition of executive Directors, non-executive Director and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (i) our independent non-executive Directors are not associated with our Controlling Shareholders or each of their close associates; (ii) our independent non-executive Directors account for one-third of the Board; and (iii) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of [**REDACTED**] companies and will be able to provide professional advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and

(e) We will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. For details, please see "— Corporate Governance" in this section.

Operational Independence

Our Group does not rely on our Controlling Shareholders and their respective close associates for our business development, staffing, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

Our Group has independent accesses to our suppliers and customers and there is an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently. Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We do not expect to rely on our Controlling Shareholders and their respective close associates for financing after [**REDACTED**] as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the [**REDACTED**] from the [**REDACTED**]. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

As of the Latest Practicable Date, there was no outstanding loan or guarantee provided by our Controlling Shareholders and their respective close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their respective close associates upon [**REDACTED**].

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. Our Company would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders or any of their close associates has a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;

(d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisers at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules;

(e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;

(f) we have appointed Maxa Capital Limited as our compliance adviser, which 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.

Based on the above, our Directors are satisfied that the corporate governance measures are sufficient to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and the Conversion of Domestic [**REDACTED**] Shares into H Shares, and assuming the [**REDACTED**] is not exercised, the following persons are expected to have an interest in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of shareholder	Nature of interest	Class and Number of Shares held upon completion of the [REDACTED]	Approximate percentage of shareholding in total share capital of our Company as of the Latest Practicable Date	Approximate percentage of shareholding in the total share capital of our Company immediately after the [REDACTED](5)	Approximate percentage of shareholding in the relevant class of Shares immediately after the [REDACTED](5)
Mr. Yan(1)(2)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interests held jointly with other person	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changsha Zhongmang(2)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changsha Xunmang(2)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changsha Shizaimang(2)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changsha Jianmang(2)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changsha Lingmang(2)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yichun Yikouniao(2)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhao(1)(3)	Interest in controlled corporation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interests held jointly with other person	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yichun Bird Nest(3)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Haoxiangni Health Food(4)	Beneficial interest	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) Mr. Yan and Mr. Zhao have been acting in concert with respect to the exercising of voting rights in the general meeting of our Company since the completion of the Super Ming Acquisition in November 2023. As such, Mr. Yan and Mr. Zhao are deemed to be jointly interested in the Shares of the Company held by their controlled entities, namely Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao under the SFO.

(2) Mr. Yan is the general partner of Changsha Zhongmang, Changsha Xunmang, Changsha Shizaimang, Changsha Jianmang, Changsha Lingmang and Yichun Yikouniao. As such, Mr. Yan is deemed to be interested in the Shares of the Company held by each of Changsha Zhongmang, Changsha Xunmang, Changsha Shizaimang, Changsha Jianmang, Changsha Lingmang and Yichun Yikouniao under the SFO.

(3) As of the Latest Practicable Date, Mr. Zhao is interested in approximately 65.37% equity interests in Yichun Bird Nest. As such, Mr. Zhao is deemed to be interested in the Shares of the Company held by Yichun Bird Nest under the SFO.

(4) As of the Latest Practicable Date, Haoxiangni Health Food, Haoxiangni Youran and Jiandan Qiaochu is interested in approxiamtely 1.80%, 1.80% and 2.69% of the Shareholding interests in our Company, respectively. Each of Haoxiangni Youran and Jiandan Qiaochu is wholly owned by Haoxiangni Health Food. As such, Haoxiangni Health Food is deemed to be interested in the Shares of the Company held by Haoxiangni Youran and Jiandan Qiaochu under the SFO.

(5) The calculation is based on the total number of [**REDACTED**] Domestic [**REDACTED**] Shares in issue, [**REDACTED**] H Shares to be converted from Domestic [**REDACTED**] Shares in issue and [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised).

Save as disclosed herein, the Directors are not aware of any other person who will, immediately following the [**REDACTED**] and the Conversion of Domestic [**REDACTED**] Shares into H Shares (and the [**REDACTED**] of any additional H Shares pursuant to the [**REDACTED**], if any), have an interest or short position in Shares or underlying Shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group.

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the share capital of our Company was RMB200,000,000 comprising 200,000,000 Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately after the [**REDACTED**] and Conversion of Domestic [**REDACTED**] Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares converted from Domestic [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

The Conversion of Domestic [**REDACTED**] Shares into H Shares will involve an aggregate of [**REDACTED**] Domestic [**REDACTED**] Shares held by [**REDACTED**] existing Shareholders, representing approximately [**REDACTED**]% of total issued Shares of the Company upon completion of the Conversion of Domestic [**REDACTED**] Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised). Set out below are the member of Shares held by our existing Shareholders and their respective shareholding upon completion of the Conversion of Domestic [**REDACTED**] Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

	Shareholders	Shares immediately after [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Domestic [REDACTED] Shares into H Shares				
		Number of Shares Held	H Shares to be converted from Domestic [REDACTED] Shares	Approximate Percentage	Domestic [REDACTED] Shares Held	Approximate Percentage
1.	Mr. Yan Zhou	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]
2.	Yichun Bird Nest	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]

		Shares immediately after [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Domestic [REDACTED] Shares into H Shares				
	Shareholders	Number of Shares Held	H Shares to be converted from Domestic [REDACTED] Shares	Approximate Percentage	Domestic [REDACTED] Shares Held	Approximate Percentage
3. . .	Mr. Li Wei	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
4. . .	Yichun Yikouniao	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
5. . .	Mr. Liu Wei	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
6. . .	Mr. Zhu Lang	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
7. . .	Hunan Xiaomang	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
8. . .	Gaorong LKZN	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
9. . .	Jiandan Qiaochu	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
10. .	Yichun Anyicheng	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
11. .	HongShan Yaheng	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
12. .	HongShan Hanchen	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
13. .	Changsha Zhongmang	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
14. .	Haoxiangni Youran	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
15. .	Haoxiangni Health Food	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
16. .	Changsha Xunmang	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
17. .	Xiamen Black Ant	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
18. .	5Y	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
19. .	Discounter Seed HK	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
20. .	Changsha Shizaimang	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
21. .	Changsha Jianmang	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
22. .	Changsha Lingmang	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
23. .	Shanghai Yihai	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
24. .	BA HM	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
25. .	HongShan Growth	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
26. .	Jindong Hong Kong	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]

Immediately after the [**REDACTED**] and Conversion of Domestic [**REDACTED**] Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares converted from Domestic [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

DOMESTIC [REDACTED] SHARES AND H SHARES

Upon the completion of the [**REDACTED**], the Shares will consist of Domestic [**REDACTED**] Shares and H Shares. Domestic [**REDACTED**] Shares and H Shares are all ordinary Shares in the share capital of our Company.

Our H Shares may only be subscribed for and traded in Hong Kong dollars. Our Domestic [**REDACTED**] Shares, on the other hand, may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the Domestic [**REDACTED**] Shares held by whom will be converted into H Shares according to the filling information of the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

Domestic [**REDACTED**] Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Domestic [**REDACTED**] Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF OUR DOMESTIC [REDACTED] SHARES INTO H SHARES

If any of the Domestic [**REDACTED**] Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Hong Kong Stock Exchange, such conversion, [**REDACTED**] and [**REDACTED**] will need the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

File with the CSRC for Full Circulation

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies shall file with the CSRC for the conversion of Domestic [**REDACTED**] Shares into H shares for [**REDACTED**] and circulation on the Hong Kong Stock Exchange. An unlisted domestic joint stock company may file for "full circulation" when applying for an overseas [**REDACTED**].

We have filed with the CSRC for the conversion of [**REDACTED**] Domestic [**REDACTED**] Shares into H Shares on a one-for-one basis ("**Conversion of Domestic** [**REDACTED**] **Shares into H Shares**") upon the completion of the [**REDACTED**] ("**Full Circulation Filing of the Company**") and CSRC [issued] the filing notice in respect of the [**REDACTED**] dated [●], 2025.

[REDACTED] Approval by the Hong Kong Stock Exchange

We have applied to the [**REDACTED**] of the Hong Kong Stock Exchange for the granting of [**REDACTED**] of, and permission to deal in, our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]), and the H Shares to be converted from [**REDACTED**] Domestic [**REDACTED**] Shares.

We will perform the following procedures for the conversion of the relevant Domestic [**REDACTED**] Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our [**REDACTED**] regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**].

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any [**REDACTED**] of shares by a company cannot be transferred within one year from the date on which such publicly [**REDACTED**] shares are [**REDACTED**] and [**REDACTED**] on the relevant stock exchange. As such, the Shares issued by the Company prior to the [**REDACTED**] will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**]. See "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments".

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Appendix V — Summary of the Articles of Association" in this document.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting held on April 27, 2025.

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants' Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a leading and rapidly growing food and beverage retailer in China. Our stores are predominantly located in high-traffic, highly visible and easily accessible street-side locations. We offer a joyful and comfortable browsing and shopping experience with a wide variety of value-for-money products and frequently launched new SKUs. As of December 31, 2024, our store network comprised 14,394 stores covering 28 provinces and all city tiers in China, with approximately 58% of our stores located in counties and townships. In 2024, we recorded a GMV of RMB55.5 billion. According to Frost & Sullivan, in terms of GMV of snack and beverage products in 2024, we are the largest chain retailer in China; in terms of GMV of food and beverage products in 2024, we are the fourth largest chain retailer in China.

We experienced rapid growth during the Track Record Period. Our revenue increased from RMB4,285.7 million in 2022 to RMB10,295.3 million in 2023 and further increased to RMB39,343.5 million in 2024, representing a CAGR of 203.0% from 2022 to 2024. Our gross profit increased from RMB319.4 million in 2022 to RMB772.3 million in 2023 and further increased to RMB2,999.0 million in 2024, representing a CAGR of 206.4% from 2022 to 2024. In 2022, 2023 and 2024, we recorded net profit of RMB71.7 million, RMB217.5 million and RMB829.2 million, respectively. Eliminating the impact of items including share-based payment expenses and [**REDACTED**] expenses, we generated an adjusted net profit (non-IFRS measure) of RMB81.5 million, RMB234.8 million and RMB912.6 million in 2022, 2023 and 2024, respectively. See "— Non-IFRS Measure."

We completed the Super Ming Acquisition in November 2023 and started to consolidate Super Ming's financial information since December 2023. Specifically, in 2023, we only consolidated items of Super Ming's statements of profit or loss and other comprehensive income and statement of cash flow for December 2023, while we consolidated the entire amount of items in Super Ming's statements of financial position as of December 31, 2023. Fiscal year 2024 was the first full fiscal year after the Super Ming Acquisition.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**").

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the historical financial information throughout each of the years ended December 31, 2022, 2023 and 2024.

The historical financial information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

The preparation of the historical financial information in accordance with IFRS Accounting Standards requires the use of certain material accounting estimates. It also requires the management to make judgments, estimates and assumptions in the process of applying our accounting policies. Judgments made by the management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in Note 3 to the Accountants' Report included in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are influenced by various general factors that affect the overall snack and beverage retail industry in China. These factors include evolving consumption patterns and habits in China, continuous growth and the evolving online and offline competitive landscape of the snack and beverage retail industry in China, and governmental policies, initiatives and incentives affecting the snack and beverage retail industry in China. Unfavorable changes and any challenges in any of these general industry conditions could affect the demand for our products and services and hence our results of operations. In addition to these general factors, we recognize that the following specific factors, although offering significant opportunities for our business, present challenges that we must effectively address to sustain our growth and improve our results of operations:

Number of Stores in Operation and Expansion of Our Store Network

We operate primarily through franchised stores. We derive our revenue primarily from sales of goods to our franchisees. Our revenue is primarily driven by the scale of our store network, and our future revenue growth depends on our ability to expand our store network and improve the performance of stores. The number of our stores increased from 1,902 as of December 31, 2022 to 14,394 as of December 31, 2024, which to a large extent drove the increases in our revenue from RMB4,285.7 million in 2022 to RMB39,343.5 million in 2024, representing a CAGR of 203.0%. We believe our ability to further expand our store network leads to more demands from franchisees, driving future growth of our revenue.

Efficient Management of Our Supply Chain

Our ability to effectively cooperate with suppliers and integrate resources throughout our supply chain is key to our results of operations. The majority of our cost of sales is costs related to sale of goods that we pay to suppliers. Our ability to maintain a stable and efficient supply chain and purchase merchandise at commercially reasonable prices is essential for us to manage our costs, inventory level, profitability and cash flow. We source a substantial majority of our products directly from snack and beverage producers and brand owners, which not only enables us to secure better pricing, but also improves supply chain efficiency and reliability and potentially leads to more favorable delivery schedules and product quality controls.

In addition, we had strategically established a nationwide warehousing network with 36 warehouses based on our store network. Our stores are typically located within 300-kilometer proximity to the nearest of our warehouses, which in general enable timely 24-hour delivery to the stores, thereby maintaining our operational efficiency and competitiveness in the snack and beverage retail industry.

The Super Ming Acquisition

As part of the strategy to enhance our established competitive edges, we completed the Super Ming Acquisition in November 2023 and started to consolidate Super Ming's financial information since December 2023. Accordingly, our results of operations for the years ended December 31, 2023 and 2024 may not be directly comparable. The Super Ming Acquisition contributed significantly to our business growth and results of operations in the Track Record Period. We expanded our store network coverage, supply chain resources and franchisee base through the Super Ming Acquisition. On the other hand, the goodwill and other intangible assets resulting from the Super Ming Acquisition may be subject to future impairment. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition," and Note 31 to the Accountants' Report in Appendix I to this document.

Our Ability to Enhance Operational Efficiency

Our ability to manage and control our operating expenses is critical to the success of our business. To enhance our brand awareness, we initiated various marketing campaigns during the Track Record Period, including establishing cartoon characters as our key IPs to further promote our brand image, appointing brand ambassadors, holding promotional events on special days, launching social media campaigns and collaborating with third-party IPs to broaden our marketing reach. In addition, our expanding store network, along with our supply chain and logistics network, also helps us to achieve economies of scale and optimize our warehousing expenses. According to Frost & Sullivan, we are consumers' top one choice for snack and beverage specialty retailers in China. Moreover, to further foster consumer loyalty, promote our brands and enhance consumer experience, we have launched our membership program. As of December 31, 2024, the number of our registered members reached approximately 120 million. See "Business — Marketing and Brand Building — Our Membership Program." We employ digital tools to manage the operational process of our stores and automate certain routine tasks. Our digital infrastructure encompasses integrated digital management systems designed to support various key aspects of our business, including store operations and management, supply chain management and inventory control. In 2022, 2023 and 2024, we incurred technology expenses of RMB9.6 million, RMB17.0 million and RMB53.3 million, respectively, primarily representing IT employee compensations and IT service fees. Furthermore, we actively invest in training programmes for franchisees to ensure that they are well-equipped to handle administrative tasks efficiently.

Our selling and marketing expenses amounted to RMB159.1 million, RMB325.2 million and RMB1,476.1 million, accounting for 3.7%, 3.2% and 3.8% of our revenue in 2022, 2023 and 2024, respectively. Our administrative expenses amounted to RMB60.0 million, RMB117.7 million and RMB391.1 million, accounting for 1.4%, 1.1% and 1.0% of our revenue in 2022, 2023 and 2024, respectively. We expect the absolute amounts of our operating expenses to continue to increase along with our business growth in the future. However, as we expand our business, we expect to make continuous improvement to our operating efficiency and benefit from economies of scale.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial conditions and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services. Our Group has concluded that it is acting as a principal in primarily all of its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Our Group generates its revenue from sale of goods and provision of related services. Further details of our Group's revenue recognition policies are as follows:

(a) Sale of Goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Membership Loyalty Program

Our Group operated a membership loyalty program, which allowed customers to accumulate loyalty points when they purchase goods. Under IFRS 15, the membership loyalty program gives rise to a separate performance obligation because it provides a material right to the customer and our Group allocated a portion of the transaction price to the loyalty points awarded to customers based on the relative stand-alone selling price.

(b) Provision of Services

Our Group provides management, technology and training services to customers during the service period through which customers enjoy benefits such as business operation support, information technology support and training services. Revenue from the provision of technology and training services is recognized over time because the customer simultaneously receives and consumes the benefits provided by our Group.

Our Group provides loading and unloading services and commission services to snacks and beverages suppliers. Revenue from the provision of loading and unloading services and commission services is recognized at a point in time.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories is determined on the weighted average method. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which our Group must incur to make the sale.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year during the Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which our Group has established a business presence.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each year during the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each year during the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each year during the Track Record Period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each year during the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if and only if our Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realized the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by our Group, liabilities assumed by our Group to the former owners of the acquiree and the equity interests issued by our Group in exchange for control of the acquiree.

Our Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When our Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or a liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of our Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Our Group performs its annual impairment test of goodwill as of December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of our Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash generating unit retained.

Intangible Assets (Other Than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of three to five years based on our Group's past experiences and different purposes on usages of the software and the authorized period for such uses.

Trademarks

Trademarks acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date. Trademarks with infinite useful lives are stated at their cost less any impairment losses.

Customer Relationship

Customer relationship acquired in a business combination is recognized at fair value at the acquisition date. The customer relationship has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected useful life of the customer relationship, which is 10 years. The expected useful life is primarily related to services contracts, and is determined based on management's best estimate of the total period from which the benefits will be derived from the customer relationship.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Revenue	4,285,745	10,295,318	39,343,511
Cost of sales	(3,966,394)	(9,522,979)	(36,344,463)
Gross profit	**319,351**	**772,339**	**2,999,048**
Other income and gains, and other expenses	1,824	5,645	23,190
Selling and marketing expenses	(159,138)	(325,209)	(1,476,110)
Administrative expenses	(59,951)	(117,660)	(391,058)
Impairment losses on financial assets, net	(125)	116	(123)
Finance costs	(2,159)	(2,899)	(7,006)
Share of profits and losses of associates	–	(7,726)	4,293
Profit before tax	**99,802**	**324,606**	**1,152,234**
Income tax expense	(28,151)	(107,072)	(323,078)
Profit and total comprehensive income for the year	**71,651**	**217,534**	**829,156**

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as a substitute for analysis of our results of operations or financial condition as reported under IFRS Accounting Standards. In addition, the non-IFRS measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted by adding back share-based payment expenses and [**REDACTED**] expenses. The following table reconciles our adjusted net profit (non-IFRS measure) presented to the most directly comparable financial measure calculated and presented in accordance with IFRS Accounting Standards, which is profit for the year.

	Year ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Profit for the year	71,651	217,534	829,156
Add:			
– Share-based payment expenses(1)	9,844	17,275	77,343
– [**REDACTED**] expenses(2)	–	–	6,144
Adjusted net profit *(non-IFRS measure)*	**81,495**	**234,809**	**912,643**

Notes:

(1) Share-based payment expenses are non-cash in nature, representing the arrangement under which we received services from employees as consideration for our equity instruments. Share-based payment expenses are not expected to result in future cash payments.

(2) [**REDACTED**] expenses represented expenses incurred in connection with the [**REDACTED**].

Our adjusted net profit (non-IFRS measure) increased by 188.1% from RMB81.5 million in 2022 to RMB234.8 million in 2023, and further increased by 288.7% to RMB912.6 million in 2024. Such increase throughout the Track Record Period was primarily due to our business expansion, which was primarily attributable to (i) the expansion of our store network, and (ii) the Super Ming Acquisition.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated all of our revenue primarily from sale of goods in China.

Revenue by Nature

During the Track Record Period, our revenue was primarily derived from the sale of snacks and beverages to our franchisees. We sell a diverse range of value-for-money products with frequently launched new SKUs. We had a total of 3,380 in-stock SKUs as of December 31, 2024, including bakery, biscuits, nuts and seeds, puffed snacks and instant meals, cooked snacks, confectionery, chocolates and preserves and beverages.

The following table sets forth our revenue breakdown by nature in absolute amount and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Sale of goods						
– To franchised stores	4,242,854	99.0	10,200,447	99.1	38,888,008	98.8
– By self-operated stores	31,151	0.7	60,334	0.6	263,030	0.7
Subtotal	**4,274,005**	**99.7**	**10,260,781**	**99.7**	**39,151,038**	**99.5**
Others[(1)]	**11,740**	**0.3**	**34,537**	**0.3**	**192,473**	**0.5**
Total	**4,285,745**	**100.0**	**10,295,318**	**100.0**	**39,343,511**	**100.0**

Note:

(1) Others primarily consisted of amortized franchise fees and fees for services that we provide to the franchisees, including management, technology and training services, as well as loading and unloading services that we provide to suppliers.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of cost of sale of goods as we procured snack and beverage products from producers and brand owners in the industry. Our cost of sales amounted to RMB3,966.4 million, RMB9,523.0 million and RMB36,344.5 million in 2022, 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross margin represents gross profit divided by our revenue, expressed as a percentage. In 2022, 2023 and 2024, we had gross profit of RMB319.4 million, RMB772.3 million and RMB2,999.0 million, respectively. During the same years, we had gross margin of 7.5%, 7.5% and 7.6%, respectively.

Other Income and Gains, and Other Expenses

During the Track Record Period, our other income and gains, and other expenses, consisted of (i) government grants, primarily representing incentives received from the local government in connection with certain financial support to local business enterprises for the purpose of encouraging business development; (ii) compensation received from suppliers; (iii) interest income on bank deposits; (iv) foreign exchange differences, net; (v) fair value changes of financial assets at fair value through profit or loss; (vi) impairment of construction in progress; (vii) donations; (viii) provision for ongoing litigation. For details on this ongoing litigation, see "Risk Factors — Risks Relating to Our Business and Industry — We faced intellectual property infringement claims during the Track Record Period, and may face future claims in the future"; and (ix) others.

The following table sets forth the breakdown of our other income and gains, and other expenses, for the years indicated in absolute amount and as a percentage of our total other income and gains, and other expenses:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Government grants[1]	850	46.6	325	5.8	22,568	97.3
Compensation received	2,591	142.1	6,700	118.7	21,183	91.3
Interest income	3,021	165.6	8,608	152.5	18,591	80.2
Foreign exchange differences, net	(2,055)	(112.7)	504	8.9	136	0.6
Fair value changes of financial assets at fair value through profit or loss	370	20.3	(1,946)	(34.5)	105	0.5
Impairment of construction in progress	(3,287)	(180.3)	–	–	–	–
Donations	(176)	(9.6)	(6,894)	(122.1)	(7,769)	(33.5)
Provision for ongoing litigation	–	–	–	–	(30,200)	(130.2)
Others	510	28.0	(1,652)	(29.3)	(1,424)	(6.2)
Total	**1,824**	**100.0**	**5,645**	**100.0**	**23,190**	**100.0**

Note:

(1) The government grants related to incentives received from the local government in connection with certain financial support to local business enterprises for the purpose of encouraging business development. These grants are recognized in profit or loss upon receipt of these grants. There are no unfulfilled conditions or contingencies relating to these grants.

Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses consisted of (i) employee compensations, representing salaries, benefits and share-based compensation for our sales and marketing personnel; (ii) travel and office expenses, representing expenses related to traveling of our sales personnel and store supervisors, as well as their office space; (iii) marketing and promotion fees related to our marketing, branding and promotion activities; (iv) depreciation of ROU and property management fees primarily related to our leased warehouses; (v) depreciation and amortization expenses; and (vi) others. Our selling and marketing expenses amounted to RMB159.1 million, RMB325.2 million and RMB1,476.1 million in 2022, 2023 and 2024, accounting for 3.7%, 3.2% and 3.8% of our revenue in 2022, 2023 and 2024, respectively. The following table sets forth a breakdown of our selling and marketing expenses in absolute amount and as a percentage of our total selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Employee compensations	81,858	51.4	174,078	53.5	816,343	55.3
Travel and office expenses	9,732	6.1	40,110	12.3	252,090	17.1
Marketing and promotion fees	41,675	26.2	48,961	15.1	176,573	12.0
Depreciation of ROU and property management fees	13,652	8.6	26,817	8.2	86,493	5.9
Depreciation and amortization expenses	1,471	0.9	4,080	1.3	10,922	0.6
Others[(1)]	10,750	6.8	31,163	9.6	133,689	9.1
Total	**159,138**	**100.0**	**325,209**	**100.0**	**1,476,110**	**100.0**

Note:

(1) Others primarily included warehousing services fee and short-term rental, and transportation fee between warehouses.

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) employee compensations, representing salaries, benefits, and share-based compensation for our administrative staff; (ii) professional service fees related to IT, legal, auditing and financial advisory services; (iii) depreciation of ROU and property management fees, primarily related to our leased office space; (iv) other tax expenses, which mainly includes stamp duty and urban land use tax; (v) travel and office expenses incurred by our administrative staff; (vi) depreciation and amortization expenses relating to our self-owned office equipment; and (vii) others. Our administrative expenses amounted to RMB60.0 million, RMB117.7 million and RMB391.1 million in 2022, 2023 and 2024, respectively, representing 1.4%, 1.1% and 1.0% of our revenue in 2022, 2023 and 2024, respectively. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as a percentage of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Employee compensations	34,365	57.3	64,442	54.8	212,622	54.4
Professional service fees	4,793	8.0	17,188	14.6	48,477	12.4
Depreciation of ROU and property management fees	4,538	7.6	8,073	6.9	38,419	9.8
Other tax expenses	5,001	8.3	12,393	10.5	37,006	9.5
Travel and office expenses	4,110	6.9	5,697	4.8	23,552	6.0
Depreciation and amortization expenses	4,517	7.5	5,869	5.0	13,609	3.5
Others	2,627	4.4	3,998	3.4	17,373	4.4
Total	**59,951**	**100.0**	**117,660**	**100.0**	**391,058**	**100.0**

Share of Profits and Losses of Associates

The share of profits and losses of associates primarily relates to our investment in a number of businesses. During the Track Record Period, our share of profits and losses of associates amounted to nil in 2022, a loss of RMB7.7 million in 2023, and a profit of RMB4.3 million in 2024.

Income Tax Expense

Our income tax expense amounted to RMB28.2 million, RMB107.1 million and RMB323.1 million in 2022, 2023 and 2024, respectively. We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled or operate.

Under the Law of the PRC on Enterprise Income Tax ("**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of our PRC subsidiaries is 25%, while certain of our PRC subsidiaries are qualified as small and micro enterprises and were entitled to a preferential EIT rate of 2.5% for the taxable income below RMB1 million in 2022, 2023 and 2024, and a preferential EIT rate of 5% for the taxable income between RMB1 million and RMB3 million in the same years. See Note 11 of the Accountants' Report in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with any tax authority.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 282.2% from RMB10,295.3 million in 2023 to RMB39,343.5 million in 2024, primarily due to the expansion of our store network. In addition, in 2023, we only consolidated Super Ming's December revenue, while 2024 was the first full financial year after the Super Ming Acquisition. See "Business — Our Store Network — Operation Performance."

Cost of Sales

Our cost of sales increased by 281.6% from RMB9,523.0 million in 2023 to RMB36,344.5 million in 2024, which was generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 288.3% from RMB772.3 million in 2023 to RMB2,999.0 million in 2024. Our gross profit margin remained relatively stable at 7.5% in 2023 and 7.6% in 2024.

Other Income and Gains, and Other Expenses

Our other income and gains, and other expenses increased by 314.3% from RMB5.6 million in 2023 to RMB23.2 million in 2024, primarily due to (i) an increase in government grants of RMB22.3 million, which primarily reflected incentives received from the local government; (ii) an increase in compensation received of RMB14.5 million, generally in line with the growth of our business scale, and partially due to the Super Ming Acquisition; and (iii) an increase in interest income of RMB10.0 million. These were partially offset by an increase in provision for ongoing litigation of RMB30.2 million. See "Risk Factors — Risks Relating to Our Business and Industry — We, Our Directors, Management, Franchisees and Employees May not Always Succeed in Defending Against Litigation, Regulatory Investigations and Proceedings, Including Claims Related to Food Safety, Commercial Issues, Labor, Employment, Antitrust or Securities Matters."

Selling and Marketing Expenses

Our selling and marketing expenses increased by 353.9% from RMB325.2 million in 2023 to RMB1,476.1 million in 2024, primarily due to (i) an increase in employee compensations of RMB642.2 million, as we had more selling and marketing staff to support our expanding business operations and granted equity awards to the eligible sales and marketing personnel. In addition, the increase was also because 2024 was the first full financial year after the Super Ming Acquisition; (ii) an increase in travel and office expenses of RMB212.0 million, as our expanded store network required more frequent travel by our selling and marketing personnel and store supervisors, as well as additional office space for them. In addition, the increase was also because 2024 was the first full financial year after the Super Ming Acquisition; and (iii) an increase in marketing and promotion fees of RMB127.6 million, which was primarily associated with our expanded marketing efforts, including brand ambassador endorsements and online and offline advertising and marketing campaigns. In addition, the increase was also because 2024 was the first full financial year after the Super Ming Acquisition.

Administrative Expenses

Our administrative expenses increased by 232.3% from RMB117.7 million in 2023 to RMB391.1 million in 2024, primarily due to (i) an increase in employee compensations of RMB148.2 million, primarily resulting from our expanded operations and equity incentives to the eligible administrative staff. In addition, the increase was also because 2024 was the first full financial year after the Super Ming Acquisition; (ii) an increase in professional service fees of RMB31.3 million as our business expanded. In addition, the increase was also because 2024 was the first full financial year after the Super Ming Acquisition; and (iii) an increase in depreciation of ROU and property management fees of RMB30.3 million, which was primarily associated with the increase in our leased warehouses as our business expanded. In addition, the increase was also because 2024 was the first full financial year after the Super Ming Acquisition.

Share of Profits and Losses of Associates

Our share of profits and losses of associates changed from losses of RMB7.7 million in 2023 to gains of RMB4.3 million in 2024, primarily due to the improved performance of our associates in 2024.

Finance Costs

Our finance costs increased by 141.4% from RMB2.9 million in 2023 to RMB7.0 million in 2024, primarily due to an increase in interest on lease liabilities, which was in relation to the rental of warehouses and office space to support our extended store network.

Income Tax Expense

Our income tax expense increased by 201.7% from RMB107.1 million in 2023 to RMB323.1 million in 2024, which was generally in line with the growth of our profit before tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 281.2% from RMB217.5 million in 2023 to RMB829.2 million in 2024.

Adjusted profit for the year (non-IFRS measure)

Our adjusted net profit (non-IFRS measure) increased by 288.7% from RMB234.8 million in 2023 to RMB912.6 million in 2024.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by 140.2% from RMB4,285.7 million in 2022 to RMB10,295.3 million in 2023, primarily due to the expansion of our store network. In addition, the Super Ming Acquisition added 2,433 new stores to our store network at the time of the acquisition, and the consolidation of Super Ming's revenue since December 2023 further contributed to the increase in our revenue in 2023.

Cost of Sales

Our cost of sales increased by 140.1% from RMB3,966.4 million in 2022 to RMB9,523.0 million in 2023, which was generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased by 141.8% from RMB319.4 million in 2022 to RMB772.3 million in 2023. Our gross profit margin remained relatively stable at 7.5% in 2022 and 7.5% in 2023.

Other Income and Gains, and Other Expenses

Our other income and gains, and other expenses increased by 211.1% from RMB1.8 million in 2022 to RMB5.6 million in 2023, primarily due to an increase in interest income of RMB5.6 million.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 104.4% from RMB159.1 million in 2022 to RMB325.2 million in 2023, primarily due to (i) an increase in employee compensations of RMB92.2 million, as we hired additional selling and marketing staff to support our expanding business operations; (ii) an increase in travel and office expenses of RMB30.4 million, as our expanded store network required more frequent travel by our selling and marketing personnel and store supervisors, as well as additional office space for them; and (iii) an increase in depreciation of ROU and property management fees of RMB13.1 million, which was related to our expanding warehouse network.

Administrative Expenses

Our administrative expenses increased by 96.2% from RMB60.0 million in 2022 to RMB117.7 million in 2023, primarily due to (i) an increase in employee compensations of RMB30.0 million, mainly resulting from our expanded operations; (ii) an increase in professional service fees of RMB12.4 million, mainly due to professional services related to the Super Ming Acquisition; and (iii) an increase in other tax expenses of RMB7.4 million, primarily in line with our business growth. As we continued to scale up our operations, our administrative expenses as a percentage of revenue decreased from 1.4% in 2022 to 1.1% in 2023.

Share of Profits and Losses of Associates

Our share of profits and losses of associates changed from nil in 2022 to losses of RMB7.7 million in 2023, primarily related to the performance of the associates that we invested in, which were in the early stages of operations.

Finance Costs

Our finance costs increased by 31.8% from RMB2.2 million in 2022 to RMB2.9 million in 2023, primarily due to the increase in interest on lease liabilities, which was in relation to the rental of warehouses and office space to support our extended store network.

Income Tax Expense

Our income tax expense increased by 279.8% from RMB28.2 million in 2022 to RMB107.1 million in 2023, which were in line with the growth of our profit before tax.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 203.3% from RMB71.7 million in 2022 to RMB217.5 million in 2023.

Adjusted profit for the year (non-IFRS measure)

Our adjusted net profit (non-IFRS measure) increased by 188.1% from RMB81.5 million in 2022 to RMB234.8 million in 2023.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our summary consolidated statements of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Total current assets	762,522	2,895,123	6,113,978
Total non-current assets	170,492	3,803,611	4,054,241
Total assets	**933,014**	**6,698,734**	**10,168,219**
Total current liabilities	255,153	1,623,676	3,904,085
Total non-current liabilities	85,769	480,242	536,335
Total liabilities	**340,922**	**2,103,918**	**4,440,420**
Total equity	**592,092**	**4,594,816**	**5,727,799**

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	18,222	53,403	158,041
Right-of-use assets	51,606	238,899	355,709
Goodwill	–	2,250,400	2,250,400
Other intangible assets	5,935	1,020,423	1,029,585
Investments in associates	–	61,674	75,967
Deferred tax assets	28,746	102,707	159,565
Prepayments, other receivables and other assets	65,983	76,105	24,974
Total non-current assets	**170,492**	**3,803,611**	**4,054,241**
Non-current liabilities			
Lease liabilities	31,831	66,679	147,269
Deferred tax liabilities	94	252,935	249,092
Contract liabilities	53,844	160,628	139,974
Total non-current liabilities	**85,769**	**480,242**	**536,335**

Right-of-Use Assets

Our right-of-use assets consisted of warehouses, office premises and land use right. Our right-of-use assets increased by 363.0% from RMB51.6 million as of December 31, 2022 to RMB238.9 million as of December 31, 2023, primarily due to (i) the acquisition of land use rights for the construction of our smart logistics park; (ii) increased warehouse leases as a result of our business growth; and (iii) the consolidation of the right-of-use assets of Super Ming after the completion of the Super Ming Acquisition. Our right-of-use assets further increased by 48.9% from RMB238.9 million as of December 31, 2023 to RMB355.7 million as of December 31, 2024, primarily due to increased warehouse leases and office space as a result of our business growth in 2024.

Goodwill

As of December 31, 2022, 2023 and 2024, our goodwill amounted to nil, RMB2,250.4 million and RMB2,250.4 million, respectively. We recorded goodwill of RMB2,250.4 million in 2023 due to the Super Ming Acquisition. Our goodwill remained unchanged in 2024, as our goodwill was not regarded as impaired. See "— Impairment Testing of Goodwill and Intangible Asset with Indefinite Useful Life."

Impairment Testing of Goodwill and Intangible Asset with Indefinite Useful Life

Goodwill and an intangible asset with indefinite useful life acquired through business combinations are allocated to the cash-generating unit ("**CGU**") of Super Ming for impairment testing.

The recoverable amount of the CGU is determined based on value in use of the CGU to which the goodwill is allocated. The calculation uses pre-tax cash flow projection based on financial budget of the CGU approved by management covering a five-year period. Cash flow beyond the five-year period is extrapolated using the estimated terminal growth rate.

We assessed the impairment on goodwill and intangible asset with indefinite useful life at the end of each of the Relevant Periods and the recoverable amount of CGU had exceeded carrying amount, and hence no impairment was provided.

See Note 16 of Appendix I to this document.

Other Intangible Assets

Our other intangible assets consist of software, trademarks and customer relationships. Our other intangible assets increased from RMB5.9 million as of December 31, 2022 to RMB1,020.4 million as of December 31, 2023, primarily due to the Super Ming Acquisition, which resulted in the recognition of trademarks of RMB902.9 million and customer relationships of RMB104.1 million as of December 31, 2023, respectively. In addition, the value of our software increased from RMB5.9 million as of December 31, 2022 to RMB13.5 million as of December 31, 2023, primarily due to the Super Ming Acquisition and our purchase of software. Our other intangible assets increased slightly from RMB1,020.4 million as of December 31, 2023 to RMB1,029.6 million as of December 31, 2024.

Net Current Assets

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2022	**2023**	**2024**	**2025**
	(RMB in thousands)			
				(unaudited)
Current assets				
Inventories	200,168	632,181	1,674,057	1,383,512
Trade receivables	3,632	60,034	153,108	27,572
Prepayments, other receivables and other assets	39,214	472,022	2,315,584	1,946,924

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			
				(unaudited)
Financial assets at fair value through profit or loss	50,370	–	30,105	210,000
Restricted cash and time deposits	80,870	10,036	5,090	5,090
Cash and cash equivalents	388,268	1,720,850	1,936,034	1,496,676
Total current assets	**762,522**	**2,895,123**	**6,113,978**	**5,069,774**
Current liabilities				
Trade payables	117,805	602,121	1,495,020	1,049,957
Interest-bearing bank borrowings	–	–	491,000	–
Contract liabilities	48,508	404,662	763,216	380,894
Other payables and accruals	62,143	439,978	825,147	757,626
Lease liabilities	19,861	74,917	110,641	114,464
Tax payables	6,836	101,998	219,061	168,283
Total current liabilities	**255,153**	**1,623,676**	**3,904,085**	**2,471,224**
Net current assets	**507,369**	**1,271,447**	**2,209,893**	**2,598,550**

Our net current assets increased by 17.6% from RMB2,209.9 million as of December 31, 2024 to RMB2,598.6 million as of February 28, 2025, primarily due to (i) a decrease in interest-bearing bank borrowings of RMB491.0 million, (ii) a decrease in contract liabilities of RMB382.3 million, and (iii) a decrease in trade payables of RMB445.0 million, partially offset by (i) a decrease in inventories of RMB290.6 million, and (ii) a decrease in cash and cash equivalents of RMB439.3 million.

Our net current assets increased by 73.8% from RMB1,271.4 million as of December 31, 2023 to RMB2,209.9 million as of December 31, 2024, primarily due to (i) an increase in prepayments, other receivables and other assets of RMB1,843.6 million, (ii) an increase in inventories of RMB1,041.9 million, and (iii) an increase in cash and cash equivalents of RMB215.1 million, partially offset by (i) an increase in trade payables of RMB892.9 million, (ii) an increase in interest-bearing bank borrowings of RMB491.0 million, (iii) an increase in other payables and accruals of RMB385.1 million, and (iv) an increase in contract liabilities of RMB358.5 million.

Our net current assets increased by 150.6% from RMB507.4 million as of December 31, 2022 to RMB1,271.4 million as of December 31, 2023, primarily due to (i) an increase in cash and cash equivalents of RMB1,332.6 million, (ii) an increase in inventories of RMB432.0 million, and (iii) an increase in trade receivables of RMB56.4 million, partially offset by (i) an increase in trade payables of RMB484.3 million, (ii) an increase in other payables and accruals of RMB377.9 million, and (iii) an increase in contract liabilities of RMB356.2 million.

Inventories

Our inventories consisted of finished goods, goods shipped in transit and other inventories. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Finished goods	184,356	562,828	1,539,752
Goods shipped in transit	15,768	69,154	133,385
Other inventories	44	199	920
Total	**200,168**	**632,181**	**1,674,057**

Our inventories increased by 215.8% from RMB200.2 million as of December 31, 2022 to RMB632.2 million as of December 31, 2023, primarily due to (i) the consolidation of the inventories of Super Ming after the completion of the Super Ming Acquisition, and (ii) increased stock levels to support our expanded store network. Our inventories increased by 164.8% from RMB632.2 million as of December 31, 2023 to RMB1,674.1 million as of December 31, 2024, primarily due to increased stock levels to support our expanded store network.

As of February 28, 2025, RMB1,581.9 million, or 94.5% of inventories as of December 31, 2024, had been sold or utilized.

The following table sets forth our inventory turnover days for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
Inventory turnover days[1]	11.5	16.0	11.6

Note:

(1) Inventory turnover days are calculated using the average of beginning balance and ending balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days.

Our inventory turnover days remained relatively stable at 11.5 days and 11.6 days in 2022 and 2024, respectively. Our inventory turnover days were 16.0 days in 2023, which was primarily due to the consolidation of the inventories of Super Ming after the Super Ming Acquisition, which resulted in relatively high inventory balance as of December 31, 2023, while we only consolidated one month of Super Ming's cost of sales in 2023. Consequently, the turnover days in 2023 calculated under this method are not representative of our typical inventory management performance.

Trade Receivables

Our trade receivables primarily referred to outstanding amounts due from our franchisees for the purchase of goods we sold in the ordinary course of business, less impairment. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Trade receivables	3,823	60,112	153,282
Impairment	(191)	(78)	(174)
Total	**3,632**	**60,034**	**153,108**

We generally require our franchisees to pay us in advance and only grant credit terms to certain franchisees on occasions such as the Special Purchase Day for Spring Festival. Such measure aims to strengthen our business relationships with the franchisees and support their business growth. We also implemented effective trade receivables management policies to monitor trade receivables management in the ordinary course of business and enhance the collection of trade receivables. Our trade receivables increased from RMB3.6 million as of December 31, 2022 to RMB60.0 million as of December 31, 2023, primarily due to our business expansion and the consolidation of the trade receivables of Super Ming. Our trade receivables further increased substantially to RMB153.1 million as of December 31, 2024, primarily because of our business growth.

As of December 31, 2022, 2023 and 2024, all of our trade receivables were aged less than six months.

The following table sets forth our trade receivables turnover days for the years indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
Trade receivables turnover days[(1)]	0.2	1.1	1.0

Note:

(1) Trade receivables turnover days are calculated using the average of beginning balance and ending balance of trade receivables (excluding provision for impairment) for a year divided by revenue for the relevant year and multiplied by 365 days.

During the Track Record Period, our trade receivables turnover days remained relatively stable. As of February 28, 2025, RMB123.5 million, or 80.7% of our trade receivables as of December 31, 2024, had been settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets consisted of (i) prepayments to our suppliers for product procurement, (ii) deposits and other receivables incurred in our operations, (iii) receivables due from associates, (iv) recoverable value added tax, (v) impairment allowance, and (vi) other current and non-current assets. The following table sets out a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Current:			
Prepayments	11,798	309,196	1,639,137
Deposits and other receivables	3,636	82,004	367,314
Receivables due from associates	–	1,635	31,200
Recoverable value added tax	22,883	69,452	256,657
Impairment allowance	(3)	(48)	(75)
Other current assets	900	9,783	21,351
	39,214	**472,022**	**2,315,584**
Non-Current:			
Deposits and other receivables	62,350	68,917	13,459
Other non-current assets	3,633	7,188	11,515
	65,983	**76,105**	**24,974**
Total	**105,197**	**548,127**	**2,340,558**

Our prepayments, other receivables and other assets increased from RMB105.2 million as of December 31, 2022 to RMB548.1 million as of December 31, 2023, primarily due to (i) an increase in prepayments to suppliers as our scope of operations expanded and Super Ming's prepayments consolidated into our Group; (ii) an increase in deposits and other receivables related to deposits that we paid for leasing warehouses and office space, which increased along with our business expansion; and (iii) an increase in recoverable VAT, which was mainly attributable to the expansion of our business, leading to a greater amount of deductible input VAT mainly on inventories at the end of the year.

Our prepayments, other receivables and other assets increased from RMB548.1 million as of December 31, 2023, to RMB2,340.6 million as of December 31, 2024, primarily due to (i) an increase in prepayments to suppliers to secure supply towards the end of the year as our scope of operations expanded, and (ii) an increase in deposits and other receivables, which was in line with our business growth.

Trade Payables

Our trade payables primarily consisted of amounts payable for goods purchased and for third-party logistics services. Our trade payables increased by 411.1% from RMB117.8 million as of December 31, 2022 to RMB602.1 million as of December 31, 2023, primarily attributable to our organic business growth as well as the Super Ming Acquisition. Our trade payables increased by 148.3% from RMB602.1 million as of December 31, 2023, to RMB1,495.0 million as of December 31, 2024.

As of December 31, 2022, 2023 and 2024, all of our trade payables were aged less than six months.

The following table sets forth our trade payables turnover days for the Track Record Period:

	Year Ended December 31,		
	2022	**2023**	**2024**
Trade payables turnover days[(1)]	7.2	13.8	10.5

Note:

(1) Trade payables turnover days are calculated using the average of beginning balance and ending balance of trade payables for a year divided by cost of sales used for the relevant year and multiplied by 365 days.

Our trade payables turnover days was 7.2 days in 2022, 13.8 days in 2023 and 10.5 days in 2024. The relatively high turnover days in 2023 was primarily due to the consolidation of trade payables of Super Ming after the completion of the Super Ming Acquisition, which resulted in higher trade payable balance as of December 31, 2023, while we only consolidated one month of Super Ming's cost of sales in 2023. As a result, the turnover days in 2023 calculated under this method is not representative of our typical trade payable management performance.

As of February 28, 2025, RMB1,419.7 million, or 95.0% of our trade payables as of December 31, 2024, had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) payroll and welfare payable, (ii) accruals and other payables primarily related to travel expenses, service fees and rental fees, (iii) other tax payable, and (iv) deposits payable to franchisees, primarily representing franchisees' funds we hold as security to ensure the franchisees' compliance with the franchise agreements. The following table sets out a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Current:			
Payroll and welfare payable	16,270	50,416	163,273
Accruals and other payables	6,455	143,700	180,247
Other tax payable	9,457	120,989	128,818
Deposits payable	29,961	124,873	352,809
Total	**62,143**	**439,978**	**825,147**

Our other payables and accruals increased by 608.5% from RMB62.1 million as of December 31, 2022 to RMB440.0 million as of December 31, 2023, primarily due to (i) an increase in accruals and other payables in relation to increased traveling and rents, among others, along with our business expansion, (ii) an increase in other tax payable, primarily due to the Super Ming Acquisition, and (iii) an increase in deposits payable, which primarily consisted of deposits from franchisees, mainly due to the Super Ming Acquisition and the expansion of our business.

Our other payables and accruals increased by 87.5% from RMB440.0 million as of December 31, 2023 to RMB825.1 million as of December 31, 2024, primarily due to (i) an increase in deposits payable, which was in line with the expansion of our business; and (ii) an increase in payroll and welfare payable, which was mainly attributable to an increase in the number of employees following the Super Ming Acquisition.

Contract Liabilities

Our contract liabilities primarily consisted of advance payments received from franchisees for merchandise and franchise fees. Our contract liabilities increased substantially by 452.6% from RMB102.3 million as of December 31, 2022 to RMB565.3 million as of December 31, 2023, primarily due to the expansion of our store network and increased number of franchisees in 2023. Our contract liabilities increased by 59.8% from RMB565.3 million as of December 31, 2023 to RMB903.2 million as of December 31, 2024, primarily due to (i) the expansion of our store network and increased number of franchisees; and (ii) 2024 being the first full financial year after the Super Ming Acquisition.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from [**REDACTED**] from our business operations, equity holder contributions and bank loans. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from our business operations and the net [**REDACTED**] from the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Consolidated Statements of Cash Flow

The following table sets forth a summary of our cash flows for the years indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Net cash flows from/(used in) operating activities	82,068	589,522	(230,102)
Net cash flows (used in)/from investing activities	(144,251)	174,852	(159,045)
Net cash flows from financing activities	200,696	568,208	604,331
Net increase in cash and cash equivalents	**138,513**	**1,332,582**	**215,184**
Cash and cash equivalents at beginning of year	249,755	388,268	1,720,850
Cash and cash equivalents at end of year	**388,268**	**1,720,850**	**1,936,034**

Net Cash Flows from/(Used in) Operating Activities

In 2024, we had net cash used in operating activities of RMB230.1 million, which represents our profit before tax amounted to RMB1,152.2 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of RMB105.8 million, and share-based payment expense of RMB77.3 million, partially offset by interest income of RMB18.6 million, and (ii) movements in working capital, primarily comprising increase in prepayments, other receivables and other assets of RMB1,826.6 million, mainly due to an increase in prepayments to suppliers to secure supply towards the end of the year as our scope of operations expanded, and increase in inventories of RMB1,041.9 million, as our scope of operations expanded, partially offset by increase in trade payables of RMB892.9 million.

In 2023, we had net cash flows from operating activities of RMB589.5 million, which represents our profit before tax of RMB324.6 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of RMB32.1 million, partially offset by interest income of RMB8.6 million, and (ii) movements in working capital, primarily comprising increase in prepayments, other receivables and other assets of RMB117.9 million, increase in inventories of RMB120.4 million, partially offset by increase in trade payables of RMB213.9 million and increase in contract liabilities of RMB198.4 million.

In 2022, we had net cash flows from operating activities of RMB82.1 million, which represents our profit before tax of RMB99.8 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of RMB16.6 million, partially offset by interest income of RMB3.0 million, and (ii) movements in working capital, primarily comprising increase in inventories of RMB150.2 million and increase in prepayments, other receivables and other assets of RMB11.6 million, partially offset by increase in trade payables of RMB79.8 million and increase in contract liabilities of RMB66.4 million.

Net Cash Flows from/(Used in) Investing Activities

In 2024, our net cash flows used in investing activities were RMB159.0 million, which was primarily attributable to (i) purchase of items of property, plant and equipment of RMB141.0 million, and (ii) purchase of financial assets at fair value through profit or loss of RMB90.0 million.

In 2023, our net cash flows from investing activities were RMB174.9 million, which was primarily attributable to acquisition of subsidiaries, net of cash acquired, of RMB244.1 million, partially offset by (i) purchases of and prepayments for right-of-use assets — land use rights of RMB92.0 million, and (ii) capital injection in associates of RMB59.4 million.

In 2022, our net cash flows used in investing activities were RMB144.3 million, which was primarily attributable to (i) placement of time deposits with original maturity of more than three months when acquired of RMB68.7 million, (ii) purchase of financial assets at fair value through profit or loss of RMB50.0 million, and (iii) purchase of items of property, plant and equipment of RMB14.2 million, partially offset by repayment of loans from third parties of RMB3.8 million.

Net Cash Flows from Financing Activities

In 2024, our net cash flows from financing activities were RMB604.3 million, primarily attributable to (i) proceeds from interest-bearing bank borrowings of RMB491.0 million, and (ii) capital injection of RMB284.3 million, partially offset by principal portion of lease payments of RMB106.5 million.

In 2023, our net cash flows from financing activities were RMB568.2 million, primarily attributable to capital injection of RMB800.1 million, primarily offset by dividends paid of RMB194.2 million.

In 2022, our net cash flows from financing activities were RMB200.7 million, primarily attributable to capital injection of RMB220.7 million, primarily offset by a principal portion of lease payments of RMB15.7 million.

INDEBTEDNESS

As of December 31, 2022, 2023 and 2024 and February 28, 2025, our indebtedness included lease liabilities and interest-bearing bank borrowings. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			(unaudited)
Current:				
Lease liabilities	19,861	74,917	110,641	114,464
Interest-bearing bank borrowings	–	–	491,000	–
Non-current:				
Lease liabilities	31,831	66,679	147,269	142,514
Total	**51,692**	**141,596**	**748,910**	**256,978**

Our Directors confirmed that there is no material change in our indebtedness since February 28, 2025 to the date of this Document. 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, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank borrowings, we did not have plans for other material external debt financing.

Lease Liabilities

Our total lease liabilities increased by 173.9% from RMB51.7 million as of December 31, 2022 to RMB141.6 million as of December 31, 2023, and then increased by 82.1% to RMB257.9 million as of December 31, 2024, primarily due to the increased number of leased properties in light of our business expansion.

Interest-bearing Bank Borrowings

As of December 31, 2022, 2023 and 2024 and February 28, 2025, our interest-bearing bank borrowings amounted to nil, nil, RMB491.0 million and nil, respectively. The interest-bearing bank borrowings as of December 31, 2024 were primarily related to additional bank loans secured for working capital purposes, such as relating to the procurement of products. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB600.0 million. Our bank borrowings are all denominated in Renminbi. See "Appendix I — Interest-Bearing Bank Borrowings."

Our Directors confirm that, there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that 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.

No Other Outstanding Indebtedness

Save as disclosed above, as of February 28, 2025, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our directors have confirmed that there has been no material change in our indebtedness from February 28, 2025 to the date of this document.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consist of (i) purchase of items of property, plant and equipment, (ii) purchase of other intangible assets, and (iii) purchases of and prepayments for right-of-use assets — land use rights. The following table sets forth our capital expenditure for the years indicated:

	Year ended December 31,		
	2022	**2023**	**2024**
	(RMB in thousands)		
Purchase of items of property, plant and equipment	14,176	32,957	141,011
Purchase of other intangible assets	5,756	4,176	25,156
Purchases of and prepayments for right-of-use assets – land use rights	–	91,956	–
Total	**19,932**	**129,089**	**166,167**

We funded the expenditures mainly with cash generated from business operations during the Track Record Period. Following the [**REDACTED**], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

In 2022, 2023 and 2024, our capital commitments were nil, RMB19.4 million and RMB167.3 million, respectively, which comprised purchase of property, plant and equipment that has been contracted but not yet paid for.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Gross profit margin (%)[1]	7.5	7.5	7.6
Net profit margin (%)[2]	1.7	2.1	2.1
Adjusted net profit margin (non-IFRS measure) (%)[3]	1.9	2.3	2.3

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals net profit for the year divided by revenue for the year and multiplied by 100%.

(3) Adjusted net profit margin (non-IFRS measure) is calculated based on adjusted net profit (non-IFRS measure) divided by revenue and multiplied by 100%. See "— Non-IFRS Measure" for a reconciliation from our profit for the year to adjusted net profit (non-IFRS measure).

RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 35 of Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 35 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including credit risk, liquidity risk and capital management. Our principal financial instruments comprise financial assets at fair value through profit or loss, cash and cash equivalent and interest-bearing bank borrowings. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from our operations.

The main risks arising from our Group's financial instruments are credit risk and liquidity risk. The management of our Company reviews and agrees policies for managing each of these risks and they are summarized below.

Credit Risk

Our Group trades only with recognized and creditworthy third parties. It is our Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the management of our Company considers that our Group's exposure to bad debts is not significant.

Liquidity Risk

Our Group monitors and maintains a level of cash and cash equivalent deemed adequate by management of our Group to finance the operations and mitigate the effects of fluctuations of cash flows.

Capital Management

The primary objectives of our Group's capital management are to safeguard our Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize equity holders' value.

Our Group regards issued capital, capital reserve and all other equity reserves as its capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, our Group may adjust the dividend payment to equity holders, return capital to equity holders or issue new shares. Our Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

DIVIDENDS AND DIVIDEND POLICY

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. As of December 31, 2022, 2023 and 2024, we paid dividends of nil, RMB194.2 million and RMB32.3 million, respectively. No other dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period.

Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2024, our distributable reserves were RMB18.4 million, which represented our distributable reserve as of the same date.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] fees and commissions, and (ii) [**REDACTED**] expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the [**REDACTED**], the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**] expenses of RMB[**REDACTED**], professional fees for our legal advisors and reporting accountants of RMB[**REDACTED**] and other fees and expenses of RMB[**REDACTED**]. An estimated amount of RMB[**REDACTED**] of our [**REDACTED**] expenses is expected to be expensed through the statement of profit or loss and an estimated amount of RMB[**REDACTED**] of our [**REDACTED**] expenses is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We recognized [**REDACTED**] expenses of RMB[**REDACTED**] in 2024 in our consolidated statements of profit or loss and other comprehensive income.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of the periods reported in Appendix I to this document, and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

According to Rule 4.05A of the Listing Rules, the Super Ming Acquisition would have been classified at the date of [**REDACTED**] for our [**REDACTED**] as a major transaction under Chapter 14 of the Listing Rules. See "— Financial Information of Super Ming," and "Appendix I — Accountants' Report — III Supplementary Pre-Acquisition Financial Information of Super Ming Group."

FINANCIAL INFORMATION OF SUPER MING

With a view to further expand our business operation, nationwide store network, achieve business alliance and enhance our core competitiveness, in November 2023, we entered into a series of share purchase agreements with certain shareholders of Super Ming Food Technology. Upon completion of the above acquisitions, Super Ming Food Technology became our wholly-owned subsidiary. See "History, Development and Corporate Structure — Major Acquisition — The Super Ming Acquisition."

Set out below is certain pre-acquisition financial information of Super Ming from January 1, 2022 to November 30, 2023. The financial information of Super Ming was consolidated in our Group's financial information since December 2023.

Description of Major Components of Super Ming's Results of Operations

The following table summarizes the statement of comprehensive income of Super Ming for the periods indicated:

	Year ended December 31,	Eleven months ended November 30,
	2022	2023
	(RMB in thousands)	
Revenue	854,816	6,753,659
Cost of sales	(810,611)	(6,372,222)
Gross profit	**44,205**	**381,437**
Other income and gains, and other expenses	322	178
Selling and marketing expenses	(21,707)	(198,518)
Administrative expenses	(20,203)	(74,800)
Impairment losses on financial assets, net	(24)	(25)
Finance costs	(161)	(1,613)
Profit before tax	**2,432**	**106,659**
Income tax expense	(5,268)	(41,504)
Profit/(loss) and total comprehensive income/(loss) for the year/period	**(2,836)**	**65,155**

Revenue

In 2022 and the eleven months ended November 30, 2023, Super Ming's revenue was RMB854.8 million and RMB6,753.7 million, respectively, mainly representing revenue from the sale of snack and beverage products to Super Ming's franchisees. The increase of Super Ming's revenue in the eleven months ended November 30, 2023 compared to the year of 2022 was primarily due to the expansion of its store network.

The following table sets forth Super Ming's revenue breakdown by nature in amounts and as percentages of Super Ming's total revenue for the periods indicated:

	Year ended December 31,		Eleven months ended November 30,	
	2022		2023	
	Amount	%	Amount	%
	(RMB in thousands, except for percentage)			
Sale of goods	852,340	99.7	6,716,295	99.4
Others[(1)]	2,476	0.3	37,364	0.6
Total	**854,816**	**100.0**	**6,753,659**	**100.0**

Note:

(1) Revenue from others primarily consists of revenue from the franchise fees and services that Super Ming provided to its franchisees.

Cost of Sales

In 2022 and the eleven months ended November 30, 2023, Super Ming's cost of sales amounted to RMB810.6 million and RMB6,372.2 million, respectively. Super Ming's cost of sales primarily consists of cost of sales of goods. The general increase in Super Ming's costs of sales in the eleven months ended November 30, 2023 compared to the year of 2022 was primarily in line with its revenue growth.

Gross Profit and Gross Profit Margin

As a result of foregoing, Super Ming's gross profit increased from RMB44.2 million in 2022 to RMB381.4 million in the eleven months ended November 30, 2023. Super Ming's gross profit margin remained relatively stable at 5.2% in 2022 and 5.6% in the eleven months ended November 30, 2023.

Other Income and Gains, and Other Expenses

In 2022 and the eleven months ended November 30, 2023, Super Ming's other income and gains, and other expenses amounted to RMB0.3 million in 2022 and RMB0.2 million in the eleven months ended November 30, 2023, respectively. In 2022 and the eleven months ended November 30, 2023, Super Ming's other income and gains, and other expenses primarily included (i) interest income, (ii) compensation received, (iii) foreign exchange differences, net, (iv) government grants, (v) donations, and (vi) others.

Selling and Marketing Expenses

In 2022 and the eleven months ended November 30, 2023, Super Ming's selling and marketing expenses amounted to RMB21.7 million in 2022 and RMB198.5 million in the eleven months ended November 30, 2023, respectively. Super Ming's selling and marketing expenses primarily represented expenses for selling and marketing activities and labor costs incurred for selling and marketing purposes, and the growth in the eleven months ended November 30, 2023 compared to the year of 2022 was primarily due to its expanded business scale. In 2022 and the eleven months ended November 30, 2023, Super Ming's selling and marketing expenses accounted for 2.5% and 2.9% of its revenue in the same respective periods, respectively.

Administrative Expenses

In 2022 and the eleven months ended November 30, 2023, Super Ming's administrative expenses amounted to RMB20.2 and RMB74.8 million in 2022 and the eleven months ended November 30, 2023, respectively. Super Ming's administrative expenses primarily consisted of labor costs. As Super Ming scaled up its operations, which brings economies of scale, its administrative expenses as a percentage of its total revenue decreased from 2.4% in 2022 to 1.1% in the eleven months ended November 30, 2023.

Finance Costs

Super Ming's finance costs amounted to RMB0.2 million and RMB1.6 million in 2022 and the eleven months ended November 30, 2023, respectively. Super Ming's finance costs primarily included interest on lease liabilities, and the increase in the eleven months ended November 30, 2023 compared to the year of 2022 was primarily due to an increase in property leasing activities to support its business growth.

Income Tax Expense

Super Ming's income tax expense amounted to RMB5.3 million and RMB41.5 million in 2022 and the eleven months ended November 30, 2023, respectively. Super Ming is subject to income tax on an entity basis on profits arising in China.

Under the Law of the PRC on Enterprise Income Tax ("**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of Super Ming's PRC subsidiaries is 25%, while certain of Super Ming PRC subsidiaries are qualified as small and micro enterprises and were entitled to a preferential EIT rate of 2.5% for the taxable income below RMB1 million during the Track Record Period, and a preferential EIT rate of 5% for the taxable income between RMB1 million and RMB3 million during the year ended December 31, 2022 and the eleven months ended November 30, 2023. See Note III. 2.6 of the Accountants' Report in Appendix I to this document.

Discussion of Key Items of Consolidated Statements of Financial Position of Super Ming

The following table sets forth selected information from Super Ming's summary consolidated statements of financial position as of the dates indicated, which has been extracted from its audited consolidated financial statements included in Appendix I to this document.

	As of December 31,	As of November 30,
	2022	2023
	(RMB in thousands)	
Total current assets	259,221	912,763
Total non-current assets	36,220	122,695
Total assets	**295,441**	**1,035,458**
Total current liabilities	294,298	812,849
Total non-current liabilities	22,100	67,599
Total liabilities	**316,398**	**880,448**
Total equity	**(20,957)**	**155,010**

Non-Current Assets and Liabilities

The following table sets forth Super Ming's non-current assets and liabilities as of the dates indicated:

	As of December 31,	As of November 30,
	2022	2023
	(RMB in thousands)	
Non-current assets		
Property, plant and equipment	5,579	15,106
Right-of-use assets	21,106	58,102
Other intangible assets	218	5,322
Deferred tax assets	6,304	37,938
Prepayments, other receivables and other assets	3,013	6,227
Total non-current assets	**36,220**	**122,695**
Non-current liabilities		
Lease liabilities	8,938	19,157
Deferred tax liabilities	303	644
Contract liabilities	12,859	47,798
Total non-current liabilities	**22,100**	**67,599**

Right-of-Use Assets

Super Ming's right-of-use assets primarily consisted of leases of warehouses and office premises. Super Ming's right-of-use assets increased by 175.4% from RMB21.1 million as of December 31, 2022 to RMB58.1 million as of November 30, 2023, primarily due to the increased warehouse and office leases as a result of its business growth.

Net Current Assets

The following table sets forth Super Ming's current assets and liabilities as of the dates indicated:

	As of December 31,	As of November 30,
	2022	2023
	(RMB in thousands)	
Current assets		
Inventories	183,452	311,661
Trade receivables	4,132	42,153
Prepayments, other receivables and other assets	48,639	314,843
Cash and cash equivalents	22,998	244,106
Total current assets	**259,221**	**912,763**
Current liabilities		
Trade payables	128,800	270,445
Contract liabilities	72,724	216,715
Other payables and accruals	70,421	241,875
Lease liabilities	11,088	38,598
Tax payables	11,265	45,216
Total current liabilities	**294,298**	**812,849**
Net current assets/(liabilities)	**(35,077)**	**99,914**

Super Ming recorded net current assets of RMB99.9 million as of November 30, 2023, compared to net current liabilities of RMB35.1 million as of December 31, 2022, primarily due to (i) an increase of prepayments, other receivables and other assets of RMB266.2 million, (ii) an increase of cash and cash equivalents of RMB221.1 million, and (iii) an increase of inventories of RMB128.2 million, partially offset by (i) an increase of contract liabilities of RMB144.0 million, (ii) an increase of other payables and accruals of RMB171.5 million, and (iii) an increase of trade payables of RMB141.6 million.

Inventories

Super Ming's inventories primarily consisted of finished goods, goods shipped in transit and other inventories. Super Ming's inventories increased by 69.9% from RMB183.5 million as of December 31, 2022 to RMB311.7 million as of November 30, 2023, primarily due to the increase in finished goods so as to meet the growing demand from an expanded store network.

Trade Receivables

Super Ming's trade receivables primarily referred to outstanding amounts due from its franchisees for the purchase of goods sold in the ordinary course of business, less impairment. Super Ming's trade receivables increased by 929.3% from RMB4.1 million as of December 31, 2022, to RMB42.2 million as of November 30, 2023, which was primarily due to its sales growth.

Prepayments, other receivables and other assets

Super Ming's prepayments, other receivables and other assets primarily consisted of (i) prepayments to its suppliers for product procurement, (ii) deposits and other receivables incurred in its operations, (iii) recoverable VAT, (iv) other current assets, (v) impairment allowance, and (vi) other non-current assets.

Super Ming's prepayments, other receivables and other assets increased from RMB48.6 million as of December 31, 2022 to RMB314.8 million as of November 30, 2023, primarily due to business expansion.

Trade Payables

Super Ming's trade payables primarily consisted of amounts due for purchase of goods and third-party logistics. Super Ming's trade payables increased by 109.9% from RMB128.8 million as of December 31, 2022 to RMB270.4 million as of November 30, 2023, which was primarily due to Super Ming's increase in procurement of goods to meet the growing demand from an expanded store network.

Liquidity and Capital Resources

In 2022 and the eleven months ended November 30, 2023, Super Ming had funded its cash requirements primarily from cash generated from its business operations. As of December 31, 2022 and November 30, 2023, Super Ming's cash and cash equivalents were RMB23.0 million and RMB244.1 million, respectively.

Consolidated Statements of Cash Flow of Super Ming

The following table sets forth a summary of Super Ming's cash flows for the periods indicated:

	Year ended December 31,	**Eleven months ended November 30,**
	2022	**2023**
	(RMB in thousands)	
Net cash flows from operating activities	32,740	155,526
Net cash flows used in investing activities	(6,992)	(14,622)
Net cash flows (used in)/from financing activities	(3,016)	80,204
Net increase in cash and cash equivalents	**22,732**	**221,108**
Cash and cash equivalents at beginning of year/period	266	22,998
Cash and cash equivalents at end of year/period	**22,998**	**244,106**

Net Cash Flows from Operating Activities

In the eleven months ended November 30, 2023, Super Ming had net cash flows from operating activities of RMB155.5 million, which represents Super Ming's profit before tax of RMB106.7 million, as adjusted by, among others, (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of RMB22.4 million and share-based payment expense of RMB7.2 million; and (ii) movements in working capital, primarily comprising increase in prepayments, other receivables and other assets of RMB269.4 million and increase in inventories of RMB128.2 million, partially offset by increase in contract liabilities of RMB178.9 million, and increase in other payables and accruals of RMB169.1 million.

In 2022, Super Ming had net cash flows from operating activities of RMB32.7 million, which represents Super Ming's profit before tax of RMB2.4 million, as adjusted by, among others, (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of RMB1.8 million; and (ii) movements in working capital, primarily comprising increase in inventories of RMB182.4 million and increase in prepayments, other receivables and other assets of RMB45.8 million, partially offset by an increase in trade payables of RMB127.1 million and increase in contract liabilities of RMB80.2 million.

Net Cash Flows Used in Investing Activities

In the eleven months ended November 30, 2023, Super Ming's net cash flows used in investing activities was RMB14.6 million, which was primarily attributable to (i) purchase of items of property, plant and equipment of RMB9.4 million; and (ii) purchase of other intangible assets of RMB7.3 million, partially offset by proceeds from disposal of other intangible assets of RMB1.5 million.

In 2022, Super Ming's net cash flows used in investing activities were RMB7.0 million, which was primarily attributable to (i) purchase of items of property, plant and equipment of RMB6.8 million; and (ii) purchase of other intangible assets of RMB0.2 million.

Net Cash Flows (Used in)/from Financing Activities

In the eleven months ended November 30, 2023, Super Ming's net cash flows from financing activities were RMB80.2 million, primarily attributable to capital injection of RMB153.7 million, primarily offset by dividends paid of RMB50.0 million.

In 2022, Super Ming's net cash flows used in financing activities were RMB3.0 million, primarily attributable to principal portion of lease payments of RMB2.9 million.

FUTURE PLANS

For a detailed description of our future plans, see "Business — Our Strategies."

USE OF [REDACTED]

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

- **Approximately [REDACTED]% of the net [REDACTED], or approximately HK$[REDACTED], will be used for enhancing our supply chain capabilities and improving our product development capabilities.** In particular:

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for the construction of our own smart logistics park, the construction or leasing of new warehouses and upgrading our automated warehousing and logistics systems, as well as hiring the competent personnel to support our warehousing and logistics layout. For the expansion of our store network and the continuous variety of products, we are building the smart logistics park in Changsha City, and plan to establish additional smart warehouses, including cold storage facilities, as needed, in provinces with a high density of stores in the next three to five years. We also plan to enhance the efficiency of our warehousing and logistics by deploying more smart warehousing machines and equipment in our warehouses across the nation to realize the automation of in-warehouse storage access and transportation, inventory management and information recording, among others.

  (ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for developing our product development capabilities. We plan to recruit talents with expertise in the food science or food and beverage selection in the next three to five years, who are expected to work closely with our suppliers to refine and improve our products, so as to provide a talent base for product iterations and new product development. We will also expand our quality testing laboratory and deploy more professional quality control personnel to strictly control food safety and product quality.

- **Approximately [REDACTED]% of the net [REDACTED], or approximately HK$[REDACTED], will be used for upgrading our store network, as well as the continuous empowerment of our franchisees.** In particular:

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used to optimize our store displays to improve our brand influence across the nation. We plan to provide support to store renovations, store image upgrading, equipment updates and store displays to ensure that our stores keep up with the latest designs and decorations, bringing a joyful and comfortable shopping experience to customers.

  (ii) Approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], will be allocated to support and empower our store network. The stable operation of our stores is inseparable from the services of the operation support team, and we plan to recruit more regional store operation advisers and store supervisors, and provide them with training and technical resources to meet the demands of our continuously expanding store network.

  (iii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be invested in upgrading the training system of our franchisees and franchised stores. We intend to recruit or engage training personnel to update our training materials and support the operation of our Busy Ming Academy. In addition, we will continue to enhance both the hardware and software of the Academy. Such efforts aim to provide ongoing, high-quality training for our franchisees and store managers, thereby improving their management and service capabilities. In addition, we also plan to organize activities for our franchisees to enhance their loyalty and attract new franchisees.

- **Approximately [REDACTED]% of the net [REDACTED], or approximately HK$[REDACTED], will be used for our brand building and promotional activities.** We plan to strengthen our brand marketing efforts and enhance consumers' awareness of our brands and products through diversified branding and promotional activities. In particular:

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for promoting the brand image and consumer awareness of "Busy for You" and "Super Ming." We intend to continue to promote the brand through diverse marketing activities such as placing brand promotion advertisements, cooperating with KOLs and brand ambassadors, and interactions on social media. In addition, we plan to continue to open innovative concept stores and self-operated stores in core locations of selected cities so as to further communicate the value of our brand to consumers and enhance brand exposure and awareness.

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for expanding our membership base and enhancing member activity. We plan to recruit marketing personnel to help expand and manage our membership community, so as to further expand our membership base and promote membership acquisition and retention. We plan to implement more refined management of stores' exclusive customer communities through initiatives such as further developing our membership program, engaging in membership community operations and conducting varieties of digital marketing. In addition, we will further upgrade our "Everybody's Picks" WeChat mini program as well as other consumer access channels to gain timely insights into consumer demands, which will allow us to implement precise marketing strategies, thereby increasing consumer satisfaction and repurchase rates.

- **Approximately [REDACTED]% of the net [REDACTED], or approximately HK$[REDACTED], will be used for upgrading our technology capabilities and digitalization.** In particular:

(i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for the infrastructure development for our digital system. We plan to further enhance the digitalization of product selection and procurement, warehousing and logistics, as well as store management, through employing third-party software and internal R&D in the next three to five years. In terms of product selection and procurement, we plan to focus on promoting the standardization of consumer interfaces and standardization of product specifications. Furthermore, we plan to establish and improve the product life cycle management platform. We will also continue to enhance the digitalization of the management systems of our headquarters departments to further leverage the synergies between financial management and business operations. In addition, we intend to further invest in cloud services by expanding resources and integrating more functionalities to accommodate the growing demand for our digital management capabilities as our business continues to expand.

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for recruiting IT professionals, including algorithm engineers, software engineers, data engineers and IT product managers, etc. for designing business and process structures, developing and testing systems, managing IT operations and maintenance and overseeing network security. Additionally, we plan to purchase external information system consulting services to support the continuous enhancement of our digital capabilities.

- **Approximately [REDACTED]% of the net [REDACTED], or approximately HK$[REDACTED], will be used for selectively pursuing strategic investment and acquisition opportunities that are complementary to our business.** We plan to selectively seek strategic investments and acquisition opportunities that create synergies with our business, so as to expand our presence along the upstream and downstream segments of the snack and beverage retail industry, and expand our capabilities in the retailing industry. As of the Latest Practicable Date, we have no specific investment or acquisition targets.

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

In the event that the [**REDACTED**] is set at the high-end of the [**REDACTED**] or the low-end of the [**REDACTED**], the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], respectively. To the extent that the net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we will increase or decrease the allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

The additional net [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the maximum [**REDACTED**] of the indicative [**REDACTED**]), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**]), and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the minimum [**REDACTED**] of the indicative [**REDACTED**]).

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes, we will only deposit those net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

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[**REDACTED**]

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BUSY MING GROUP CO., LTD., GOLDMAN SACHS (ASIA) L.L.C. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Busy Ming Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-85, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-85 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the [**REDACTED**] of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[●], 2025

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB"), which is the functional currency of the Company, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	4,285,745	10,295,318	39,343,511
Cost of sales		(3,966,394)	(9,522,979)	(36,344,463)
Gross profit		319,351	772,339	2,999,048
Other income and gains, and other expenses	6	1,824	5,645	23,190
Selling and marketing expenses		(159,138)	(325,209)	(1,476,110)
Administrative expenses		(59,951)	(117,660)	(391,058)
Impairment losses on financial assets, net		(125)	116	(123)
Finance costs	8	(2,159)	(2,899)	(7,006)
Share of profits and losses of associates	18	–	(7,726)	4,293
PROFIT BEFORE TAX	7	99,802	324,606	1,152,234
Income tax expense	11	(28,151)	(107,072)	(323,078)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		71,651	217,534	829,156
Attributable to:				
Owners of the parent		71,651	217,428	833,701
Non-controlling interests		–	106	(4,545)
		71,651	217,534	829,156
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY, IN RMB				
Basic	13	1.95	4.45	6.47
Diluted	13	1.95	4.45	6.46

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	18,222	53,403	158,041
Right-of-use assets	*15*	51,606	238,899	355,709
Goodwill	*16*	–	2,250,400	2,250,400
Other intangible assets	*17*	5,935	1,020,423	1,029,585
Investments in associates	*18*	–	61,674	75,967
Deferred tax assets	*19*	28,746	102,707	159,565
Prepayments, other receivables and other assets	*20*	65,983	76,105	24,974
Total non-current assets		170,492	3,803,611	4,054,241
CURRENT ASSETS				
Inventories	*21*	200,168	632,181	1,674,057
Trade receivables	*22*	3,632	60,034	153,108
Prepayments, other receivables and other assets	*20*	39,214	472,022	2,315,584
Financial assets at fair value through profit or loss	*23*	50,370	–	30,105
Restricted cash and time deposits	*24*	80,870	10,036	5,090
Cash and cash equivalents	*24*	388,268	1,720,850	1,936,034
Total current assets		762,522	2,895,123	6,113,978
CURRENT LIABILITIES				
Trade payables	*25*	117,805	602,121	1,495,020
Interest-bearing bank borrowings	*26*	–	–	491,000
Contract liabilities	*28*	48,508	404,662	763,216
Other payables and accruals	*27*	62,143	439,978	825,147
Lease liabilities	*15*	19,861	74,917	110,641
Tax payables		6,836	101,998	219,061
Total current liabilities		255,153	1,623,676	3,904,085
NET CURRENT ASSETS		507,369	1,271,447	2,209,893
TOTAL ASSETS LESS CURRENT LIABILITIES		677,861	5,075,058	6,264,134

		As at 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	31,831	66,679	147,269
Deferred tax liabilities	*19*	94	252,935	249,092
Contract liabilities	*28*	53,844	160,628	139,974
Total non-current liabilities		85,769	480,242	536,335
Net assets		592,092	4,594,816	5,727,799
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*29*	5,495	15,299	24,716
Reserves	*30*	586,597	4,572,269	5,703,083
		592,092	4,587,568	5,727,799
Non-controlling interests		–	7,248	–
Total equity		592,092	4,594,816	5,727,799

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent				
	Paid-in capital	**Capital reserve***	**Equity-settled share-based payment reserve***	**Retained profits***	**Total**
	RMB'000 *(note 29)*	*RMB'000* *(note 30)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*
At 1 January 2022	4,628	234,173	34,994	16,079	289,874
Profit and total comprehensive income for the year	–	–	–	71,651	71,651
Capital injection *(note 29)*	867	219,856	–	–	220,723
Equity-settled share-based payment arrangements	–	–	9,844	–	9,844
At 31 December 2022	5,495	454,029	44,838	87,730	592,092

Year ended 31 December 2023

	Attributable to owners of the parent							
	Paid-in capital	**Capital reserve***	**Statutory reserve***	**Equity-settled share-based payment reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 *(note 29)*	*RMB'000* *(note 30)*	*RMB'000* *(note 30)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	5,495	454,029	–	44,838	87,730	592,092	–	592,092
Profit and total comprehensive income for the year	–	–	–	–	217,428	217,428	106	217,534
Dividends declared *(note 12)*	–	–	–	–	(194,172)	(194,172)	–	(194,172)
Capital injection *(note 29)*	2,010	798,130	–	–	–	800,140	–	800,140
Equity-settled share-based payment arrangements	–	–	–	17,275	–	17,275	–	17,275
Transferred from retained profits	–	–	12,328	–	(12,328)	–	–	–
Acquisition of subsidiaries *(note 31)*	7,794	3,147,011	–	–	–	3,154,805	7,142	3,161,947
At 31 December 2023	15,299	4,399,170	12,328	62,113	98,658	4,587,568	7,248	4,594,816

Year ended 31 December 2024

	Attributable to owners of the parent							
	Paid-in capital	**Capital reserve***	**Statutory reserve***	**Equity-settled share-based payment reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 29)	*(note 30)*	*(note 30)*	*(note 30)*				
At 1 January 2024	15,299	4,399,170	12,328	62,113	98,658	4,587,568	7,248	4,594,816
Profit and total comprehensive income for the year	–	–	–	–	833,701	833,701	(4,545)	829,156
Dividends declared *(note 12)*	–	–	–	–	(32,279)	(32,279)	–	(32,279)
Equity-settled share-based payment arrangements	–	–	–	77,343	–	77,343	–	77,343
Transferred from retained profits	–	–	30	–	(30)	–	–	–
Capital injection	9,417	274,929	–	–	–	284,346	–	284,346
Acquisition of non-controlling interests	–	(22,880)	–	–	–	(22,880)	(2,703)	(25,583)
At 31 December 2024	24,716	4,651,219	12,358	139,456	900,050	5,727,799	–	5,727,799

* These reserve accounts comprise the consolidated reserves of RMB586,597,000, RMB4,572,269,000 and RMB5,703,083,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		99,802	324,606	1,152,234
Adjustments for:				
Depreciation and impairment of items of property, plant and equipment	*14*	8,700	8,904	24,591
Depreciation of right-of-use assets	*15*	16,613	32,076	105,814
Amortisation of other intangible assets	*17*	947	3,726	15,974
Share-based payment expense	*32*	9,844	17,275	77,343
Loss/(gain) on disposal of items of property, plant and equipment	*7*	139	79	(791)
(Gain)/loss on early termination of leases	*15*	(172)	(101)	202
Fair value changes of financial assets at fair value through profit or loss	*6*	(370)	1,946	(105)
Impairment losses/(reversal of impairment losses) on trade receivables, net	*22*	123	(155)	96
Impairment losses on prepayments, other receivables and other assets, net	*6*	2	39	27
Share of profits and losses of associates	*18*	–	7,726	(4,293)
Interest income	*6*	(3,021)	(8,608)	(18,591)
Finance costs	*8*	2,159	2,899	7,006
		134,766	390,412	1,359,507
Increase in inventories		(150,213)	(120,352)	(1,041,876)
Increase in trade receivables		(2,521)	(14,094)	(93,170)
Increase in prepayments, other receivables and other assets		(11,621)	(117,899)	(1,826,623)
(Increase)/decrease in restricted cash		(10,001)	(35)	4,946
Increase in trade payables		79,798	213,871	892,899
Increase in other payables and accruals		33,005	125,599	384,440
Increase in contract liabilities		66,437	198,425	337,900
Interest received		2,615	6,726	18,591
Cash flows from operations		142,265	682,653	36,614
Tax paid		(60,197)	(93,131)	(266,716)
Net cash flows from/(used in) operating activities		82,068	589,522	(230,102)

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		824	1,735	8,554
Purchase of items of property, plant and equipment		(14,176)	(32,957)	(141,011)
Purchase of other intangible assets	*17*	(5,756)	(4,176)	(25,156)
Purchases of and prepayments for right-of-use assets – land use rights	*15*	–	(91,956)	–
Proceeds from disposal of other intangible assets	*17*	155	–	20
Capital injection in associates		–	(59,400)	(10,000)
Acquisition of subsidiaries, net of cash acquired	*31*	–	244,106	–
Proceeds from disposal of financial assets at fair value through profit or loss		–	50,370	60,000
Purchase of financial assets at fair value through profit or loss		(50,000)	–	(90,000)
Interest received		406	1,882	–
Placement of time deposits with original maturity of more than three months when acquired		(68,669)	–	–
Proceeds from maturity of bank deposits with original maturity of more than three months		–	66,723	–
Advances of receivables due from associates		–	(1,600)	(55,000)
Repayment of receivables due from associates		–	–	25,400
Advances of loans to third parties		(10,800)	–	(25,000)
Repayment of loans from third parties		3,765	125	93,148
Net cash flows (used in)/from investing activities		(144,251)	174,852	(159,045)

		Year ended 31 December		
	Notes	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital injection		220,723	800,140	284,346
Dividends paid		–	(194,172)	(32,279)
Acquisition of non-controlling interests		–	–	(25,583)
New interest-bearing bank borrowings	*33*	–	–	491,000
Principal portion of lease payments		(15,668)	(37,061)	(106,512)
Interest portion of lease payments	*15*	(2,159)	(2,899)	(6,641)
Placement of restricted cash		(2,200)	–	–
Maturity of restricted cash		–	2,200	–
Net cash flows from financing activities		200,696	568,208	604,331
NET INCREASE IN CASH AND CASH EQUIVALENTS		138,513	1,332,582	215,184
Cash and cash equivalents at beginning of year		249,755	388,268	1,720,850
CASH AND CASH EQUIVALENTS AT END OF YEAR	*24*	388,268	1,720,850	1,936,034

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	1,820	6,820	15,374
Right-of-use assets	*15*	5,987	12,347	45,408
Other intangible assets	*17*	3,973	7,380	24,932
Investments in associates	*18*	–	37,810	43,986
Investments in subsidiaries		24,688	3,170,693	3,266,934
Deferred tax assets	*19*	11,105	46,092	38,607
Prepayments, other receivables and other assets	*20*	63,047	67,448	6,193
Total non-current assets		110,620	3,348,590	3,441,434
CURRENT ASSETS				
Inventories		–	6	–
Trade receivables		–	–	8,600
Prepayments, other receivables and other assets	*20*	72,403	387,877	1,723,460
Financial assets at fair value through profit or loss	*23*	50,370	–	30,105
Restricted cash and time deposits	*24*	70,869	–	–
Cash and cash equivalents	*24*	171,728	1,046,445	153,193
Total current assets		365,370	1,434,328	1,915,358
CURRENT LIABILITIES				
Trade payables		29	237	940
Contract liabilities	*28*	256	38,298	38,702
Other payables and accruals	*27*	10,661	106,118	298,342
Lease liabilities	*15*	2,861	6,654	13,476
Tax payables		143	8,172	14,253
Total current liabilities		13,950	159,479	365,713
NET CURRENT ASSETS		351,420	1,274,849	1,549,645
TOTAL ASSETS LESS CURRENT LIABILITIES		462,040	4,623,439	4,991,079
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	3,235	4,706	29,388
Deferred tax liabilities	*19*	94	247	636
Contract liabilities	*28*	1,021	112,816	92,056
Total non-current liabilities		4,350	117,769	122,080
Net assets		457,690	4,505,670	4,868,999
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*29*	5,495	15,299	24,716
Reserves	*30*	452,195	4,490,371	4,844,283
Total equity		457,690	4,505,670	4,868,999

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Busy Ming Group Co., Ltd. (the “Company”) was registered in the People’s Republic of China (the “PRC”) as a limited liability company on 12 December 2019. In March 2025, the Company was converted into a joint stock company with limited liability with registered capital of RMB40,000,000. In April 2025, the share capital of the Company was increased to RMB200,000,000. The registered office of the Company is located at 33001-33006, Phase II Business Complex Building Yunda Central Plaza, 567 Changsha Avenue Yuhua District, Changsha Hunan Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (together as the “Group”) were involved in the sale of snacks and beverages as well as the provision of related services.

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

Name	Place and date of registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Changsha Busy Snacks Food Co., Ltd. (“長沙很忙零食食品有限公司”) *(i)*	PRC/Mainland China 17 December 2019	RMB5,000,000	100%	–	Sale of products
Xiamen Super Ming Business Management Co., Ltd. (“廈門趙一鳴商業管理有限公司”) *(ii)*	PRC/Mainland China 19 May 2023	RMB50,050,000	100%	–	Sale of products
Yichun Super Ming Food Technology Co., Ltd. (“宜春趙一鳴食品科技有限公司”) *(i)*	PRC/Mainland China 9 June 2022	RMB1,015,740	100%	–	Sale of products
Wuhu Super Ming Business Management Co., Ltd. (“蕪湖趙一鳴商業管理有限公司”) *(i)*	PRC/Mainland China 6 January 2022	RMB1,000,000	100%	–	Sale of products

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The English names of the PRC companies above represent management’s best efforts in translating the Chinese names of these companies as no English names have been registered.

Notes:

(i) No audited statutory financial statements of these companies have been prepared for the years ended 31 December 2022, 2023 and 2024.

(ii) No audited statutory financial statements of the company have been prepared for the years ended 31 December 2023 and 2024.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”).

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2024 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not adopted the following new and amended standards that have been issued but are not yet effective in the Historical Financial Information. The Group intends to apply these new and amended standards, if applicable, when they become effective.

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

1 Effective for annual periods beginning on or after 1 January 2025

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

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specific totals and subtotals. It also requires disclosure of management-defined performance measures in a note and introduces new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the new and amended standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associate is included as part of the Group's investment in the associate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash generating unit retained.

Fair value measurement

The Group measures its certain of financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are associates of the same third party;

(iv) one entity is an associate of a third entity and the other entity is a joint venture of the third entity;

(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); and

(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 parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Principal annual rates
	(%)
Plant and machinery	9.50
Motor vehicles	23.70
Electronic equipment	31.67
Office equipment and other equipment	19.00-31.67
Leasehold improvements	12.37-92.31

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years based on the Group's past experiences and different purposes on usages of the software and the authorised period for such uses.

Trademarks

Trademarks acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date. Trademarks with infinite useful lives are stated at their cost less any impairment losses.

Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationship has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the customer relationship, which is 10 years. The expected useful life is primarily related to services contracts, and is determined based on management's best estimate of the total period from which the benefits will be derived from the customer relationship.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Warehouses, office premises and self-operated stores	1.0-8.0 years
Land use rights	50.0 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of offices premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at amortised cost

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

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

General approach

Expected credit losses (ECLs) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings and payables)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statements of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined on the weighted average method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group has established business presence.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is acting as a principal in primarily all of its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group primarily generates its revenue from sale of goods and provision of related services. Further details of the Group's revenue recognition policies are as follows:

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Membership loyalty programme

The Group operated a membership loyalty programme, which allowed customers to accumulate loyalty points when they purchase products. Under IFRS 15, the membership loyalty programme gives rise to a separate performance obligation because it provides a material right to the customer and the Group allocated a portion of the transaction price to the loyalty points awarded to customers based on the relative stand-alone selling price.

(b) Provision of related services

The Group provides management, technology and training services to the customers during the service period through which customers enjoy benefits such as business operation support and information technology support and training services. Revenue from the provision of technology and training services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group provides loading and unloading services and commission services to snacks and beverages suppliers. Revenue from the provision of loading and unloading services and commission services is recognised at the point in time.

Other income

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

Contract liabilities

A contract liability is recognised when a payment is received from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share award arrangement for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments and restricted shares ("RSs") ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the Historical Financial Information.

Estimation uncertainty

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

Membership loyalty programme

The Group offers a membership loyalty programme, under which customers who joined the membership are able to accumulate loyalty points through purchases of goods and could redeem these loyalty points for free goods. The Group accrues for contract liability as members accumulate points based on the estimated stand-alone selling price of the loyalty points expected to be redeemed. When members redeem loyalty points, the accrued contract liability is reduced correspondingly. The Group estimates the percentage of loyalty points that may be redeemed by end-customers with reference to the historical information, market practice and the subsequent usage of loyalty points. The estimation is updated on a semi-annual basis and any adjustments to the contract liability balance are charged against revenue. The carrying amounts of contract liabilities accrued for loyalty points are disclosed in note 28 to the Historical Financial Information.

Fair value assessment of the identified trademarks and customer relationships and the recognition of goodwill arising from business combinations

Significant judgements and estimates were involved in the fair value assessment of the identified trademarks and customer relationships and the recognition of goodwill arising from business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly annual revenue growth rates, gross profit margins, discount rates and expected useful lives of the trademark and customer relationships). See notes 17 and 31 to the Historical Financial Information for more details.

Impairment of goodwill and intangible asset with indefinite useful life

The Group determines whether the goodwill and the intangible asset with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated and in which the intangible asset with indefinite useful life is included. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2022, 2023 and 2024 were nil, RMB2,250,400,000 and RMB2,250,400,000 and the carrying amounts of the intangible asset with indefinite useful life at 31 December 2022, 2023 and 2024 were nil, RMB902,880,000 and RMB902,880,000. Further details are given in note 16 to the Historical Financial Information.

Fair value measurement of share-based payments

The Group has granted RSs to the Group's employees during the Relevant Periods. The fair values of the RSs were determined through the application of the discounted cash flow ("DCF") model at the grant dates. Significant estimates on assumptions, including the future cash flows and discount rates, were made by the board of directors of the Company. Further details are included in note 32 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during each of the Relevant Periods, and the Group's total assets as at 31 December 2022, 2023 and 2024 were derived from one single operating segment.

Geographical information

As the Group generated all of its revenues in the PRC and all the non-current assets of the Group were in the PRC during each of the Relevant Periods, no further geographical information is presented.

Information about major customers

No sales to a single customer accounted for more than 10% of the Group's total revenue during each of the Relevant Periods.

5. REVENUE

Revenue represents income from sale of goods to customers and provision of related services during the Relevant Periods.

(i) Disaggregated revenue information

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	4,274,005	10,260,781	39,151,038
Provision of related services	11,740	34,537	192,473
Total revenue from contracts with customers	4,285,745	10,295,318	39,343,511
Timing of revenue recognition			
At a point in time	4,274,372	10,264,071	39,266,980
Over time	11,373	31,247	76,531
Total revenue from contracts with customers	4,285,745	10,295,318	39,343,511

The following table illustrates the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	8,787	30,371	273,631
Provision of related services	6,485	18,137	68,196
Total	15,272	48,508	341,827

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied when customers take possession of and accept the deliveries in stores or appointed locations. For majority of the sales transactions, customers make advance payments before the goods are delivered to them.

Individual customers are entitled to loyalty points according to the membership loyalty programme which results in allocation of a portion of the transaction price to the loyalty points entitled by customers. Revenue is recognised when loyalty points are redeemed or expired.

Provision of related services

The performance obligation of management, technology and training service is satisfied over time when services are rendered. Generally, these services contracts are for periods of three or five years and payment in advance is normally required.

The performance obligation of loading and unloading services and commission services is satisfied upon completion of services. These service contracts are billed and payable within 1 month after completion of the services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	48,508	404,662	763,216
After one year	53,844	160,628	139,974
Total	102,352	565,290	903,190

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to services, of which the performance obligations are to be satisfied within two to four years. Except for the membership loyalty programme, the Group does not have variable consideration which is constrained and not included in the amounts disclosed above.

6. OTHER INCOME AND GAINS, AND OTHER EXPENSES

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest income	3,021	8,608	18,591
Government grants*	850	325	22,568
Fair value changes of financial assets at fair value through profit or loss	370	(1,946)	105
Compensation received	2,591	6,700	21,183
Donations	(176)	(6,894)	(7,769)
Impairment of construction in progress	(3,287)	–	–
Foreign exchange differences, net	(2,055)	504	136
Provision for ongoing litigation	–	–	(30,200)
Others	510	(1,652)	(1,424)
	1,824	5,645	23,190

* The government grants related to income mainly represent incentives received from the local government in connection with certain financial support to local business enterprises for the purpose of encouraging business development. These grants are recognised in profit or loss upon receipt of these grants. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold		3,889,006	9,337,028	35,539,483
Transportation expenses		61,951	143,249	614,604
Depreciation of right-of-use assets	*15*	16,613	32,076	105,814
Depreciation of property, plant and equipment	*14*	5,413	8,904	24,591
Amortisation of other intangible assets	*17*	947	3,726	15,974
Auditor's remuneration		330	4,429	7,071
Employee benefit expense:				
Wages and salaries and other benefits		97,082	189,190	756,887
Pension scheme contributions*		5,578	11,460	38,089
Share-based payment expenses	*32*	9,844	17,275	77,343
Expenses relating to short-term leases	*15*	5,817	8,472	39,375
Impairment losses/(reversal of impairment losses) on trade receivables, net	*22*	123	(155)	96
Impairment losses on financial assets included in prepayments, other receivables and other assets, net		2	39	27
Loss/(gain) on disposal of items of property, plant and equipment		139	79	(791)
[**REDACTED**] expense		–	–	6,144

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans	–	–	365
Interest on lease liabilities	2,159	2,899	6,641
Total	2,159	2,899	7,006

9. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISOR'S REMUNERATION

The remuneration of each of the Company's directors and supervisor as recorded in each of the Relevant Periods is set out below:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	7,167	5,442	9,816
Equity-settled share-based payment expenses	10	1,715	10,820
Pension scheme contributions	105	177	391
Total	7,282	7,334	21,027

(a) Independent non-executive directors

Subsequent to the end of the Relevant Periods, Ms.Peng Hui, Mr.Qiu Huang and Ms.Wu Qianhui were appointed as independent non-executive directors of the Company. There were no fees and other emoluments paid to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and supervisor

Details of the emoluments paid or payable to the chief executive, executive directors, non-executive directors and supervisor of the Company for their services provided to the Group during the Relevant Periods are as follows:

	Year ended 31 December 2022					
	Fees	**Salaries**	**Allowances and benefits in kind**	**Pension scheme contributions**	**Equity-settled share-based payment expenses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive and executive directors:						
Mr. Yan Zhou *(note iv)*	–	1,388	1	35	10	1,434
Mr. Li Wei	–	1,388	1	35	–	1,424
Mr. Liu Wei	–	4,388	1	35	–	4,424
Non-executive directors:						
Mr. Guo Shanshan	–	–	–	–	–	–
Mr. Han Rui *(note iii)*	–	–	–	–	–	–
	–	7,164	3	105	10	7,282

	Year ended 31 December 2023					
	Fees	**Salaries**	**Allowances and benefits in kind**	**Pension scheme contributions**	**Equity-settled share-based payment expenses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive and executive directors:						
Mr. Yan Zhou	–	973	1	43	10	1,027
Mr. Zhao Ding *(note i)*	–	113	–	8	–	121
Mr. Wang Yutong *(note i)*	–	71	–	6	1,679	1,756
Mr. Wang Ping'an *(note i)*	–	80	–	11	–	91
Mr. Li Wei	–	973	1	49	–	1,023
Mr. Zhang Xiyang *(note ii)*	–	35	–	4	26	65
Mr. Zhu Lang *(note i)*	–	161	–	2	–	163
Mr. Liu Wei	–	2,973	1	49	–	3,023
Supervisor:						
Mr. Zhang Jiang *(note i)*	–	59	1	5	–	65
Non-executive directors:						
Mr. Yang Cheng *(note i)*	–	–	–	–	–	–
Mr. Shi Jubing *(note ii)*	–	–	–	–	–	–
Mr. Guo Shanshan	–	–	–	–	–	–
Mr. Han Rui *(note iii)*	–	–	–	–	–	–
	–	5,438	4	177	1,715	7,334

	Year ended 31 December 2024					
	Fees	Salaries	Allowances and benefits in kind	Pension scheme contributions	Equity-settled share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive and executive directors:						
Mr. Yan Zhou	–	1,213	5	43	10	1,271
Mr. Zhao Ding *(note i)*	–	1,236	–	48	–	1,284
Mr. Wang Yutong *(note i)*	–	932	1	36	10,076	11,045
Mr. Wang Ping'an *(note i)*	–	1,211	1	42	–	1,254
Mr. Li Wei	–	1,213	5	50	–	1,268
Mr. Zhang Xiyang *(note ii)*	–	825	1	36	734	1,596
Mr. Zhu Lang *(note i)*	–	1,207	5	50	–	1,262
Mr. Liu Wei	–	1,213	5	50	–	1,268
Supervisor:						
Mr. Zhang Jiang (note i)	–	738	5	36	–	779
Non-executive directors:						
Mr. Yang Cheng *(note i)*	–	–	–	–	–	–
Mr. Shi Jubing *(note ii)*	–	–	–	–	–	–
Mr. Guo Shanshan	–	–	–	–	–	–
	–	9,788	28	391	10,820	21,027

The fair values of the restricted shares, which had been recognised in profit or loss over the vesting periods, were determined as at the dates of grant and the amounts included in profit or loss for each of the Relevant Periods are included in the above executive directors', non-executive directors' and supervisor's remuneration disclosures.

There was no arrangement under which a director, the chief executive and the supervisor waived or agreed to waive any remuneration during the Relevant Periods.

(note i) Mr. Zhao Ding, Mr. Wang Yutong, Mr. Wang Ping'an, Mr. Zhang Jiang, Mr. Zhu Lang, Mr. Yang Cheng were appointed on 9 November 2023.

(note ii) Mr. Zhang Xiyang and Mr. Shi Jubing were appointed on 28 December 2023.

(note iii) Mr. Han Rui resigned on 10 November 2023.

(note iv) Mr. Yan Zhou is the chief executive during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group during the Relevant Periods include three, four and one directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the two, one and four highest paid employees who are neither a director nor chief executive of the Company for the years ended 31 December 2022, 2023 and 2024 are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	759	451	8,921
Discretionary bonuses	45	34	127
Equity-settled share-based payment	1,596	1,596	8,176
	2,400	2,081	17,224

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2022	2023	2024
Nil to HKD1,000,000	1	–	–
HKD2,000,001 to HKD2,500,000	1	1	1
HKD2,500,001 to HKD3,000,000	–	–	1
HKD5,500,001 to HKD6,000,000	–	–	1
HKD8,000,001 to HKD8,500,000	–	–	1
	2	1	4

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled or operate.

PRC enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25% unless subject to tax exemption set out below.

Certain of the Group's PRC subsidiaries are qualified as small and micro enterprises and were entitled to a preferential EIT rate of 2.5% for the taxable income below RMB1 million during the Relevant Periods, and a preferential EIT rate of 5% for the taxable income between RMB1 million and RMB3 million during the Relevant Periods.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	47,212	143,077	383,779
Deferred tax	(19,061)	(36,005)	(60,701)
Total tax charge for the year	28,151	107,072	323,078

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	99,802	324,606	1,152,234
Tax at the statutory tax rate of 25%	24,951	81,152	288,058
Effect of preferential tax rates of subsidiaries	(911)	(326)	–
Share of profits and losses of associates	–	1,932	(1,073)
Super deduction for people with disabilities	–	(293)	(504)
Expenses not deductible for tax	392	15,617	9,793
Tax losses and temporary differences not recognised	3,719	8,990	26,804
Tax charge at the effective rate	28,151	107,072	323,078

12. DIVIDENDS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Dividends declared by the Company	–	194,172	32,279

On 9 November 2023, the Company declared dividends of RMB194,172,000 to its shareholders, which were paid in November 2023.

On 29 November 2024, the Company declared dividends of RMB32,279,000 to its shareholders, which were paid in November 2024.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods.

In March 2025, the paid-in capital of the Company had been fully converted into ordinary shares upon transformation of the Company into a joint stock company (note 29). In April 2025, the Company capitalised its capital reserve by issuing approximately 3.75 additional shares for every 1 share held by all shareholders (note 39). The weighted average number of ordinary shares outstanding have been retroactively adjusted to reflect the post-capitalisation share count, incorporating both the share structure reform and capitalisation adjustments.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	Year ended 31 December		
	2022	2023	2024
Earnings			
Profit attributable to owners of the parent, used in the basic earnings per share calculation (RMB'000)	71,651	217,428	833,701
Shares			
Weighted average number of ordinary shares outstanding, used in the basic earnings per share calculation	36,689,489	48,859,321	128,926,063
Effect of dilution – weighted average number of ordinary shares:			
Share options issued by the Company	–	–	63,486
Total	36,689,489	48,859,321	128,989,549

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
At 1 January 2022:							
Cost	2,199	5,538	3,953	494	1,513	3,552	17,249
Accumulated depreciation and impairment	(137)	(1,524)	(671)	(87)	(47)	–	(2,466)
Net carrying amount	2,062	4,014	3,282	407	1,466	3,552	14,783
At 1 January 2022, net of accumulated depreciation and impairment	2,062	4,014	3,282	407	1,466	3,552	14,783
Additions	2,767	1,075	5,027	1,075	3,158	–	13,102
Depreciation provided during the year	(281)	(1,467)	(1,927)	(173)	(1,565)	–	(5,413)
Impairment	–	–	–	–	–	(3,287)	(3,287)
Disposals	–	(41)	(246)	–	(411)	(265)	(963)
At 31 December 2022, net of accumulated depreciation and impairment	4,548	3,581	6,136	1,309	2,648	–	18,222
At 31 December 2022:							
Cost	4,966	6,532	8,634	1,569	4,260	3,287	29,248
Accumulated depreciation and impairment	(418)	(2,951)	(2,498)	(260)	(1,612)	(3,287)	(11,026)
Net carrying amount	4,548	3,581	6,136	1,309	2,648	–	18,222

	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	4,966	6,532	8,634	1,569	4,260	3,287	29,248
Accumulated depreciation and impairment	(418)	(2,951)	(2,498)	(260)	(1,612)	(3,287)	(11,026)
Net carrying amount	4,548	3,581	6,136	1,309	2,648	–	18,222
At 1 January 2023, net of accumulated depreciation and impairment	4,548	3,581	6,136	1,309	2,648	–	18,222
Additions	9,700	202	5,082	1,099	8,894	5,816	30,793
Acquisition of subsidiaries	7,995	1,238	2,273	1,831	1,769	–	15,106
Depreciation provided during the year	(695)	(1,585)	(2,952)	(669)	(3,003)	–	(8,904)
Disposals	(230)	(59)	(271)	(167)	(1,087)	–	(1,814)
At 31 December 2023, net of accumulated depreciation and impairment	21,318	3,377	10,268	3,403	9,221	5,816	53,403
At 31 December 2023:							
Cost	22,415	7,886	15,637	4,268	12,858	5,816	68,880
Accumulated depreciation and impairment	(1,097)	(4,509)	(5,369)	(865)	(3,637)	–	(15,477)
Net carrying amount	21,318	3,377	10,268	3,403	9,221	5,816	53,403

	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	22,415	7,886	15,637	4,268	12,858	5,816	68,880
Accumulated depreciation and impairment	(1,097)	(4,509)	(5,369)	(865)	(3,637)	–	(15,477)
Net carrying amount	21,318	3,377	10,268	3,403	9,221	5,816	53,403
At 1 January 2024, net of accumulated depreciation and impairment	21,318	3,377	10,268	3,403	9,221	5,816	53,403
Additions	31,504	707	17,401	6,778	26,362	54,240	136,992
Depreciation provided during the year	(2,934)	(1,669)	(5,486)	(3,043)	(11,459)	–	(24,591)
Disposals	(2,276)	(547)	(2,001)	(1,535)	(1,404)	–	(7,763)
At 31 December 2024, net of accumulated depreciation and impairment	47,612	1,868	20,182	5,603	22,720	60,056	158,041
At 31 December 2024:							
Cost	51,437	4,233	30,189	9,065	37,816	60,056	192,796
Accumulated depreciation and impairment	(3,825)	(2,365)	(10,007)	(3,462)	(15,096)	–	(34,755)
Net carrying amount	47,612	1,868	20,182	5,603	22,720	60,056	158,041

Company

	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
At 1 January 2022, net of accumulated depreciation and impairment	–	–	–	–
Additions	616	155	1,624	2,395
Depreciation provided during the year	(18)	(18)	(539)	(575)
At 31 December 2022, net of accumulated depreciation and impairment	598	137	1,085	1,820
At 31 December 2022:	–	–	–	–
Cost	616	155	1,624	2,395
Accumulated depreciation and impairment	(18)	(18)	(539)	(575)
Net carrying amount	598	137	1,085	1,820

	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	–	616	155	1,624	2,395
Accumulated depreciation and impairment	–	(18)	(18)	(539)	(575)
Net carrying amount	–	598	137	1,085	1,820
At 1 January 2023, net of accumulated depreciation and impairment	–	598	137	1,085	1,820
Additions	860	5,741	1,394	3,228	11,223
Depreciation provided during the year	(750)	(2,923)	(536)	(1,723)	(5,932)
Disposals	–	(15)	–	(276)	(291)
At 31 December 2023, net of accumulated depreciation and impairment	110	3,401	995	2,314	6,820
At 31 December 2023:					
Cost	860	6,337	1,550	4,216	12,963
Accumulated depreciation and impairment	(750)	(2,936)	(555)	(1,902)	(6,143)
Net carrying amount	110	3,401	995	2,314	6,820

	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	860	6,337	1,550	4,216	12,963
Accumulated depreciation and impairment	(750)	(2,936)	(555)	(1,902)	(6,143)
Net carrying amount	110	3,401	995	2,314	6,820
At 1 January 2024, net of accumulated depreciation and impairment	110	3,401	995	2,314	6,820
Additions	–	8,566	1,373	4,781	14,720
Depreciation provided during the year	(38)	(2,263)	(981)	(2,619)	(5,901)
Disposals	(25)	(33)	(207)	–	(265)
At 31 December 2024, net of accumulated depreciation and impairment	47	9,671	1,180	4,476	15,374
At 31 December 2024:					
Cost	357	14,732	2,559	8,997	26,645
Accumulated depreciation and impairment	(310)	(5,061)	(1,379)	(4,521)	(11,271)
Net carrying amount	47	9,671	1,180	4,476	15,374

15. LEASES

The Group as a lessee

The Group has lease contracts for items of office premises, self-operated stores and warehouses used in its operations. Lump sum payments were made upfront to acquire the land use rights with periods of 50 years, and no ongoing payments will be made under the terms of these land use rights. Leases of office premises, self-operated stores and warehouses generally have lease terms between 1 year and 8 years.

(a) Right-of-use assets

Group

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Warehouses, office premises and self-operated stores	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	45,079	–	45,079
Additions	27,590	–	27,590
Depreciation charge	(16,613)	–	(16,613)
Early termination	(4,450)	–	(4,450)
At 31 December 2022 and 1 January 2023	51,606	–	51,606
Additions	89,802	91,956	181,758
Acquisition of subsidiaries	58,102	–	58,102
Depreciation charge	(31,924)	(152)	(32,076)
Early termination	(20,491)	–	(20,491)
At 31 December 2023 and 1 January 2024	147,095	91,804	238,899
Additions	255,219	–	255,219
Depreciation charge	(104,126)	(1,688)	(105,814)
Early termination	(32,595)	–	(32,595)
At 31 December 2024	265,593	90,116	355,709

Company

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Warehouses, office premises and self-operated stores
	RMB'000
At 1 January 2022	6,474
Additions	1,783
Depreciation charge	(2,270)
At 31 December 2022 and 1 January 2023	5,987
Additions	11,597
Depreciation charge	(5,101)
Early termination	(136)
At 31 December 2023 and 1 January 2024	12,347
Additions	45,223
Depreciation charge	(10,613)
Early termination	(1,549)
At 31 December 2024	45,408

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	44,392	51,692	141,596
New leases	27,590	89,802	255,219
Acquisition of subsidiaries	–	57,755	–
Accretion of interest recognised during the year	2,159	2,899	6,641
Early termination	(4,622)	(20,592)	(32,393)
Payments	(17,827)	(39,960)	(113,153)
Carrying amount at 31 December	51,692	141,596	257,910
Analysed into:			
Current portion	19,861	74,917	110,641
In the second year	18,837	43,606	73,685
In the third to fifth years, inclusive	12,695	21,369	58,600
Beyond five years	299	1,704	14,984
	51,692	141,596	257,910

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	6,134	6,096	11,360
New leases	1,783	11,597	45,223
Accretion of interest recognised during the year	260	407	692
Early termination	–	(218)	(1,622)
Payments	(2,081)	(6,522)	(12,789)
Carrying amount at 31 December	6,096	11,360	42,864
Analysed into:			
Current portion	2,861	6,654	13,476
In the second year	2,767	3,613	12,473
In the third to fifth years, inclusive	468	1,093	11,676
Beyond five years	–	–	5,239
	6,096	11,360	42,864

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

Group

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Depreciation expense of right-of-use assets	16,613	32,076	105,814
Interest expense on lease liabilities	2,159	2,899	6,641
Expense relating to short-term leases	5,817	8,472	39,375
Early termination	(172)	(101)	202
Total amount recognised in profit or loss	24,417	43,346	152,032

(d) The total cash outflows for leases are disclosed in note 33(c) to the Historical Financial Information.

16. GOODWILL

	RMB'000
Cost and net carrying amount at 1 January 2022 and 2023	–
Acquisition of subsidiaries *(note 31)*	2,250,400
Cost and net carrying amount at 31 December 2023 and 2024	2,250,400

Impairment testing of goodwill and intangible asset with indefinite useful life

Goodwill and intangible asset with indefinite useful life acquired through business combinations are allocated to the cash-generating unit ("CGU") of Yichun Super Ming Food Technology Co., Ltd. and its subsidiaries ("Super Ming Group") for impairment testing.

The carrying amounts of the goodwill and the intangible asset with indefinite useful life allocated to the CGU are as follows:

	As at 31 December	
	2023	2024
	RMB'000	*RMB'000*
Carrying amount of goodwill	2,250,400	2,250,400
Carrying amount of intangible asset with indefinite useful life	902,880	902,880

The recoverable amount of the CGU is determined based on value in use of the CGU to which the goodwill and intangible asset with indefinite useful life is allocated. The calculation uses pre-tax cash flow projection based on financial budget of the CGU approved by management covering a five-year period. Cash flow beyond the five-year period is extrapolated using the estimated terminal growth rate.

Annual sales growth rate is based on the management's expectation of the future sales. The annual sales growth rate was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information included current industry overview and estimated market development.

The pre-tax discount rate below reflects specific risks relating to the CGU and its relevant industry and the macro-environment of the relevant region.

The key assumptions used in the estimation of value in use were as follows:

	As at 31 December	
	2023	2024
Annual sales growth rate (during the five-year period)	6.4-168.3	3.5-54.1
Pre-tax discount rate	13.8	14.2

The Group assessed the impairment on the goodwill and the intangible asset with indefinite useful life at the end of each of the Relevant Periods and the recoverable amount of CGU has exceeded the carrying amount, hence no impairment was provided.

17. OTHER INTANGIBLE ASSETS

Group

	Software
	RMB'000
31 December 2022	
At 1 January 2022:	
Cost	2,021
Accumulated amortisation	(740)
Net carrying amount	1,281
At 1 January 2022, net of accumulated amortisation	1,281
Additions	5,756
Amortisation provided during the year	(947)
Disposals	(155)
At 31 December 2022, net of accumulated amortisation	5,935
At 31 December 2022:	
Cost	7,561
Accumulated amortisation	(1,626)
Net carrying amount	5,935

	Trademark *(note (i))*	Customer relationship	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023:				
Cost	–	–	7,561	7,561
Accumulated amortisation	–	–	(1,626)	(1,626)
Net carrying amount	–	–	5,935	5,935
At 1 January 2023, net of accumulated amortisation	–	–	5,935	5,935
Additions	–	–	4,176	4,176
Acquisition of subsidiaries	902,880	105,836	5,322	1,014,038
Amortisation provided during the year	–	(1,764)	(1,962)	(3,726)
At 31 December 2023, net of accumulated amortisation	902,880	104,072	13,471	1,020,423
At 31 December 2023:				
Cost	902,880	105,836	17,599	1,026,315
Accumulated amortisation	–	(1,764)	(4,128)	(5,892)
Net carrying amount	902,880	104,072	13,471	1,020,423

	Trademark *(note (i))*	Customer relationship	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
At 1 January 2024:				
Cost	902,880	105,836	17,599	1,026,315
Accumulated amortisation	–	(1,764)	(4,128)	(5,892)
Net carrying amount	902,880	104,072	13,471	1,020,423
At 1 January 2024, net of accumulated amortisation	902,880	104,072	13,471	1,020,423
Additions	–	–	25,156	25,156
Amortisation provided during the year	–	(10,584)	(5,390)	(15,974)
Disposals	–	–	(20)	(20)
At 31 December 2024, net of accumulated amortisation	902,880	93,488	33,217	1,029,585
At 31 December 2024:				
Cost	902,880	105,836	42,727	1,051,443
Accumulated amortisation	–	(12,348)	(9,510)	(21,858)
Net carrying amount	902,880	93,488	33,217	1,029,585

Note:

(i) In November 2023, the Group had acquired Super Ming Group, of which the trademark is expected to have indefinite useful life. The trademark is allocated to Super Ming Group, which is treated as a cash-generating unit for impairment testing. Further details of the impairment test of the Super Ming Group cash-generating unit are given in note 16 to the Historical Financial Information.

Company

	Software
	RMB'000
31 December 2022	
At 1 January 2022:	
Cost	180
Accumulated amortisation	(132)
Net carrying amount	48
At 1 January 2022, net of accumulated amortisation	48
Additions	4,272
Amortisation provided during the year	(167)
Disposals	(180)
At 31 December 2022, net of accumulated amortisation	3,973
At 31 December 2022:	
Cost	4,273
Accumulated amortisation	(300)
Net carrying amount	3,973

	Software
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	4,273
Accumulated amortisation	(300)
Net carrying amount	3,973
At 1 January 2023, net of accumulated amortisation	3,973
Additions	5,035
Amortisation provided during the year	(1,628)
At 31 December 2023, net of accumulated amortisation	7,380
At 31 December 2023:	
Cost	9,308
Accumulated amortisation	(1,928)
Net carrying amount	7,380

	Software
	RMB'000
31 December 2024	
At 1 January 2024:	
Cost	9,308
Accumulated amortisation	(1,928)
Net carrying amount	7,380
At 1 January 2024, net of accumulated amortisation	7,380
Additions	21,299
Amortisation provided during the year	(3,747)
At 31 December 2024, net of accumulated amortisation	24,932
At 31 December 2024:	–
Cost	30,607
Accumulated amortisation	(5,675)
Net carrying amount	24,932

18. INVESTMENTS IN ASSOCIATES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	–	61,674	75,967

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' (loss)/profit for the year	–	(7,726)	4,293
Share of the associates' total comprehensive (loss)/income	–	(7,726)	4,293

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' (loss)/profit for the year	–	(7,190)	6,176
Share of the associates' total comprehensive (loss)/income	–	(7,190)	6,176
Aggregate carrying amount of the Company' investments in associates	–	37,810	43,986

19. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

Group

	Contract liabilities	Losses available for offsetting against future taxable profit	Lease liabilities	Deductible advertising and general publicity expenses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	7,247	2,395	8,024	–	–	17,666
Deferred tax credited to profit or loss during the year	10,668	299	2,182	7,126	1,091	21,366
Gross deferred tax assets at 31 December 2022	17,915	2,694	10,206	7,126	1,091	39,032
Deferred tax credited/(charged) to profit or loss during the year	36,576	(1,095)	2,020	1,736	(738)	38,499
Acquisition of subsidiaries	33,704	3,545	13,093	107	–	50,449
Gross deferred tax assets at 31 December 2023	88,195	5,144	25,319	8,969	353	127,980
Deferred tax credited to profit or loss during the year	67	48,474	27,171	2,358	7,923	85,993
Gross deferred tax assets at 31 December 2024	88,262	53,618	52,490	11,327	8,276	213,973

Company

	Contract liabilities	Losses available for offsetting against future taxable profit	Lease liabilities	Deductible advertising and general publicity expenses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	7,247	2,395	1,533	–	–	11,175
Deferred tax (charged)/credited to profit or loss during the year	(5,899)	304	(9)	7,022	9	1,427
Gross deferred tax assets at 31 December 2022	1,348	2,699	1,524	7,022	9	12,602
Deferred tax credited/(charged) to profit or loss during the year	36,370	(2,699)	1,316	1,302	41	36,330
Gross deferred tax assets at 31 December 2023	37,718	–	2,840	8,324	50	48,932
Deferred tax (charged)/credited to profit or loss during the year	(5,344)	–	7,876	(2,105)	(36)	391
Gross deferred tax assets at 31 December 2024	32,374	–	10,716	6,219	14	49,323

As at 31 December 2022, 2023 and 2024, deferred tax assets have been recognised in respect of certain tax losses arising in Mainland China, which would expire in one to five years for offsetting against future taxable profits.

As at 31 December 2022, 2023 and 2024, certain subsidiaries of the Group had deductible temporary differences and tax losses of RMB49,870,000, RMB85,830,000 and RMB193,046,000 respectively. Deferred tax assets have not been recognised in respect of these deductible temporary differences and tax losses as it is not considered probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The movements in deferred tax liabilities during the Relevant Periods are as follows:

Group

	Fair value adjustment on acquisition	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	–	8,075	–	8,075
Deferred tax charged to profit or loss during the year	–	1,991	314	2,305
Gross deferred tax liabilities at 31 December 2022	–	10,066	314	10,380
Deferred tax (credited)/charged to profit or loss during the year	(441)	3,002	(67)	2,494
Deferred taxes acquired in business combinations	252,179	13,155	–	265,334
Gross deferred tax liabilities at 31 December 2023	251,738	26,223	247	278,208
Deferred tax (credited)/charged to profit or loss during the year	(2,646)	28,185	(247)	25,292
Gross deferred tax liabilities at 31 December 2024	249,092	54,408	–	303,500

Company

	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	1,618	–	1,618
Deferred tax (credited)/charged to profit or loss during the year	(121)	94	(27)
Gross deferred tax liabilities at 31 December 2022	1,497	94	1,591
Deferred tax charged/(credited) to profit or loss during the year	1,590	(94)	1,496
Gross deferred tax liabilities at 31 December 2023	3,087	–	3,087
Deferred tax charged to profit or loss during the year	8,265	–	8,265
Gross deferred tax liabilities at 31 December 2024	11,352	–	11,352

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	28,746	102,707	159,565
Net deferred tax liabilities recognised in the consolidated statements of financial position	94	252,935	249,092

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statements of financial position	11,105	46,092	38,607
Net deferred tax liabilities recognised in the statements of financial position	94	247	636

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Prepayments	11,798	309,196	1,639,137
Deposits and other receivables	3,636	82,004	367,314
Receivables due from associates	–	1,635	31,200
Recoverable value added tax	22,883	69,452	256,657
Other current assets	900	9,783	21,351
	39,217	472,070	2,315,659
Impairment allowance	(3)	(48)	(75)
	39,214	472,022	2,315,584
Non-current:			
Deposits and other receivables	62,350	68,917	13,459
Other non-current assets	3,633	7,188	11,515
	65,983	76,105	24,974

To measure the ECLs, financial assets included above have been grouped based on shared credit risk characteristics and the days past due. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. Forward-looking information was also incorporated. The expected credit loss rates were 0.1%, 0.1%, 0.1% as at 31 December 2022, 2023 and 2024, respectively.

Amounts due from third parties included in deposits and other receivables of non-current portion are RMB61,162,000, RMB61,037,000 and nil as at 31 December 2022, 2023 and 2024, respectively, which are interest-bearing at a rate of 1% and repayable on terms of 5 years.

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Dividend receivable from a subsidiary	–	230,000	–
Prepayments	11,062	1,228	14,276
Amounts due from subsidiaries	57,670	151,218	1,672,905
Receivables due from associates	–	–	30,000
Recoverable value added tax	3,370	3,275	5,777
Other current assets	302	2,159	556
	72,404	387,880	1,723,514
Impairment allowance	(1)	(3)	(54)
	72,403	387,877	1,723,460
Non-current:			
Deposits and other receivables	61,163	61,038	–
Other non-current assets	1,884	6,410	6,193
	63,047	67,448	6,193

21. INVENTORIES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	184,356	562,828	1,539,752
Goods shipped in transit	15,768	69,154	133,385
Other inventories	44	199	920
Total	200,168	632,181	1,674,057

22. TRADE RECEIVABLES

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	3,823	60,112	153,282
Impairment	(191)	(78)	(174)
Total	3,632	60,034	153,108

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The credit period generally ranges from one day to one month. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 31 December 2022, 2023 and 2024, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	3,632	58,406	149,124
1 to 3 months	–	1,628	2,110
3 to 6 months	–	–	1,874
Total	3,632	60,034	153,108

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	68	191	78
Impairment losses/(reversal of impairment losses), net	123	(155)	96
Additions as a result of acquisition of subsidiaries	–	42	–
At the end of the year	191	78	174

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group overall considers the characteristics of the shared credit risk and the days past due of the trade receivables to measure the expected credit losses. Majority of the receivables were neither past due nor impaired and relate to diversified customers.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 December 2024			
	Within 1 month	1 to 3 months	3 to 6 months	Total
Expected credit loss rate	0.1%	0.1%	0.1%	0.1%
Gross carrying amount (RMB'000)	149,294	2,112	1,876	153,282
Expected credit losses (RMB'000)	170	2	2	174

	As at 31 December 2023		
	Within 1 month	1 to 3 months	Total
Expected credit loss rate	0.1%	0.1%	0.1%
Gross carrying amount (RMB'000)	58,482	1,630	60,112
Expected credit losses (RMB'000)	76	2	78

	As at 31 December 2022
	Within 1 month
Expected credit loss rate	5.0%
Gross carrying amount (RMB'000)	3,823
Expected credit losses (RMB'000)	191

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Forward-looking information was also incorporated. The expected credit loss rates were 5.0%, 0.1%, 0.1% as at 31 December 2022, 2023 and 2024, respectively.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	50,000	–	30,105
Forward exchange instrument	370	–	–
Total	50,370	–	30,105

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	50,000	–	30,105
Forward exchange instrument	370	–	–
Total	50,370	–	30,105

The above unlisted investments were wealth management products issued by banks in Mainland China with a maturity period within one year or due on demand. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	388,268	1,720,850	1,936,034
Time deposits with original maturities over three months	68,669	–	–
Restricted cash	12,201	10,036	5,090
	469,138	1,730,886	1,941,124
Denominated in:			
RMB	400,462	1,730,822	1,941,102
USD	68,676	64	22
	469,138	1,730,886	1,941,124

The RMB is not freely convertible into other currencies, however, under Regulations on the Foreign Exchange Control of the PRC and the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	171,728	1,046,445	153,193
Time deposits with original maturities over three months	68,669	–	–
Restricted cash	2,200	–	–
	242,597	1,046,445	153,193
Denominated in:			
RMB	173,921	1,046,381	153,193
USD	68,676	64	–
	242,597	1,046,445	153,193

25. TRADE PAYABLES

An ageing analysis of the trade payables as at 31 December 2022, 2023 and 2024, based on the invoice date, is as follows:

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	117,805	602,121	1,495,020

Trade payables are non-interest-bearing and normally settled on terms of up to 6 months.

26. INTEREST-BEARING BANK BORROWINGS

Group

	As at 31 December 2024		
	Effective interest rate	Maturity	RMB'000
Bank loans – unsecured	2.95%-4.50%	2025	491,000

27. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Payroll and welfare payable	16,270	50,416	163,273
Accruals and other payables	6,455	143,700	180,247
Other tax payable	9,457	120,989	128,818
Deposits payable	29,961	124,873	352,809
	62,143	439,978	825,147

Other payables are unsecured and non-interest-bearing. The fair values of other payables at the end of each of the Relevant Periods approximated to their carrying amounts.

Provision for ongoing litigation of nil, nil and RMB30,200,000 is included in accruals and other payables as of 31 December, 2022, 2023 and 2024 respectively.

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Payroll and welfare payable	7,028	17,332	55,982
Accruals and other payables	2,095	29,417	65,808
Other tax payable	28	3,388	15,230
Deposits payable	1,510	55,981	161,322
	10,661	106,118	298,342

28. CONTRACT LIABILITIES

Group

	As at 1 January	As at 31 December		
	2022	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Sale of goods	8,787	30,371	336,466	676,127
Provision of related services	6,485	18,137	68,196	87,089
	15,272	48,508	404,662	763,216
Non-current:				
Provision of related services	20,583	53,844	160,628	139,974

Company

	As at 1 January	As at 31 December		
	2022	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Provision of related services	–	256	38,298	38,702
Non-current:				
Provision of related services	–	1,021	112,816	92,056

Contract liabilities of the Group mainly arise from the advance payments received from customers for goods and deferred upfront services fees. The increase in contract liabilities as at 31 December 2022, 2023 and 2024 was mainly due to the increase of short-term advances received from customers in relation to the sale of goods at the end of each of the Relevant Periods, acquisition of subsidiaries and the implementation of membership loyalty programme in 2023. The carrying amounts of contract liabilities related to loyalty points at 31 December 2022, 2023 and 2024 was nil, RMB126,895,000, and RMB134,781,000, respectively.

29. PAID-IN CAPITAL

A summary of movements in the Company's paid-in capital during the Relevant Periods is as follows:

	Total
	RMB'000
At 1 January 2022	4,628
Capital injection *(note (i))*	867
At 31 December 2022 and at 1 January 2023	5,495
Capital injection *(note (ii))*	2,010
Acquisition of subsidiaries *(note (ii))*	7,794
At 31 December 2023	15,299
Capital injection *(note (iii))*	9,417
At 31 December 2024	24,716

Notes:

(i) In October 2022, capital totaling RMB220,723,000 was injected into the Company by investors with approximately RMB867,000 and RMB219,856,000 credited to the Company's paid-in capital and capital reserve, respectively.

(ii) In January 2023, the Company entered into a capital increase agreement with a share-based payment platform, and capital totaling RMB140,000 was injected into the Company by investor with approximately RMB140,000 credited to the Company's paid-in capital.

In November 2023, the Company issued 7,794,000 registered capital to acquire 100% equity interests of Super Ming Group.

In December 2023, capital totaling RMB800,000,000 was injected into the Company by investors with approximately RMB1,870,000 and RMB798,130,000 credited to the Company's paid-in capital and capital reserve, respectively.

(iii) In January 2024, capital totaling RMB284,346,000 was injected into the Company by investors with approximately RMB9,417,000 and RMB274,929,000 credited to the Company's paid-in capital and capital reserve, respectively.

(iv) In March 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. As of the conversion date, the net assets of the Company, including paid-in capital, capital reserve, statutory reserve and retained profits, amounting to approximately RMB4,847,070,000 were converted into 40,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

30. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity in the Historical Financial Information.

(a) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC subsidiaries.

(b) Capital reserve

The capital reserve of the Group represents (i) the excess of capital contributions from the equity holders of the Company over the share capital; (ii) consideration for acquisition of subsidiaries, as further explained in note 31 to the Historical Financial Information; and (iii) the excess of the consideration over the carrying amount of the non-controlling interests acquired/disposed of.

(c) Equity-settled share-based payment reserve

The equity-settled share-based payment reserve comprises the fair value of equity-settled share-based payments granted, as further explained in note 32 to the Historical Financial Information.

(d) Reserve movement of the Company

Year ended 31 December 2022

	Paid-in capital	Capital reserve	Equity-settled share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	4,628	234,173	34,994	(19,995)	253,800
Loss and total comprehensive loss for the year	–	–	–	(26,677)	(26,677)
Capital injection	867	219,856	–	–	220,723
Equity-settled share-based payment arrangements	–	–	9,844	–	9,844
At 31 December 2022	5,495	454,029	44,838	(46,672)	457,690

Year ended 31 December 2023

	Paid-in capital	Capital reserve	Statutory reserve	Equity-settled share-based payment reserve	(Accumulated losses) /retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	5,495	454,029	–	44,838	(46,672)	457,690
Profit and total comprehensive income for the year	–	–	–	–	339,842	339,842
Capital injection	2,010	798,130	–	–	–	800,140
Equity-settled share-based payment arrangements	–	–	–	17,275	–	17,275
Transfer from retained profits	–	–	12,328	–	(12,328)	–
Dividends declared	–	–	–	–	(194,172)	(194,172)
Acquisition of subsidiaries	7,794	3,147,011	–	–	–	3,154,805
Reserve resulted from merge of a subsidiary with the Company	–	–	–	–	(69,910)	(69,910)
At 31 December 2023	15,299	4,399,170	12,328	62,113	16,760	4,505,670

Year ended 31 December 2024

	Paid-in capital	Capital reserve	Statutory reserve	Equity-settled share-based payment reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	15,299	4,399,170	12,328	62,113	16,760	4,505,670
Profit and total comprehensive income for the year	–	–	–	–	33,919	33,919
Capital injection	9,417	274,929	–	–	–	284,346
Equity-settled share-based payment arrangements	–	–	–	77,343	–	77,343
Transfer from retained profits	–	–	30	–	(30)	–
Dividends declared	–	–	–	–	(32,279)	(32,279)
At 31 December 2024	24,716	4,674,099	12,358	139,456	18,370	4,868,999

31. BUSINESS COMBINATION

Yichun Super Ming Food Technology Co., Ltd. ("Super Ming Food Technology")

Super Ming Food Technology was founded in 2022 and is principally engaged in the sale of snacks and beverages as well as the provision of related services.

The acquisition was made to increase the Company's market share.

In November 2023, the Company entered into a capital investment agreement to acquire 100% equity interests in Super Ming Food Technology from its then shareholders by issuing shares of the Company which represented 40% of the Company's equity interest.

The acquisition was completed in November 2023 when the Company obtained control of the operating and financial activities of Super Ming Food Technology.

On the acquisition date, the Group replaced the unvested share-based payment arrangements of Super Ming Group by newly granted RSs under the Company's share-based payment arrangements, as further explained in note 32 to the Historical Financial Information.

The fair value of the identifiable assets and liabilities of Super Ming Group as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*14*	15,106
Right-of-use assets	*15*	58,102
Other intangible assets	*17*	1,014,038
Deferred tax assets	*19*	37,938
Prepayments, other receivables and other assets		321,070
Inventories		311,661
Trade receivables		42,153
Cash and cash equivalents		244,106
Trade payables		(270,445)
Contract liabilities		(264,513)
Other payables and accruals		(241,875)
Lease liabilities	*15*	(57,755)
Tax payables		(45,216)
Deferred tax liabilities	*19*	(252,823)
Total identifiable net assets at fair value		911,547
Non-controlling interests		(7,142)
Goodwill on acquisition	*16*	2,250,400
		3,154,805
Satisfied by:		
Issuance of shares which represented 40.0% of the Company's equity interest, at fair value		3,154,805

The fair values of the trade receivables and prepayments, other receivables and other assets at the date of acquisition were approximately equal to gross contractual amounts. The best estimate at the acquisition date of the contractual cash flows not expected to be collected was considered as insignificant.

Intangible assets of RMB1,008,716,000 in relation to the acquisition of a subsidiary have been recognised by the Group.

Included in the goodwill of RMB2,250,400,000 recognised above was a potential contract with new customers, which is not recognised separately as it is not separable and it does not meet the criteria for recognition as an intangible asset under IAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash consideration	–
Cash and cash equivalents acquired	244,106
Net inflow of cash and cash equivalents included in cash flows from investing activities	244,106

Since the acquisition, Super Ming Group contributed RMB1,047,415,000 to the Group's revenue and RMB21,663,000 to the consolidated profit for the year ended 31 December 2023.

Had the combination taken place at the beginning of the year of 2023, the revenue from the Group and the profit of the Group for the year ended 31 December 2023 would have been RMB17,048,977,000 and RMB282,689,000, respectively.

32. SHARE-BASED PAYMENT

From 2022 to 2024, the Company and the founder of the Company signed restricted share agreements (the "RS agreements") with certain employees.

The RSs granted by the Company fall into two categories, of which vest entirely after the completion of a service period ranging from 5 to 7 years or vest batch by batch equally during a period ranging for 6 months to 18 months or 1 year to 4 years. Once the vesting conditions underlying the respective RSs are met, the RSs are considered duly and validly issued to the holders.

The following equity-settled share-based payment was outstanding during the Relevant Periods:

	Weighted average exercise price	Number of RSs
	RMB per RS	
At 1 January 2022	1.00	415,006
Granted	1.00	140,100
Forfeited	1.00	(18,405)
At 31 December 2022	1.00	536,701
At 1 January 2023	1.00	536,701
Granted	1.00	322,251
Forfeited	1.00	(10,000)
At 31 December 2023	1.00	848,952
At 1 January 2024	1.00	848,952
Granted	1.00	151,448
Forfeited	1.00	(35,000)
At 31 December 2024	1.00	965,400

The fair values of the RSs granted during the years ended 31 December 2022, 2023 and 2024 were RMB33,045,000, RMB113,743,000 and RMB63,185,000, respectively. The fair value of each RS granted during the years ended 31 December 2022, 2023 and 2024 was RMB235.87, RMB352.96 and RMB417.20, respectively.

The Group replaced the unvested share-based payment arrangements of Super Ming Group by newly granted 107,427 RSs under the Company's share-based payment arrangements which was included in the RSs granted during the year ended 31 December 2023. The fair value amounting to RMB24,752,000 was allocated to post-combination service of employees to the Group and the fair value amounting to RMB13,166,000 was allocated to the consideration for the acquisition of Super Ming Group.

The Company also granted 38,632 share options in 2024, which may vest during service periods ranging from one to four years. In 2024, no share options were exercised or forfeited. No share options were exercisable as at 31 December 2024 The exercise price of 35,672 share options was RMB18.25 per share option. The exercise price of 2,960 share options was RMB12.90 per share option.

The fair values of the share options granted during the year ended 31 December 2024 were RMB15,467,000.

The fair value of 35,672 share options was RMB399.95 per share option. The fair value of 2,960 share options was RMB405.30 per share option.

The Group recognised share-based payment expenses of RMB9,844,000, RMB17,275,000, RMB77,343,000 in relation to the above-mentioned share-based payment for the years ended 31 December 2022, 2023 and 2024, respectively.

Share-based payment expense relating to RSs granted to employees which is based on the grant date fair values of the RSs is recognised on a straight-line basis over the entire vesting period. The fair value of each RS at the grant date is determined using a DCF model, with the assistance of an independent third-party valuation firm.

Key assumptions are set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
Discount rate (%)	11.6	11.0	10.9
Annual revenue growth rate for the 5-year period (%)	4.6-61.8	6.4-121.0	3.4-57.0

The expected revenue growth rate was determined by the management based on past performance and its expectation for market development. The discount rate was estimated by the weighted average cost of capital as of the valuation date. Expected dividends were not incorporated in the fair value measurement.

The fair value of share options granted was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Year ended 31 December
	2024
Stock price volatility (%)	39.8
Risk-free rate (%)	1.9

The stock price volatility applied to the option pricing model is derived from the historical stock price volatility of comparable listed companies in the sector during the three-year period prior to the valuation date.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transaction

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of 100% equity interests in Super Ming Group – Note 31
- Non-cash additions to right-of-use assets and lease liabilities – Note 15

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	*RMB'000*
At 1 January 2022	–	44,392
Changes from financing cash flows	–	(17,827)
New leases	–	27,590
Interest expense	–	2,159
Derecognised upon early termination of leases	–	(4,622)
At 31 December 2022 and 1 January 2023	–	51,692
Increase arising from acquisition of subsidiaries	–	57,755
Changes from financing cash flows	–	(39,960)
New leases	–	89,802
Interest expense	–	2,899
Derecognised upon early termination of leases	–	(20,592)
At 31 December 2023 and 1 January 2024	–	141,596
Changes from financing cash flows	491,000	(113,153)
New leases	–	255,219
Interest expense	–	6,641
Derecognised upon early termination of leases	–	(32,393)
At 31 December 2024	491,000	257,910

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	5,817	8,472	39,375
Within investing activities	–	91,956	–
Within financing activities	17,827	39,960	113,153
	23,644	140,388	152,528

34. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for purchase of property, plant and equipment	–	19,367	167,297

35. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

The Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods and provision of related services to related parties			
Stores controlled by key management personnel	–	44,067	401,179
Associates	–	145,246	167,854
	–	189,313	569,033
Purchase of products from			
An entity controlled by a shareholder who has significant influence over the Group	–	28,472	92,503
Advances of receivables due from			
Associates	–	1,600	55,000
Repayment of receivables due from			
Associates	–	–	25,400
Interest income from			
Associates	–	33	10

(b) Outstanding balances with related parties:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties			
Trade receivables			
Stores controlled by key management personnel	–	35,147	–
Prepayments, other receivables and other assets			
A director	1,150	–	–
Stores controlled by key management personnel	–	57	–
Associates	–	1,635	31,200
	1,150	1,692	31,200
Amounts due to related parties			
Trade payables			
An entity controlled by a shareholder who has significant influence over the Group	–	5,756	5,197
Other payables and accruals			
Stores controlled by key management personnel	–	1,122	–
Associates	–	14	21
	–	1,136	21
Contract liabilities			
Stores controlled by key management personnel	–	1,490	1,321

Amounts due from related parties were unsecured, interest-free and repayable within one year, except for a loan to one associate amounting to RMB30,000,000 as of 31 December 2024 which was secured by the share of this associate. Amounts due to related parties were unsecured, interest-free and repayable within 30 days.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries	7,461	5,933	10,378
Allowances and benefits in kind	4	4	67
Pension scheme contributions	119	198	416
Equity-settled share-based payment	10	1,715	10,820
	7,594	7,850	21,681

Further details of directors' and the chief executive's emoluments are included in note 9 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2022, 2023 and 2024 are as follows:

31 December 2022

Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	–	388,268	388,268
Restricted cash and time deposits	–	80,870	80,870
Financial assets at fair value through profit or loss	50,370	–	50,370
Trade receivables	–	3,632	3,632
Financial assets included in prepayments, other receivables and other assets	–	70,516	70,516
	50,370	543,286	593,656

Financial liabilities	Financial liabilities at amortised cost
	RMB'000
Trade payables	117,805
Lease liabilities	51,692
Financial liabilities included in other payables and accruals	36,416
	205,913

31 December 2023

Financial assets	Financial assets at amortised cost
	RMB'000
Cash and cash equivalents	1,720,850
Restricted cash	10,036
Trade receivables	60,034
Financial assets included in prepayments, other receivables and other assets	169,479
	1,960,399

Financial liabilities	Financial liabilities at amortised cost
	RMB'000
Trade payables	602,121
Financial liabilities included in other payables and accruals	268,573
Lease liabilities	141,596
	1,012,290

31 December 2024

Financial assets	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	–	1,936,034	1,936,034
Restricted cash	–	5,090	5,090
Financial assets at fair value through profit or loss	30,105	–	30,105
Trade receivables	–	153,108	153,108
Financial assets included in prepayments, other receivables and other assets	–	444,764	444,764
	30,105	2,538,996	2,569,101

Financial liabilities	Financial liabilities at amortised cost
	RMB'000
Trade payables	1,495,020
Interest-bearing bank borrowings	491,000
Financial liabilities included in other payables and accruals	502,856
Lease liabilities	257,910
	2,746,786

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash and time deposits, trade receivables, current portion of financial assets included in prepayments, other receivables and other assets, interest-bearing bank borrowings, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance center is responsible for determining the policies and procedures for the fair value management of financial instruments. The finance center reports directly to the chief financial officer and the board of directors. At each reporting date, the finance center analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The fair value of the non-current portion of prepayment, other receivables and other assets has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Its fair value approximates to its carrying amount.

Financial assets at fair value through profit or loss of the Group were wealth management products with banks in Mainland China, the fair value of which was based on expected cash flow from implied yield.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022				
Financial assets at fair value through profit or loss	–	50,370	–	50,370
As at 31 December 2024				
Financial assets at fair value through profit or loss	–	30,105	–	30,105

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers out of Level 3 for financial assets.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, cash and cash equivalent and interest-bearing bank borrowings. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The management of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the management of the Company consider the Group's exposure to bad debts is not significant.

Maximum exposure and staging as at 31 December 2022, 2023 and 2024

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at 31 December 2022, 2023 and 2024. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs	
31 December 2022	**Stage 1**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables*	–	3,823	3,823
Financial assets included in prepayments, other receivables and other assets			
– Normal**	70,519	–	70,519
Cash and cash equivalents			
– Not yet past due	388,268	–	388,268
Restricted cash and time deposits			
– Not yet past due	80,870	–	80,870
	539,657	3,823	543,480

	12-month ECLs	Lifetime ECLs	
31 December 2023	**Stage 1**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables*	–	60,112	60,112
Financial assets included in prepayments, other receivables and other assets			
– Normal**	169,527	–	169,527
Cash and cash equivalents			
– Not yet past due	1,720,850	–	1,720,850
Restricted cash			
– Not yet past due	10,036	–	10,036
	1,900,413	60,112	1,960,525

	12-month ECLs	Lifetime ECLs	
31 December 2024	**Stage 1**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables*	–	153,282	153,282
Financial assets included in prepayments, other receivables and other assets			
– Normal**	444,839	–	444,839
Cash and cash equivalents			
– Not yet past due	1,936,034	–	1,936,034
Restricted cash			
– Not yet past due	5,090	–	5,090
	2,385,963	153,282	2,539,245

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalent deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The maturity profile of the Group's financial liabilities as at 31 December 2022, 2023 and 2024, based on the contractual undiscounted payments, is as follows:

31 December 2022	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	117,805	–	–	117,805
Financial liabilities included in other payables and accruals	36,416	–	–	36,416
Lease liabilities	21,679	32,853	305	54,837
	175,900	32,853	305	209,058

31 December 2023	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	602,121	–	–	602,121
Financial liabilities included in other payables and accruals	268,573	–	–	268,573
Lease liabilities	78,677	67,853	1,760	148,290
	949,371	67,853	1,760	1,018,984

31 December 2024	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,495,020	–	–	1,495,020
Financial liabilities included in other payables and accruals	502,856	–	–	502,856
Lease liabilities	116,719	140,202	15,645	272,566
Interest-bearing bank borrowings	491,365	–	–	491,365
	2,605,960	140,202	15,645	2,761,807

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders' value.

The Group regards issued capital, capital reserve and all other equity reserves as its capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to equity holders, return capital to equity holders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using debt-to-asset ratio, which is total liabilities divided by total assets. The ratios as at 31 December 2022, 2023 and 2024 were as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Total assets	933,014	6,698,734	10,168,219
Total liabilities	340,922	2,103,918	4,440,420
Debt-to-asset ratio	36.54%	31.41%	43.67%

39. EVENTS AFTER THE RELEVANT PERIODS

In February 2025, the board of directors of the Company resolved to convert the Company from a limited liability company into a joint stock limited liability company. In March 2025, the conversion was completed, and the share capital of the Company was increased to RMB40,000,000.

In March 2025, the Company conducted an additional share issuance of 2,105,262 shares at a price of RMB1 per share, and the share capital of the Company was increased to RMB42,105,262.

In March 2025, the Company and the founder of the Company signed RS agreements with certain employees to grant under the 2025 Employee Incentive Scheme a total of 3,575,550 RSs, which represents 8.49% of the Company's share capital.

In March 2025, pursuant to the shareholders' resolution, the Company declared a dividend of RMB300,000,000 to its shareholders, which was paid in April 2025.

In April 2025, the Company capitalised its capital reserve by issuing approximately 3.75 additional shares for every 1 share held by all shareholders. The share capital of the Company was increased to RMB200,000,000 after capitalisation.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 December 2024.

II. SUPPLEMENTARY PRE-ACQUISITION FINANCIAL INFORMATION OF SUPER MING GROUP

1. FINANCIAL INFORMATION OF SUPER MING GROUP

Pre-acquisition financial information of Super Ming Group for the period from 1 January 2022 to 30 November 2023 (the "Pre-acquisition Period") has been prepared in accordance with the basis of preparation and accounting policies as set out in notes 2.1 and 2.3 to the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 December 2022**	**Eleven months ended 30 November 2023**
		RMB'000	*RMB'000*
REVENUE	*2.2*	854,816	6,753,659
Cost of sales		(810,611)	(6,372,222)
Gross profit		44,205	381,437
Other income and gains, and other expenses	*2.3*	322	178
Selling and marketing expenses		(21,707)	(198,518)
Administrative expenses		(20,203)	(74,800)
Impairment losses on financial assets, net		(24)	(25)
Finance costs	*2.5*	(161)	(1,613)
PROFIT BEFORE TAX	*2.4*	2,432	106,659
Income tax expense	*2.6*	(5,268)	(41,504)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD		(2,836)	65,155
Attributable to:			
Owners of the parent		(2,836)	66,183
Non-controlling interests		–	(1,028)
		(2,836)	65,155

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**31 December 2022**	**30 November 2023**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*2.8*	5,579	15,106
Right-of-use assets	*2.9*	21,106	58,102
Other intangible assets	*2.10*	218	5,322
Deferred tax assets	*2.11*	6,304	37,938
Prepayments, other receivables and other assets	*2.12*	3,013	6,227
Total non-current assets		36,220	122,695
CURRENT ASSETS			
Inventories	*2.13*	183,452	311,661
Trade receivables	*2.14*	4,132	42,153
Prepayments, other receivables and other assets	*2.12*	48,639	314,843
Cash and cash equivalents	*2.15*	22,998	244,106
Total current assets		259,221	912,763
CURRENT LIABILITIES			
Trade payables	*2.16*	128,800	270,445
Contract liabilities	*2.17*	72,724	216,715
Other payables and accruals	*2.18*	70,421	241,875
Lease liabilities	*2.9*	11,088	38,598
Tax payables		11,265	45,216
Total current liabilities		294,298	812,849
NET CURRENT (LIABILITIES)/ASSETS		(35,077)	99,914
TOTAL ASSETS LESS CURRENT LIABILITIES		1,143	222,609
NON-CURRENT LIABILITIES			
Lease liabilities	*2.9*	8,938	19,157
Deferred tax liabilities	*2.11*	303	644
Contract liabilities	*2.17*	12,859	47,798
Total non-current liabilities		22,100	67,599
Net (liabilities)/assets		(20,957)	155,010
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	*2.19*	–	116
Reserves	*2.20*	(20,957)	147,752
		(20,957)	147,868
Non-controlling interests		–	7,142
Total equity		(20,957)	155,010

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Accumulated losses
	RMB'000
At 1 January 2022	(18,121)
Loss for the year	(2,836)
Total comprehensive loss for the year	(2,836)
At 31 December 2022	(20,957)

Eleven months ended 30 November 2023

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve	Equity-settled share-based payment reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	–	–	(20,957)	(20,957)	–	(20,957)
Profit for the period	–	–	–	66,183	66,183	(1,028)	65,155
Total comprehensive income for the period	–	–	–	66,183	66,183	(1,028)	65,155
Dividends declared *(note 2.7)*	–	–	–	(50,000)	(50,000)	–	(50,000)
Capital injection	116	149,734	–	–	149,850	–	149,850
Capital contribution from non-controlling interests	–	–	–	–	–	3,800	3,800
Others	–	(4,370)	–	–	(4,370)	4,370	–
Equity-settled share-based payment	–	–	7,162	–	7,162	–	7,162
At 30 November 2023	116	145,364	7,162	(4,774)	147,868	7,142	155,010

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2022	Eleven months ended 30 November 2023
		RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,432	106,659
Adjustments for:			
Depreciation of items of property, plant and equipment	2.8	161	2,193
Depreciation of right-of-use assets	2.9	1,799	22,448
Amortisation of other intangible assets	2.10	4	676
Share-based payment expense	2.4	–	7,162
Loss on disposal of items of property, plant and equipment	2.4	–	51
(Gain)/loss on disposal of right-of-use assets		(24)	118
Impairment losses on trade receivables, net	2.14	23	20
Impairment losses on prepayments, other receivables and other assets, net	2.12	1	5
Interest income	2.3	(16)	(541)
Finance costs	2.5	161	1,613
		4,541	140,404
Increase in inventories		(182,351)	(128,209)
Increase in trade receivables		(4,155)	(38,041)
Increase in prepayments, other receivables and other assets		(45,759)	(269,445)
Increase in trade payables		127,102	141,645
Increase in other payables and accruals		53,258	169,088
Increase in contract liabilities		80,164	178,930
		32,800	194,372
Tax paid		(60)	(38,846)
Net cash flows from operating activities		32,740	155,526
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		–	28
Purchase of items of property, plant and equipment		(6,786)	(9,411)
Purchase of other intangible assets	2.10	(222)	(7,314)
Proceeds from disposal of other intangible assets	2.10	–	1,534
Interest received		16	541
Net cash flows used in investing activities		(6,992)	(14,622)

	Notes	Year ended 31 December 2022	Eleven months ended 30 November 2023
		RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection		–	153,650
Dividends paid		–	(50,000)
Interest portion of lease payments	2.9	(161)	(1,613)
Principal portion of lease payments		(2,855)	(21,833)
Net cash flows (used in)/from financing activities		(3,016)	80,204
NET INCREASE IN CASH AND CASH EQUIVALENTS		22,732	221,108
Cash and cash equivalents at beginning of year/period		266	22,998
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	2.15	22,998	244,106

2. NOTES TO THE FINANCIAL INFORMATION OF SUPER MING GROUP

2.1 MATERIAL ACCOUNTING POLICY INFORMATION

The financial information of Super Ming Group has been prepared in accordance with the material accounting policies set out in Section I of this report.

2.2 REVENUE

Revenue represents income from sale of goods to customers, and provision of related services during the eleven months ended 30 November 2023 and the year ended 31 December 2022.

(i) Disaggregated revenue information

	Year ended 31 December 2022	Eleven months ended 30 November 2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	852,340	6,716,295
Provision of related services	2,476	37,364
Total revenue from contracts with customers	854,816	6,753,659
Timing of revenue recognition		
At a point in time	852,340	6,725,033
Over time	2,476	28,626
Total revenue from contracts with customers	854,816	6,753,659

The following table illustrates the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of the respective period:

	Year ended 31 December 2022	Eleven months ended 30 November 2023
	RMB'000	*RMB'000*
Sale of goods	5,419	63,169
Provision of related services	–	5,400
Total	5,419	68,569

(ii) Performance obligations

Information about the Super Ming Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied when customers take possession of and accept the deliveries in stores or appointed locations. For majority of the sales transactions, customers make advance payments before the goods and services are delivered to them.

Individual customers are entitled to loyalty points according to the membership loyalty programme which results in allocation of a portion of the transaction price to the loyalty points entitled by customers. Revenue is recognised when loyalty points are redeemed or expired.

Provision of related services

The performance obligation of management, technology and training service is satisfied over time when services are rendered. Generally, these services contracts are for periods of three or five years and payment in advance is normally required.

The performance obligation of loading and unloading services and commission services is satisfied upon completion of services. These service contracts are billed after completion of the services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 November 2023 and 31 December 2022 are as follows:

	As at 31 December 2022	As at 30 November 2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	72,724	216,715
After one year	12,859	47,798
Total	85,583	264,513

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to services, of which the performance obligations are to be satisfied within two to four years. Except for the membership loyalty programme, the Super Ming Group does not have variable consideration which is constrained and not included in the amounts disclosed above.

2.3 OTHER INCOME AND GAINS, AND OTHER EXPENSES

	Year ended 31 December 2022	Eleven months ended 30 November 2023
	RMB'000	**RMB'000**
Interest income	16	541
Government grants	–	50
Compensation received	–	411
Donations	(19)	(1,200)
Foreign exchange differences, net	–	321
Others	325	55
Total	322	178

2.4 PROFIT BEFORE TAX

The Super Ming Group's profit before tax is arrived at after charging:

	Notes	Year ended 31 December 2022	Eleven months ended 30 November 2023
		RMB'000	*RMB'000*
Cost of inventories sold		798,948	6,234,956
Transportation expenses		9,351	116,596
Depreciation of right-of-use assets	*2.9*	1,799	22,448
Depreciation of property, plant and equipment	*2.8*	161	2,193
Amortisation of other intangible assets	*2.10*	4	676
Auditor's remuneration		233	562
Employee benefit expense:			
Wages and salaries		23,753	117,916
Pension scheme contributions*		462	5,024
Share-based payment expenses	*2.21*	–	7,162
Expenses relating to short-term leases		2,675	7,830
Impairment losses on trade receivables, net	*2.14*	23	20
Impairment losses on financial assets included in prepayments, other receivables and other assets, net		1	5
Loss on disposal of items of property, plant and equipment		–	51

* There are no forfeited contributions that may be used by the Super Ming Group as the employer to reduce the existing level of contributions

2.5 FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2022	Eleven months ended 30 November 2023
	RMB'000	*RMB'000*
Interest on lease liabilities	161	1,613

2.6 INCOME TAX

The Super Ming Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Super Ming Group are domiciled or operate.

PRC enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Super Ming Group's PRC subsidiaries is 25%.

Certain of the Super Ming Group's PRC subsidiaries are qualified as small and micro enterprises and were entitled to a preferential EIT rate of 2.5% for the taxable income below RMB1 million, and a preferential EIT rate of 5% for the taxable income between RMB1 million and RMB3 million during the eleven months ended 30 November 2023 and the year ended 31 December 2022.

	Year ended 31 December 2022	Eleven months ended 30 November 2023
	RMB'000	*RMB'000*
Current income tax	11,269	72,797
Deferred tax	(6,001)	(31,293)
Total tax charge for the year/period	5,268	41,504

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which Yichun Super Ming Food Technology Co., Ltd. ("Super Ming Food Technology") and the majority of its subsidiaries are domiciled or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2022	Eleven months ended 30 November 2023
	RMB'000	*RMB'000*
Profit before tax	2,432	106,659
Tax at the statutory tax rate of 25%	608	26,665
Effect of preferential tax rates of subsidiaries	–	(238)
Expenses not deductible for tax	3,610	13,284
Tax losses and temporary differences not recognised	1,050	2,843
Others	–	(1,050)
Tax charge at the effective rate	5,268	41,504

2.7 DIVIDENDS

	Year ended 31 December 2022	Eleven months ended 30 November 2023
	RMB'000	*RMB'000*
Dividends declared by Super Ming Food Technology	–	50,000

On 6 November 2023, Super Ming Food Technology declared dividends of RMB50,000,000 to its shareholders, which were paid in November 2023.

2.8 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 November 2023						
At 1 January 2023:						
Cost	3,806	122	905	755	152	5,740
Accumulated depreciation	(35)	(2)	(47)	(52)	(25)	(161)
Net carrying amount	3,771	120	858	703	127	5,579
At 1 January 2023, net of accumulated depreciation	3,771	120	858	703	127	5,579
Additions	4,752	1,287	1,919	1,493	2,348	11,799
Depreciation provided during the period	(466)	(169)	(504)	(348)	(706)	(2,193)
Disposals	(62)	–	–	(17)	–	(79)
At 30 November 2023, net of accumulated depreciation	7,995	1,238	2,273	1,831	1,769	15,106
At 30 November 2023:						
Cost	8,490	1,409	2,824	2,229	2,500	17,452
Accumulated depreciation	(495)	(171)	(551)	(398)	(731)	(2,346)
Net carrying amount	7,995	1,238	2,273	1,831	1,769	15,106

	Plant and machinery	Motor vehicles	Electronic equipment	Office equipment and other equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022						
At 1 January 2022, net of accumulated depreciation	–	–	–	–	–	–
Additions	3,806	122	905	755	152	5,740
Depreciation provided during the year	(35)	(2)	(47)	(52)	(25)	(161)
At 31 December 2022, net of accumulated depreciation	3,771	120	858	703	127	5,579
At 31 December 2022:						
Cost	3,806	122	905	755	152	5,740
Accumulated depreciation	(35)	(2)	(47)	(52)	(25)	(161)
Net carrying amount	3,771	120	858	703	127	5,579

2.9 LEASES

Super Ming Group as a lessee

Super Ming Group has lease contracts for items of office premises and warehouses used in its operations. Leases of office premises and warehouses generally have lease terms between 1.25 years and 3.5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the eleven months ended 30 November 2023 and the year ended 31 December 2022 are as follows:

	Office premises and warehouses
	RMB'000
At 1 January 2022	–
Additions	24,161
Depreciation provided during the year	(1,799)
Early termination	(1,256)
At 31 December 2022, net of accumulated depreciation	21,106
Additions	62,549
Depreciation provided during the period	(22,448)
Early termination	(3,105)
At 30 November 2023, net of accumulated depreciation	58,102

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the eleven months ended 30 November 2023 and the year ended 31 December 2022 are as follows:

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Carrying amount at 1 January	–	20,026
New leases	24,161	62,549
Accretion of interest recognised during the year/period	161	1,613
Early termination	(1,280)	(2,987)
Payments	(3,016)	(23,446)
Carrying amount at year/period end	20,026	57,755
Analysed into:		
Current	11,088	38,598
Non-current	8,938	19,157

2.10 OTHER INTANGIBLE ASSETS

	Software
	RMB'000
30 November 2023	
At 1 January 2023:	
Cost	222
Accumulated amortisation	(4)
Net carrying amount	218
At 1 January 2023, net of accumulated amortisation	218
Additions	7,314
Amortisation provided during the period	(676)
Disposals	(1,534)
At 30 November 2023, net of accumulated amortisation	5,322
At 30 November 2023:	
Cost	5,862
Accumulated amortisation	(540)
Net carrying amount	5,322

	Software
	RMB'000
31 December 2022	
At 1 January 2022, net of accumulated amortisation	–
Additions	222
Amortisation provided during the year	(4)
At 31 December 2022, net of accumulated amortisation	218
At 31 December 2022:	
Cost	222
Accumulated amortisation	(4)
Net carrying amount	218

2.11 DEFERRED TAX

The movements in deferred tax assets during the eleven months ended 30 November 2023 and the year ended 31 December 2022 are as follows:

	Contract liabilities	Losses available for offsetting against future taxable profit	Lease liabilities	Deductible advertising and general publicity expenses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	–	–	–	–	–	–
Deferred tax credited to profit or loss during the year	6,042	255	4,076	–	–	10,373
Gross deferred tax assets at 31 December 2022	6,042	255	4,076	–	–	10,373
Deferred tax credited to profit or loss during the period	27,662	3,290	9,017	107	–	40,076
Gross deferred tax assets at 30 November 2023	33,704	3,545	13,093	107	–	50,449

As at 31 December 2022 and 30 November 2023, deferred tax assets have been recognised in respect of certain tax losses arising in Mainland China, which will expire in one to five years for offsetting against future taxable profits.

As at 31 December 2022 and 30 November 2023, certain subsidiaries of the Super Ming Group had deductible temporary differences and tax loss of RMB4,200,000 and RMB15,572,000 respectively. Deferred tax assets have not been recognised in respect of these deductible temporary differences and tax loss as it is not considered probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The movements in deferred tax liabilities during the eleven months ended 30 November 2023 and the year ended 31 December 2022 are as follows:

	Right-of-use assets
At 1 January 2022	–
Deferred tax charged to profit or loss during the year	4,372
Gross deferred tax liabilities at 31 December 2022	4,372
Deferred tax charged to profit or loss during the period	8,783
Gross deferred tax liabilities at 30 November 2023	13,155

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position of the Super Ming Group. The following is an analysis of the deferred tax balances of the Super Ming Group for financial reporting purposes:

	31 December 2022	**30 November 2023**
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	6,304	37,938
Net deferred tax liabilities recognised in the consolidated statements of financial position	303	644

2.12 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December 2022	**30 November 2023**
	RMB'000	*RMB'000*
Current:		
Prepayments	44,721	207,963
Deposits and other receivables	1,879	64,095
Recoverable value added tax	814	40,144
Other current assets	1,226	2,647
	48,640	314,849
Impairment allowance	(1)	(6)
	48,639	314,843
Non-current:		
Deposits and other receivables	1,432	4,802
Other non-current assets	1,581	1,425
	3,013	6,227

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 November 2023 and 31 December 2022, the loss allowance was assessed to be minimal.

2.13 INVENTORIES

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Finished goods	173,952	266,705
Goods shipped in transit	9,500	44,774
Other inventories	–	182
	183,452	311,661

2.14 TRADE RECEIVABLES

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Trade receivables	4,155	42,196
Impairment	(23)	(43)
Total	4,132	42,153

The Super Ming Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The credit period generally ranges from one day to one month. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Super Ming Group's trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Super Ming Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
At the beginning of the year/period	–	23
Impairment losses, net	23	20
At the end of the year/period	23	43

The Super Ming Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Super Ming Group overall considers the characteristics of the shared credit risk and the days past due of the trade receivables to measure the expected credit losses. Majority of the receivables were neither past due nor impaired and relate to diversified customers.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Forward-looking information was also incorporated. The expected credit loss rates were 0.1% and 0.6% as at 30 November 2023 and 31 December 2022, respectively.

2.15 CASH AND CASH EQUIVALENTS

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Cash and cash equivalents	22,998	244,106
Denominated in:		
RMB	22,998	244,105
USD	–	1
	22,998	244,106

The RMB is not freely convertible into other currencies, however, under Regulations on the Foreign Exchange Control of the PRC and the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange, the Super Ming Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

2.16 TRADE PAYABLES

An ageing analysis of the trade payables as at 30 November 2023 and 31 December 2022, based on the invoice date, is as follows:

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Within 6 months	128,800	270,445

Trade payables are non-interest-bearing and normally settled on terms of up to 6 months.

2.17 CONTRACT LIABILITIES

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Current:		
Sale of goods	66,832	185,440
Provision of related services	5,892	31,275
	72,724	216,715
Non-current:		
Provision of related services	12,859	47,798

Contract liabilities of the Super Ming Group mainly arise from the advance payments received from customers for goods and deferred upfront services fees. The increase in contract liabilities as at 30 November 2023 was mainly due to the increase of short-term advances received from customers in relation to the sale of goods at the end of that period.

2.18 OTHER PAYABLES AND ACCRUALS

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Current:		
Payroll and welfare payable	6,844	19,086
Accruals and other payables	37,761	75,564
Other tax payable	10,360	83,605
Deposits payable	15,456	63,620
	70,421	241,875

Other payables are unsecured and non-interest-bearing. The fair values of other payables at 30 November 2023 and 31 December 2022 approximated to their corresponding carrying amounts.

2.19 PAID-IN CAPITAL

	Total
	RMB'000
At 31 December 2022 and at 1 January 2023	–
Capital injection *(note (i))*	116
At 30 November 2023	116

Note:

(i) In May 2023, capital totaling RMB149,850,000 was injected into Yichun Super Ming Food Technology Co., Ltd. by investors with approximately RMB116,000 and RMB149,734,000 credited to paid-in capital and capital reserve, respectively.

2.20 RESERVE

(a) Capital reserve

The capital reserve mainly represents capital contribution. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of Super Ming Group.

(b) Equity-settled share-based payment reserve

The equity-settled share-based payment reserve comprises the fair value of the RSs granted, as further explained in note 2.21 below.

2.21 SHARE-BASED PAYMENT

During the eleven months ended 30 November 2023, Yichun Super Ming Food Technology Co., Ltd signed restricted share agreements (the "RS agreements") with certain employees.

The RSs granted vest batch by batch equally during a period ranging for 1 year to 4 years. Once the vesting conditions underlying the respective RSs are met, the RSs are considered duly and validly issued to the holders.

The following equity-settled share-based payment was outstanding during the eleven months ended 30 November 2023:

	Weighted average exercise price	Number of RSs
	RMB per RS	
At 1 January 2023	–	–
Granted	1.00	14,000
At 30 November 2023	1.00	14,000

The fair value of the RSs granted during the eleven months ended 30 November 2023 was RMB20,651,000 (RMB1475.06 each).

Super Ming Group recognised share-based payment expenses of nil and RMB7,162,000 in relation to the above-mentioned share-based payment during the year ended 31 December 2022 and the eleven months ended 30 November 2023.

Share-based payment expense relating to RSs granted to employees which is based on the grant date fair values of the RSs is recognised on a straight-line basis over the entire vesting period. The fair value of each RS at the grant date is determined using a DCF model, with the assistance of an independent third-party valuation firm.

Key assumptions are set out below:

	Eleven months ended 30 November
	2023
Discount rate (%)	11.5
Annual revenue growth rate for the 5-year period (%)	2.3-59.1

The expected revenue growth rate is determined by the management based on past performance and its expectation for market development. The discount rate was estimated by the weighted average cost of capital as of the valuation date.

2.22 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS OF SUPER MING GROUP

(a) Major non-cash transaction

Non-cash investing and financing activities disclosed in other note are:

- Non-cash additions to right-of-use assets and lease liabilities – note 2.9

(b) Changes in liabilities arising from financing activities

	Lease liabilities
	RMB'000
At 1 January 2022	–
Changes from financing cash flows	(3,016)
New leases	24,161
Interest expense	161
Derecognised upon termination of leases	(1,280)
At 31 December 2022 and 1 January 2023	20,026
Changes from financing cash flows	(23,446)
New leases	62,549
Interest expense	1,613
Derecognised upon termination of leases	(2,987)
At 30 November 2023	57,755

2.23 RELATED PARTY TRANSACTIONS

The Super Ming Group had the following material transactions with related parties during the eleven months ended 30 November 2023 and the year ended 31 December 2022:

(a) Transactions with related parties:

	Year ended 31 December 2022	Eleven months ended 30 November 2023
	RMB'000	*RMB'000*
Sale of goods and provision of related services to related parties		
Stores controlled by key management personnel	46,894	337,718

(b) Outstanding balances with related parties:

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Amounts due from related parties		
Trade receivables		
Stores controlled by key management personnel	3,750	35,565
Prepayments, other receivables and other assets		
Stores controlled by key management personnel	–	14
Amounts due to related parties		
Other payables and accruals		
Stores controlled by key management personnel	55	1,152
Contract liabilities		
Stores controlled by key management personnel	96	1,282

Amounts due from related parties were unsecured, interest-free and repayable on demand, and amounts due to related parties were unsecured, interest-free and repayable within 30 days.

2.24 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 30 November 2023 and 31 December 2022 are as follows:

31 December 2022

Financial assets	Financial assets at amortised cost
	RMB'000
Cash and cash equivalents	22,998
Trade receivables	4,132
Financial assets included in prepayments, other receivables and other assets	6,117
	33,247

Financial liabilities	Financial liabilities at amortised cost
	RMB'000
Trade payables	128,800
Financial liabilities included in other payables and accruals	53,217
Lease liabilities	20,026
	202,043

30 November 2023

Financial assets	Financial assets at amortised cost
	RMB'000
Cash and cash equivalents	244,106
Trade receivables	42,153
Financial assets included in prepayments, other receivables and other assets	72,963
	359,222

Financial liabilities	Financial liabilities at amortised cost
	RMB'000
Trade payables	270,445
Financial liabilities included in other payables and accruals	139,184
Lease liabilities	57,755
	467,384

2.25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Super Ming Group's principal financial instruments comprise cash and cash equivalent. The Super Ming Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Super Ming Group's financial instruments are credit risk and liquidity risk. The management of the Super Ming Food Technology reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Super Ming Group trades only with recognised and creditworthy third parties. It is the Super Ming Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the management of Super Ming Food Technology consider the Super Ming Group's exposure to bad debts is not significant.

Maximum exposure and staging as at 30 November 2023 and 31 December 2022

The table below shows the credit quality and the maximum exposure to credit risk based on the Super Ming Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at 30 November 2023 and 31 December 2022. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs	
31 December 2022	Stage 1	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables*	–	4,155	4,155
Financial assets included in prepayments, other receivables and other assets			
– Normal**	6,118	–	6,118
Cash and cash equivalents			
– Not yet past due	22,998	–	22,998
	29,116	4,155	33,271

	12-month ECLs	Lifetime ECLs	
30 November 2023	**Stage 1**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables*	–	42,196	42,196
Financial assets included in prepayments, other receivables and other assets			
– Normal**	72,969	–	72,969
Cash and cash equivalents			
– Not yet past due	244,106	–	244,106
	317,075	42,196	359,271

* For trade receivables to which the Super Ming Group applies the simplified approach for impairment, RMB4,155,000 and RMB42,196,000 are not yet past due as at 31 December 2022 and 30 November 2023, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Super Ming Group monitors and maintains a level of cash and cash equivalent deemed adequate by management of the Super Ming Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The maturity profile of the Super Ming Group's financial liabilities as at 30 November 2023 and 31 December 2022, based on the contractual undiscounted payments, is as follows:

31 December 2022	**Less than 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	128,800	–	128,800
Financial liabilities included in other payables and accruals	53,217	–	53,217
Lease liabilities	11,709	9,141	20,850
	193,726	9,141	202,867

30 November 2023	**Less than 12 months**	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	270,445	–	270,445
Financial liabilities included in other payables and accruals	139,184	–	139,184
Lease liabilities	40,078	19,422	59,500
	449,707	19,422	469,129

Capital management

The primary objectives of the Super Ming Group's capital management are to safeguard the Super Ming Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders' value.

The Super Ming Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Super Ming Group may adjust the dividend payment to equity holders, return capital to equity holders or issue new shares. The Super Ming Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting periods.

The Super Ming Group monitors capital using debt-to-asset ratio, which is total liabilities divided by total assets. The ratios as at 30 November 2023 and 31 December 2022 were as follows:

	31 December 2022	30 November 2023
	RMB'000	*RMB'000*
Total assets	295,441	1,035,458
Total liabilities	316,398	880,448
Debt-to-asset ratio	107.09%	85.03%

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the People's Republic of ("PRC") and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the PRC and elsewhere tax consequences of owning and disposing of the H shares.

Taxation In mainland China

Tax on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), or the Individual Income Tax Law, lastly amended by the Standing Committee of the National People's Congress ("SCNPC") on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) lastly amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by mainland China companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) jointly issued by the Ministry of Finance ("MOF"), the State Administration of Taxation ("SAT") and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the government may impose tax on dividends paid by a company in mainland China to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a company in mainland China and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the company in mainland China. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), or the Fifth Protocol, issued by the SAT and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, lastly amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules of the EIT Law, amended by the State Council and effective on 23 April 2019, a non-resident enterprise is subject to a 10% EIT on mainland China-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the mainland China or has an establishment or place of business in the mainland China but the mainland China-sourced income is not actually connected with such establishment or place of business in the mainland China. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the EIT on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT and effective on 6 November 2008, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008. The Reply on the Collection of EIT on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), promulgated by the SAT on 24 July 2009 and effective on the same day, further provides that PRC-resident enterprises listed on mainland China and overseas stock exchanges by issuing stocks must withhold EIT at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC government has concluded with a relevant country or region, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a mainland China company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the mainland China company. If a Hong Kong resident directly holds 25% or more of equity interest in a mainland China company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the mainland China company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the tax authorities in mainland China for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the mainland China tax authorities' verification.

Taxation for Share Transfer

Value-added Tax and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (the "Circular 36"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to Value-added Tax ("VAT") and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and State Administration of Taxation on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares, if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "Local Additional Tax"), which shall be usually subject to 12% of the value-added tax, business tax and consumption tax actually paid (if any).

Income tax

Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT on 30 March 1998 and effective on the same day, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from individual income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to EIT at the rate of 10% with respect to mainland China-sourced income, including gains derived from the disposal of shares in a mainland China resident enterprise, if it does not have an establishment or place of business in the mainland China or has an establishment or place of business in the mainland China but the mainland China-sourced income is not actually connected with such establishment or place of business in the mainland China. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under the applicable tax treaties or arrangements on the avoidance of double taxation.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by enterprises in mainland China from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong

Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in mainland China to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated by the MOF, the SAT and the CSRC on 21 August 2023 and implemented on the same day, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. Pursuant to which, dividend income obtained by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by enterprise investors in mainland China from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of individual investors in mainland China to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續

實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same day, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect are included in their total income and subject to EIT according to law. In particular, dividends and bonus income obtained by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on 10 June 2021 and came into effect on 1 July 2022, the purchase and disposal of H shares by non-mainland China investors outside of mainland China are not subject to the requirements of the Stamp Duty Law of the PRC.

Estate duty

Pursuant to the laws of mainland China, no estate duty is currently levied in mainland China.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

EIT

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the mainland China are the taxpayers of EIT and shall pay EIT in accordance with the provisions of the EIT Law. The EIT rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the mainland China, or has an establishment or place of business in the mainland China but the income has no actual connection to such establishment or place of business, shall pay EIT on its income within the mainland China and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to EIT and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the mainland China.

VAT

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) lastly amended by the State Council on 19 November 2017 and effective on the same day and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) lastly amended by the MOF on 28 October 2011 and effective on 1 November 2011, all entities and individuals in mainland China engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay VAT. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

Pursuant to the Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the SAT on 4 April 2018, and became effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, SAT and General Administration of Customs), promulgated by the MOF, the SAT and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of mainland China is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) lately amended by the State Council on 5 August 2008 and effective on the same day, all international payments and transfers are classified into current account items and capital account items. Mainland China does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of enterprises in mainland China may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

Pursuant to relevant laws and regulations of the mainland China, mainland China enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

Pursuant to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

Pursuant to the Circular of the SAFE on Relevant Issues Concerning the Foreign Exchange Administration of 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 26 December 2014 and effective on the same day, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as "domestic companies") listed overseas are as follows:

(i) The SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.

(ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant material.

(iii) A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a "special foreign exchange account for overseas listing of domestic companies" with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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》) issued on 13 February 2015 and effective on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (《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》) issued by the SAFE on 9 June 2016 and effective on the same day, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

PRC LEGAL SYSTEM

The legal system of mainland China is based on the Constitution of the PRC (《中華人民共和國憲法》), or the "Constitution." And is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region laws and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), or the "Legislation Law," lastly amended by NPC on March 13, 2023 and effective on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provisions of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions shall be submitted for approval before implementation.

The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to amend or annul any inappropriate laws formulated by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government, but which contravene the Constitution and the Legislation Law. The State Council has the power to amend or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to amend or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws belongs to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed by the SCNPC and effective on June 10, 1981, the SCNPC shall give interpretation and make provisions by means of decrees on issues related to the further clarification or supplement of laws or decrees. The Supreme People's Court shall give interpretations on questions involving the specific application of laws and decrees in court trials. The Supreme People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities which have enacted these regulations shall provide interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) lastly amended by the SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) lastly amended by SCNPC on October 26, 2018 and effective on January 1, 2019, the People's Procuratorate is the law supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), or the "Civil Procedure Law" lastly amended by the SCNPC on September 1, 2023 and effective on January 1, 2024 sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the mainland China must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people's court. If a foreign court limits the litigation rights of PRC citizens, legal person or other organizations, the PRC court may apply the same limitations to the citizens, legal person or other organizations of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a lawyer from Mainland China if such person needs to engage a lawyer in initiating or defending any proceedings at a people's court. Under an international treaty or the principle of reciprocity signed or acceded to by the mainland China, the people's court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC's sovereignty, security or public interest, the people's court shall decline the request.

All parties involved must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the mainland China or whose property is not within the mainland China, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the mainland China enforcement procedures if the mainland China has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the mainland China, its sovereignty or security, or for reasons of social and public interests.

THE COMPANY LAW AND ADMINISTRATIVE MEASURES

A joint stock limited company established in mainland China seeking a listing on Hong Kong Stock Exchange is mainly subject to the following laws and regulations of Mainland China.

The Company Law, was lastly revised on December 29, 2023 and came into effect on July 1, 2024.

The Overseas Listing Trial Measures and its five interpretative guidelines, were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023 and were applicable to the direct and indirect overseas offering and listing of PRC domestic companies' securities.

According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the "Guidelines for Articles of Association," which was lastly amended by the CSRC and came into effect on March 28, 2025.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General

A joint stock limited company means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the Mainland China.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Share Capital

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issues of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. A joint stock limited company may issue shares at a par value or at a premium, but it may not issue shares below the par value.

To issue shares overseas, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Increase of Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to original shareholders, if any. If no par value stock is adopted, more than one-half of the proceeds from the issuance of shares shall be included in the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at shareholders' meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of Shares

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

(i) Reducing the registered capital; (ii) merging with other company that holds the shares of the company; (iii) using the shares for employee stocks plan or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by the listed company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of our Company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities exchange established according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted transfer period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of a company include: (i) to receive dividends and other forms of interest distribution according to the number of shares held; (ii) to legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders' meeting and exercise corresponding voting rights; (iii) to supervise business operations of the company, provide suggestions or submit queries; (iv) to transfer, grant or pledge the company's shares held according to the provisions of the laws, administrative regulations and the articles of association; (v) to read and copy the articles of association, the register of Shareholders, counterfoil of company debentures, General Meeting minutes, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports; (vi) shareholders who hold more than 3% of the company's shares individually or collectively for more than 180 consecutive days may inspect the company's accounting books and accounting vouchers in accordance with laws; (vii) to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon our termination or liquidation; (viii) to require our company to acquire the shares from Shareholders voting against any resolutions adopted at the General Meeting concerning the merger and division of the company; (ix) other rights conferred by laws, administrative regulations, regulations of the authorities or the articles of association.

The obligations of a shareholder of a company include: (i) to abide by laws, administrative regulations and the articles of association; (ii) to provide share capital according to the shares subscribed for and share participation methods; (iii) not to withdraw shares unless prescribed otherwise in laws and administrative regulations; (iv) not to abuse shareholders' rights to infringe upon the interests of the company or other shareholders; not to abuse the company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the company's creditors; (v) to perform other duties prescribed in laws, administrative regulations, departmental rules and articles of association.

Shareholder's Meetings

Under the Company Law, the shareholders' meeting of a joint stock limited company is made up of all shareholders. The shareholders' meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the board of directors; (iii) to examine and approve reports of the supervisory committee; (iv) to examine and approve a company's profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the company's articles of association; (ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders' meetings are required to be held once every year. An interim shareholders' meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association; (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital; (iii) shareholders individually or jointly holding 10% or more of the company's shares request; (iv) when deemed necessary by the board of directors; (v) the supervisory committee proposes to convene the meeting; (vi) other circumstances as stipulated in the articles of association.

Shareholders' meeting shall be convened by the board of directors, and presided over by the chairperson of the board of directors. In the event that the chairperson is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairperson. In the event that the vice chairperson is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board should convene and preside over shareholders' meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of interim meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' meeting. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Board

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of offices hall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The board of directors exercises the following functions and powers: (i) to convene shareholder's general meetings and report its work to the shareholder's general meetings; (ii) to implement the resolutions of the shareholder's general meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan; (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for cake, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

The board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf. If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is: (i) a person without capacity or with restricted capacity; (ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period; (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) a person who was legal representative of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to): (i) to preside over shareholders' meetings and convene and preside over board meetings; and (ii) to examine the implementation of resolutions of the board of directors; (iii) to exercise other powers conferred by the board of directors.

Managers and Senior Management

According to the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from: (i) embezzling the company's property or misappropriating of the company's capital; (ii) depositing the company's capital into accounts under his/her own name or the name of other individuals; (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power; (iv) accept and possess commissions paid by a third party for transactions conducted with the company; (v) unauthorized divulgence of confidential business information of the company; or (vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or the shareholders' meeting, subject to the approval of the board of directors or the shareholders' meeting according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances: (i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

Under the Company Law, a joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders' meeting.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and directors, supervisors, and senior management who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' meeting resolves to dissolve the company; (iii) dissolution is necessary due to a merger or division of the company; (iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with laws; (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with item (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the company's property and respectively prepare balance sheet and list of property; (ii) to notify creditors by notice or public announcement; (iii) to deal with the outstanding business of the company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the company after paying off debts; (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancellation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Overseas Listing Trial Measures, the domestic enterprise shall report the application documents for issuance and listing to the CSRC for record-filing within three working days after submission of the application documents for issuance and listing overseas.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Overseas Listing Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

SECURITIES LAW AND REGULATIONS

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the mainland China and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by companies in mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》), promulgated by the State Council on April 22, 1993 and came into effect on the same day, provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), promulgated by the State Council on December 25, 1995 and came into effect on the same day, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law, which was lastly amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the mainland China, and comprehensively regulates activities in the securities market of mainland China. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the mainland China or listing and trading its securities outside the Mainland China. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》), or the Arbitration Law, last amended by the SCNPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people's court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the mainland China shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

This appendix mainly provides investors with an overview of the Articles of Association. The following data is only a summary and not exhaustive data that may be important to investors.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in a transparent, fair and equal manner, and each share shall rank pari passu with other shares of the same class. Shares of the same class issued at the same time shall be issued with the same conditions and price per share; any individual shall pay the same price per share for the subscription of shares.

The domestic unlisted shares issued by the Company shall be registered and deposited at the domestic securities registration and settlement institution in a centralized manner. H shares issued by the Company may be kept by trustee escrow companies in accordance with laws, securities regulatory rules and requirements of securities registration and depository of the place where the Company's shares are listed, or may also be held by shareholders in their own name.

All the shares issued by the Company are denominated in Renminbi.

SHARE ADDITIONS, REPURCHASES AND TRANSFERS

Share increase or decrease

The Company may, pursuant to a resolution passed by a general meeting of shareholders, adopt the following methods to increase its capital according to its operation and development needs and in compliance with the provisions of laws and regulations:

(1) share issuance to unspecified parties;

(2) share issuance to specified parties;

(3) distribution of bonus shares to existing shareholders;

(4) conversion of the common reserve fund into additional share capital;

(5) other means as required by laws and administrative regulations and the relevant regulatory authorities such as China Securities Regulatory Commission (CSRC), Hong Kong Stock Exchange or the securities regulatory authorities in the place where the Company's shares are listed.

When a company reduces its registered capital, it will prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of making the decision in a general meeting of shareholders to reduce the registered capital, and make an announcement in newspapers (or the National Enterprise Credit Information Publicity

System), and the HKEXnews website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and the Company's official website within 30 days according to the securities regulatory rules in the place where the Company's shares are listed. The creditors have the right to demand the Company to pay off its debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if it has not received the notice.

Share repurchase

The Company shall not acquire the Company's shares except in any of the following circumstances:

(1) reduce the registered capital of the Company;

(2) merger with other companies which hold shares of the Company;

(3) use shares in employee shareholding plans or equity incentives;

(4) the shareholder requests the Company to purchase its shares due to objection to the resolution on the merger or division of the Company made by the shareholders' meeting;

(5) convert shares into corporate bonds issued by the Company that can be converted into share certificates;

(6) necessary for the Company to safeguard the Company's value and shareholders' interests;

(7) other circumstances permitted by laws, regulations and rules of the securities regulatory authorities where the Company's shares are listed.

Where the Company acquires the Company's shares due to the circumstances specified in items (3), (5) and (6) of the above, the acquisition shall be conducted through a public centralized transaction. Where the Company acquires the Company's shares due to the circumstances specified in items (1) and (2) of the above, the acquisition shall be subject to a resolution of the shareholders' meeting. Where the Company acquires the Company's shares due to the circumstances specified in items (3), (5) and (6) of the above, the acquisition shall be resolved by more than two-thirds of the directors who attended the Board meeting according to the provisions of the Articles of Association or as authorized by the shareholders' meeting, provided that it complies with the applicable securities regulatory rules of the place where the Company's shares are listed. For the acquisition of the Company's shares, the Company shall perform its information disclosure obligation in accordance with the laws, regulations and rules of the regulatory authorities where the Company's shares are listed. For the domestic unlisted shares, after the Company acquires the shares of the Company pursuant to the above provisions, it shall be deregistered within 10 days from the date of acquisition in circumstance specified in (1); the shares shall be transferred or deregistered within 6 months in circumstances specified in (2) and (4): the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company under the circumstances specified in (3), (5) and (6) and shall be transferred or deregistered within three years. Where the laws, regulations and the securities regulatory authorities of the place where the Company's shares are listed have other provisions on the relevant matters involved in the repurchase of shares, such provisions shall prevail.

The Company may acquire the shares of the Company by public centralized transaction, or other methods approved by the laws, administrative regulations, the CSRC and the securities regulatory authorities where the Company's shares are listed.

Transfer of shares

The shares issued by the Company prior to the public issuance of shares shall not be transferred within one year from the date of listing of the Company's shares on the stock exchange.

Directors and senior management of the Company shall report to the Company the shares (including preferred shares) of the Company held by them and their changes. During their term of office as determined at the time of their appointment, the shares transferred each year shall not exceed 25% of the total number of shares of the same class they held in the Company. The shares of the Company shall not be transferred within one year from the date of listing. The above mentioned personnel shall not transfer the shares of the Company held by them within half a year after their resignation. Where the laws, regulations, CSRC and/or the listing rules of the place where the Company's shares are listed provide otherwise for restrictions on the transfer of the Company's shares, such provisions shall prevail.

In the event that any shareholder holding 5% or more of the shares of the Company, director or senior management disposes of any shares or other equity securities held by him/her within six months from the date of acquiring, or acquires within six months from the date of disposing, the gains derived therefrom shall belong to the Company and be recovered by the Board of the Company. However, the securities company holds more than 5% of the shares as a result of the purchase of the remaining shares after the underwriting, and other circumstances stipulated by the CSRC shall be excluded. Where the listing rules of the place where the Company's shares are listed contain any other provisions, such provisions shall prevail. Shares or other equity securities held by the directors, senior management and shareholders of natural persons as mentioned in the preceding paragraph shall include the shares or other equity securities held by their spouses, parents, children and through the accounts of others. If the Board of the Company does not comply with the provisions of this Article, the shareholders shall have the right to request the Board to implement the provisions within 30 days. If the Board of the Company fails to carry out the enforcement within the aforesaid time limit, the shareholders shall have the right to directly initiate litigations in the People's Court for the benefit of the Company in their own name. If the Board of the Company fails to comply with the provisions of this Article, the responsible directors shall be jointly and severally liable in accordance with the law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The Company shall establish a register of shareholders on the basis of the certificates provided by the securities depository and clearing institution, and the register of shareholders shall be a sufficient evidence that shareholders hold the shares of the company. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company have the following rights:

(1) speak and vote at shareholders' meetings, unless required to abstain from voting on specific matters pursuant to the regulations of the Listing Rules of Hong Kong Stock Exchange;

(2) have dividends and other forms of distribution of benefits based on the number of shares held by them;

(3) lawfully request, convene, preside over, attend or appoint a shareholder's proxy to attend the shareholders' meeting, and exercise the corresponding speaking and voting rights;

(4) supervise the operation of the Company and put forward suggestions or inquiries;

(5) transfer, gift or pledge the shares held by it in accordance with the laws, administrative regulations and the Articles of Association;

(6) inspect and make copies of the Articles of Association, the register of shareholders, minutes of shareholders' meetings, resolutions of the Board and financial and accounting reports, shareholders who meet the requirements may inspect the Company's accounting books and accounting certificates;

(7) at the time of termination or liquidation, the Company shall participate in the distribution of the remaining assets of the Company according to the shares held by it;

(8) a shareholder who disagrees with the resolution on the merger or division of the Company made by the shareholders' meeting shall require the Company to purchase its shares;

(9) inspect the branch register of members in Hong Kong, but the Company may close the register on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

(10) other rights stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or Articles of Association of the Company.

If the resolutions of the shareholders' meeting or the Board of the Company violate the laws or administrative regulations, the shareholders shall have the right to request the People's Court to determine that the resolutions are invalid. If the procedures for convening the meetings of the shareholders' meeting or the Board, or the way of voting violates the provisions of the laws, administrative regulations or the Articles of Association of the Company, or the content of the resolutions violates the provisions of the Articles of Association of the Company, the shareholders shall have the right to request the People's Court to revoke the resolutions within 60 days from the date when the resolutions are made, unless there is only a minor defect in the procedures for convening a shareholders' general meeting or the Board meeting or in the manner of voting thereat, which does not materially affect the resolution.

Shareholders of the Company have the following obligations:

(1) comply with laws, administrative regulations and the Articles of Association;

(2) pay the share capital in accordance with the shares subscribed for and the manner of share purchase;

(3) shall not withdraw the shares except for the circumstances stipulated by laws and regulations;

(4) not abuse the rights of shareholders to damage the interests of the Company or other shareholders; not to abuse the independent status of the Company as a legal person and the limited liability of shareholders to damage the interests of the creditors of the Company;

(5) other obligations stipulated by laws, administrative regulations, the Articles of Association and securities regulatory rules of the place where the Company's shares are listed.

General requirements of shareholders' meetings

The shareholders' meeting of the Company is composed of all shareholders. The shareholders' meeting is the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law:

(1) elect and replace directors, and decide on the remuneration of directors;

(2) consider and approve the report of the Board;

(3) consider and approve the Company's profit distribution plan and loss recovery plan;

(4) make resolutions on the increase or decrease of the registered capital of the Company;

(5) make resolutions on the issuance of corporate bonds by the Company;

(6) make resolutions on the merger, division, dissolution, liquidation of the Company or change of the Company's form;

(7) amend the Articles of Association;

(8) make resolutions on the appointment and dismissal as well as the remuneration of the accounting firm responsible for the auditing of the Company;

(9) consider and approve the guarantee matters stipulated in Article 47 of the Articles of Association;

(10) consider the purchase or sale of material assets by the Company in excess of 30% of the Company's most recent audited total assets within one year;

(11) consider and approve the changes in the use of proceeds;

(12) consider share incentive plans and employee share ownership plans;

(13) consider other matters that shall be decided by the shareholders' meeting as provided in the laws, administrative regulations, departmental rules, the Articles of Association or the securities regulatory rules of the place where the Company's shares are listed.

The following external guarantees of the Company shall be considered and approved by the shareholders' meeting:

(1) any guarantee provided after the total amount of guarantees provided by the Company and its controlled subsidiaries to external parties exceeding 50% of the latest audited net assets of the Company;

(2) any guarantee provided after the total amount of external guarantees provided by the Company exceeding 30% of the latest audited total assets of the Company;

(3) any guarantee provided to others by the Company within one year of a value exceeding 30% of the latest audited total assets of the Company;

(4) any guarantee provided to a party with an asset-liability ratio of over 70%;

(5) any guarantee with a single guarantee amount exceeding 10% of the latest audited net assets;

(6) any guarantee provided to shareholders, de facto controllers and their related parties;

(7) other guarantees that shall be considered by the shareholders' meeting as stipulated by laws, regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Under any of the following circumstances, the Company shall convene an extraordinary general meeting within 2 months from the date of occurrence:

(1) the number of directors is less than the number prescribed in the Company Law or two-thirds of the number prescribed in the Articles of Association;

(2) the unrecovered loss of the Company reaches 1/3 of the total share capital;

(3) at the request of shareholders who individually or collectively hold more than 10% of the shares (including preference shares with voting rights restored, etc.) of the Company;

(4) when the Board deems it necessary;

(5) when the Board of Supervisors proposes to convene;

(6) other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association of the Company.

Convening of shareholders' meeting

The Board shall convene the shareholders' meeting on time within the specified period.

Subject to the consent of more than half of all the independent directors, the independent directors have the right to propose to the Board to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board agrees to convene the extraordinary general meeting, a notice of convening the shareholders' meeting shall be issued within 5 days after the resolution of the Board is made. Where the Board does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement.

The Audit Committee shall propose to the Board to convene of an extraordinary general meeting in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the proposal. Where the Board agrees to convene the extraordinary general meeting, a notice of convening the shareholders' meeting shall be issued within 5 days after the resolution of the Board is made, and the changes to the original proposal in the notice shall be agreed with the Audit Committee. Where the Board does not agree to convene the extraordinary general meeting, or fails to give feedback within 10 days after receiving the proposal, the Board shall be deemed to be unable to perform or fail to perform its duties of convening the shareholders' meeting, and the Audit Committee may convene and preside over the meeting by itself.

Shareholders who individually or collectively hold more than 10% of the Company's shares (including preference shares with voting rights restored, etc.) have the right to request the Board to convene an extraordinary general meeting in writing. The Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide a written response indicating whether it agree or disagree to convene the extraordinary general meeting within 10 days upon receipt of the request. Where the Board agrees to convene the extraordinary general meeting, a notice of convening the shareholders' meeting shall be issued within 5 days after the resolution of the Board is made, and the changes to the original request in the notice shall be agreed with relevant shareholders. Where the Board does not agree to convene the extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders individually or collectively holding more than 10% of the Company's shares (including preference shares with voting rights restored, etc.) have the right to propose to the Audit Committee to convene an extraordinary general meeting in writing.

Where the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene the shareholders' meeting within 5 days of receiving the request, and the changes to the original request in the notice shall be agreed with relevant shareholders. Where the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed period, the Audit Committee shall be deemed to not convene or preside over the shareholders' meeting, and the shareholders who individually or collectively hold more than 10% of the Company's shares (including preference shares with voting rights restored, etc.) for more than 90 consecutive days may convene and preside over the meeting on their own.

Notice of shareholders' meeting

The convener will notify shareholders by announcement 20 days before the annual shareholders' meeting, and for the extraordinary shareholders' meeting, shareholders will be notified by announcement 15 days before the meeting. When calculating the starting period, the Company shall not include the date of the meeting. Notice of shareholders' meeting shall be given to shareholders in a manner consistent with the laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The notice of the shareholders' meeting includes the following:

(1) time, place and duration of the meeting;

(2) matters and proposals submitted to the meeting for consideration;

(3) explain in obvious words: All shareholders have the right to attend the shareholders' meeting and can entrust a proxy in writing to attend the meeting and participate in voting. The shareholder's proxy does not have to be a shareholder of the Company;

(4) equity registration date of shareholders who have the right to attend the shareholders' meeting;

(5) name and telephone number of the permanent contact person for conference affairs;

(6) voting time and voting procedures online or by other means.

All specific contents of all proposals shall be fully and completely disclosed in the shareholder meeting notice and supplementary notice.

Proposals of shareholders' meeting

The content of the proposal should fall within the scope of functions of the shareholders' meeting, have clear topics and specific resolution matters, and comply with the relevant provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and Articles of Association.

When the Company convenes a shareholders' meeting, the Board, the Audit Committee and shareholders individually or jointly holding more than 1% of the Company's shares have the right to propose proposals to the Company.

Shareholders who individually or collectively hold 1% or more of the Company's shares may make a provisional proposal and submit it in writing to the convener 10 days before the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days of receipt of the proposal, announcing the content of the provisional proposal, and the provisional proposal shall be submitted to the shareholders' meeting for deliberation, unless the provisional proposal is in violation of any law, administrative regulation or the Articles of Association or fails to fall into the scope of functions of the shareholders' meeting.

Save for the circumstances specified in the preceding paragraph, the convener shall not modify the proposals listed in the notice of shareholders' meeting or add new proposals after issuing the notice of shareholders' meeting.

Proposals that are not listed in the notice of shareholders' meeting or do not comply with the provisions of the Articles of Association shall not be voted on and resolutions made by the shareholders' meeting.

Delegations of the shareholders' meeting

Shareholders may attend the shareholders' meeting in person or entrust a proxy to attend and vote on their behalf. Each shareholder has the right to appoint a proxy, but the proxy does not need to be a shareholder of the Company. The proxy may exercise the following rights in accordance with the entrustment of such shareholder:

(1) the shareholder's right to speak at a shareholders' meeting;

(2) individually, or collectively with others, request to vote by poll;

(3) exercise the right to vote by hands or on a poll, unless otherwise prescribed by relevant laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange or other securities regulatory rules of the place where the Company's shares are listed.

If an individual shareholder attends the meeting in person, he/she shall produce his/her identity card or other valid documents or certificates that can identify him/herself, if a shareholder authorizes a proxy to attends a meeting on his/her behalf, the proxy shall produce his/her own valid identity card and the power of attorney from the shareholder.

Legal person shareholders shall be represented by their legal representative or a proxy entrusted by the legal representative to attend the meeting. If a legal representative attends the meeting, he or she shall present his or her identity card and a valid certificate proving his or her qualifications as a legal representative; if a proxy is appointed to attend the meeting, the proxy shall present his or her identity card and a written power of attorney issued by the legal representative of the legal person shareholder unit in accordance with the law (except where the shareholder is a recognized clearing house or its proxy (hereinafter referred to as the "Recognized Clearing House") as defined in the relevant regulations of Hong Kong law in force from time to time or the securities regulatory rules of the place where the Company's shares are listed).

If the shareholder is a Recognized Clearing House (or its proxy), the Recognized Clearing House may authorize one or more persons it considers appropriate to act as its representative at any shareholders' meeting or any creditors' meeting; however, if more than one person is authorized, the power of attorney should specify the number and type of shares for each such person authorized by such authorization. A person so authorized may exercise rights on behalf of a Recognized Clearing House (without showing shareholding certificates, subject to notarized authorization and/or further evidence confirming that it is duly authorized) as if such person were an individual shareholder in the Company.

The power of attorney issued by a shareholder to entrust others to attend the shareholders' meeting shall specify the following contents:

(1) the name of the trustor, the class and number of shares held in the Company;

(2) the name of the proxy;

(3) the matters for proxy and the scope of authorization, specific instructions from shareholders, including instructions to vote for, against or abstain from voting on each and every issue included in the agenda of the shareholders meeting;

(4) the date of issuance and validity period of the power of attorney;

(5) signature (or seal) of the trustor. If the trustor is a legal person shareholder, the seal of the legal person entity shall be affixed.

Voting on the Shareholders' meeting

Resolutions of shareholders' meetings are divided into ordinary resolutions and special resolutions.

Ordinary resolutions made on the shareholders' meeting shall be passed by more than half of the voting rights held by shareholders (including shareholders' proxies) present at the shareholders' meeting.

Special resolutions made on a shareholders' meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including shareholders' proxies) present at the shareholders' meeting.

The following matters shall be passed by ordinary resolutions at the shareholders' meeting:

(1) work reports of the Board;

(2) the profit distribution plan and loss recovery plan drawn up by the Board;

(3) the appointment and removal of members of the Board and their remuneration and payment methods;

(4) the appointment, dismissal or non-renewal of the accounting firm and its remuneration;

(5) the annual report of the Company;

(6) other matters that shall be passed by special resolutions except those stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be passed by special resolutions at the shareholders' meeting:

(1) the Company increases or decreases its registered capital;

(2) the division, spin-off, merger, dissolution and liquidation of the Company;

(3) modification of the Articles of Association;

(4) the Company purchases or sells major assets within one year or the amount of guarantee provided to others exceeds 30% of the Company's latest audited total assets;

(5) equity incentive plan;

(6) other matters that are stipulated in laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, as well as those that are determined by the shareholders' meeting to have a significant impact on the Company through ordinary resolutions and need to be passed through special resolutions.

Shareholders (including shareholders' proxies) exercise their voting rights based on the number of voting shares they represent, and each share is entitled to one vote. When voting, shareholders (including shareholders' proxies) with two or more voting rights do not have to vote for, against all voting rights or abstaining from voting. However, the Company's shares held by the Company carry no voting rights, and such shares are not included in the total number of voting shares held by shareholders present.

When the shareholders' meeting considers major matters affecting the interests of small and medium-sized investors, the votes of small and medium-sized investors shall be counted separately. The results of separate vote counting shall be disclosed to the public in a timely manner.

The Company's shares held by the Company carry no voting rights, and such shares are not included in the total number of voting shares held by shareholders present.

According to applicable laws and regulations and the Listing Rules of the Hong Kong Stock Exchange, if any shareholder is required to give up voting rights on a certain resolution, or any shareholder is restricted from voting in support of (or against) a certain resolution, such votes cast by such shareholders or their representatives in violation of relevant regulations or restrictions shall not be counted in the total number of shares with voting rights.

If a shareholder violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law by purchasing shares of the Company with voting rights, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after purchase and is not included in the total number of shares with voting rights present at the shareholders' meeting.

The Board, independent directors and shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may solicit shareholder voting rights. When soliciting shareholder voting rights, specific voting intentions and other information must be fully disclosed to the persons being solicited. It is prohibited to collect voting rights from shareholders through paid or disguised payment methods. Except for statutory conditions, the Company may not impose minimum shareholding ratio restrictions on the solicitation of voting rights.

DIRECTORS AND THE BOARD

Directors

Directors are elected or changed by the shareholders' meeting and may be removed from office by the shareholders' meeting before the expiration of their term. The term of directors is three years. Upon expiration of the term, directors may be re-elected.

The term of office of a director shall be calculated from the date of assuming office until the expiration of the term of the current Board. If a director's term of office expires and is not re-elected in time, until the re-elected director takes office, the original director shall still perform his or her duties as a director in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association. Directors may resign before the expiration of their terms of office. A director's resignation shall be submitted in writing to the Company. The resignation shall take effect on the date when the Company receives the resignation report. The board of directors shall disclose the relevant situation within two trading days. If the resignation of a director results in the number of directors on the board of the Company being lower than the legally prescribed minimum number, the original director shall continue to perform the duties of a director in accordance with the laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are listed, and this articles of association until the newly elected director takes office.

A director appointed by the Board to fill a casual vacancy or to increase the number of members of the Board shall hold office for a term commencing from the date of his or her appointment until the first annual general meeting after his or her appointment, and shall be eligible for re-election by then.

The senior management may concurrently serve as a director, provided that the aggregate number of the directors who concurrently serve as the senior management and directors who are employee representatives, shall not exceed one half of all the directors of the Company.

The Board of the Company shall have one employee representative director, who shall be democratically elected by the employees of the Company through the employee representative meeting or other forms, without submitting it to the shareholders' meeting for consideration.

The chairman of the Board

The Board of the Company has one chairman of the Board in place. The chairman of the Board is elected by more than half of all of the directors.

The chairman of the Board exercises the following functions and powers:

(1) preside over shareholders' meetings and convene and preside over Board meetings;

(2) supervise and inspect the implementation of Board resolutions;

(3) other functions and powers granted by the Board.

If the chairman of the Board is unable or fails to perform his or her duties, more than half of the directors shall jointly elect a director to perform such duties.

The Board

The Board consists of 9 directors, consisting of 3 independent directors.

The Board exercises the following functions and powers:

(1) convene shareholders' meetings and report work to the shareholders' meeting;

(2) implement the resolutions of the shareholders' meeting;

(3) determine the Company's business plan and investment plan;

(4) formulate the Company's profit distribution plan and loss recovery plan;

(5) formulate plans for the Company to increase or reduce its registered capital, issue bonds or other securities and for the listing;

(6) formulate plans for the Company's major acquisitions, the Company's acquisition of the Company's shares, or merger, division, dissolution and change of form of the Company;

(7) determine external investments, purchases and sales of assets, pledge of assets, external guarantees, entrusted asset management, connected transactions and external donations of the Company within the scope of the authority granted by shareholders' meeting;

(8) determine the establishment of the Company's internal management structure;

(9) determine the appointment or removal of the general manager of the Company, the secretary to the Board and other senior management and to decide on their remunerations and rewards and penalties; to determine the appointment or removal of the deputy general manager, chief financial officer and other senior management of the Company based on the nomination by the general manager and to decide on matters about their remunerations and rewards and penalties;

(10) formulate the basic management system of the Company;

(11) formulate proposals for amendment to the Articles of Association;

(12) manage information disclosure of the Company;

(13) propose the appointment or removal of the accounting firm for the Company's audit to the shareholders' meeting;

(14) receive the work report and inspect the work of the general manager of the Company;

(15) other functions and powers conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the shareholders' meeting.

Any matters that are beyond the scope of authorization of the shareholders' meeting shall be submitted for consideration at the shareholders' meeting.

The Board shall meet at least 4 times a year, once a quarter, at the call of the chairman of the Board. Regular meetings of the Board referred to in this Article shall be notified in writing to all directors fourteen (14) days prior to the meeting.

Shareholders representing more than 1/10 of the voting rights, more than 1/3 of the directors or the Audit Committee may propose to convene an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the Board meeting within 10 days after receiving the proposal.

The methods of notification for the extraordinary meeting of the Board are: telephone notification and/or written notification (including personal delivery, mail, fax, and email). The notification time limit is: to notify all directors five (5) days prior to the meeting. With the unanimous consent of all directors, the convening of an extraordinary Board meeting may not be subject to the aforementioned notification time limit, but this shall be notified all directors promptly, recorded in the Board minutes and signed by all participating directors. The first meeting after the re-election of the Board may be held on the day of re-election, and the time of the meeting is not restricted by the above-mentioned notification method and notification time.

Board meetings should be attended by more than half of the directors. Resolutions made by the Board should be approved by more than half of all directors. Voting on resolutions of the Board is based on one person, one vote.

Directors who are related to the corporates or individuals involved in the matters resolved at the Board meeting shall promptly report to the Board in writing. The related directors may not exercise voting rights on the resolution, nor may they exercise voting rights on behalf of other directors. The Board meeting may be held if more than half of the unrelated directors are present, and resolutions made at the Board meeting shall be passed by more than half of the unrelated directors. If the number of unrelated directors present at the Board is less than 3, the matter shall be submitted to the shareholders' meeting for consideration.

Board meetings shall be attended by the director in person; if a director is unable to attend for any reason, he or she may authorize another director in writing to attend on his or her behalf. The power of attorney shall state the name of the proxy, matters of proxy, scope of authorization and validity period, and shall be signed or stamped by the trustor. Directors who attend meetings on their behalf shall exercise the rights of directors within the scope of authorization. If a director fails to attend a Board meeting or appoint a representative to attend, he or she shall be deemed to have given up his or her right to vote at the meeting.

Audit Committee of the Board

The Board of the Company has an Audit Committee in place to exercise the functions and powers of the Board of Supervisors as stipulated in the Company Law.

The Audit Committee consists of three members, who are directors who do not hold senior management positions in the Company, including two independent directors, with an accounting professional among the independent directors serving as the convenor.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audits and internal controls. The following matters shall be submitted to the Board for consideration after being approved by a majority of all members of the Audit Committee:

(1) disclose financial information in financial accounting reports and periodic reports, internal control evaluation reports;

(2) appoint or dismiss the accounting firm that undertakes audits of listed companies;

(3) appoint or dismiss the financial controller of listed company;

(4) change accounting policies and accounting estimates or correct material accounting errors made for reasons other than changes in accounting standards;

(5) other matters as stipulated by laws, administrative regulations, CSRC regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Audit Committee meets at least once a quarter. An extraordinary meeting may be convened upon the proposal of two or more members, or when the convenor deems it necessary. Meetings of the Audit Committee may only be held if more than two-thirds of the members are present.

Other special committees of the Board

The Board of the Company sets up other special committees, such as the Nomination Committee and the Remuneration Committee, to perform their duties in accordance with the Articles of Association and the authorization of the Board, and the proposals of the special committees shall be submitted to the Board for consideration and decision. The Board shall be responsible for formulating the working procedures of the special committees. The composition of the special committees shall comply with the laws, administrative regulations, departmental rules, the Listing Rules of Hong Kong Stock Exchange and other securities regulatory rules of the place where the Company's shares are listed or the relevant requirements stipulated by the relevant regulatory authorities.

Senior management

The Company has general manager and deputy general manager, who are appointed or dismissed by the Board.

The Company has financial officer and Board secretary, whose appointment or dismissal proposed by the general manager to the Board.

The Company's general manager, deputy general manager, financial controller, Board secretary and other senior management are elected for a term of three years, and may be re-appointed.

The general manager is responsible to the Board and exercises the following functions and powers:

(1) preside over the Company's production, operation and management work, organize the implementation of Board resolutions, and report work to the Board;

(2) organize and implement the Company's annual business plan and investment plan;

(3) formulate a plan for the establishment of the Company's internal management organization;

(4) formulate the Company's basic management system;

(5) formulate specific regulations of the Company;

(6) propose to the Board to appoint or dismiss the Company's deputy manager, financial director, Board secretary and other senior management;

(7) decide on the appointment or dismissal of management personnel other than those who shall be appointed or dismissed by the Board;

(8) consider and approve general connected transactions other than those connected transactions that are required to be submitted to the Board or the shareholders' meeting for approval in accordance with the Articles of Association;

(9) consider and approve matters other than those required to be submitted to the Board or the shareholders' meeting for approval in accordance with the Articles of Association, such as major transactions, external investments and external guarantees;

(10) decide on the establishment of wholly-owned subsidiaries and/or branches of the Company;

(11) other functions and powers granted by the Articles of Association, securities regulatory rules of the place where the Company's shares are listed or the Board.

The general manager attends Board meetings.

QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Persons under any of the following circumstances cannot serve as a director or senior management of the Company:

(1) have no capacity for civil conduct or have limited capacity for civil conduct;

(2) if sentenced to a criminal penalty for corruption, bribery, misappropriation of property, misappropriation of property or undermining the order of the socialist market economy, or is deprived of political rights for a crime, and if the execution period has not expired for more than 5 years and the person is sentenced to probation, and it has not been more than 2 years since the expiration of the probation period;

(3) serving as a director, factory director or manager of a company or enterprise undergoing bankruptcy liquidation, and being personally responsible for the bankruptcy of such company or enterprise, and it has been less than 3 years since the date of completion of the bankruptcy liquidation of such company or enterprise;

(4) serving as the legal representative of a company or enterprise that has had its business license revoked or ordered to close due to illegal activities with bearing personal responsibility, and it has not been more than 3 years since such company or enterprise was revoked of its business license or ordered to close;

(5) listed as a dishonest person subject to execution by the People's Court since a relatively large amount of debt has not been paid off when due;

(6) be taken measures by CSRC to prohibit entry into the securities market with the time limit not expired;

(7) be recognized as unsuitable to be a director, senior management, etc. of a listed company by the securities regulatory rules of the place where the Company's shares are listed with the time limit not expired;

(8) other contents stipulated in laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company's shares are listed.

In the event that any shareholder holding 5% or more of the shares of the Company, director or senior management disposes of any shares or other equity securities held by him/her within six months from the date of acquiring, or acquires within six months from the date of disposing, the gains derived therefrom shall belong to the Company and be recovered by the Board of the Company. However, the securities company holds more than 5% of the shares as a result of the purchase of the remaining shares after the underwriting, and other circumstances stipulated by the CSRC shall be excluded. Where the listing rules of the place where the Company's shares are listed contain any other provisions, such provisions shall prevail.

FINANCIAL ACCOUNTING SYSTEM

The Company formulates its financial accounting system in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and regulations of relevant national departments.

The Company prepares annual financial accounting report within four months from the end of each accounting year and interim financial accounting report within two months from the end of the first six months of each accounting year.

The aforesaid financial accounting reports are prepared and published in accordance with the relevant laws, administrative regulations, departmental rules, the Listing Rules of Hong Kong Stock Exchange and other securities regulatory rules of the places where the Company's shares are listed.

Other than the statutory accounting books, the Company will not maintain separate accounting books. The Company's assets are not stored in accounts opened in any individual's name.

When the Company distributes after-tax profits for the year, it shall withdraw 10% of the profits and include them in the Company's statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund is more than 50% of the Company's registered capital, no further withdrawals may be made.

If the Company's statutory reserve fund is insufficient to make up for losses in previous years, it shall first utilize the current year's profits to make up for the losses before withdrawing the statutory reserve fund in accordance with the provisions of the preceding paragraph.

After the Company withdraws the statutory reserve fund from the after-tax profits, it can also withdraw the discretionary reserve fund from the after-tax profits upon resolution of the shareholders' meeting.

The remaining after-tax profits after the Company has made up for its losses and withdrawn the reserve fund shall be distributed according to the proportion of shares held by shareholders, unless the Articles of Association stipulated that distribution is not based on the proportion of shareholdings.

If the shareholders' meeting violates the Company Law and distributes profits to shareholders, shareholders shall return the profits distributed in violation of the regulations to the Company. If any loss is caused to the Company, the shareholders and the responsible directors and senior management shall be liable for compensation.

The Company's shares held by the Company will not participate in the distribution of profits.

The Company shall appoint one or more collection agents in Hong Kong for H share shareholders. The collection agent shall collect and keep the dividends distributed by the Company in respect of H shares and other amounts payable on behalf of the relevant H-share holders, to make payments to such H-share holders. The collection agent appointed by the Company shall comply with the requirements of laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

The Company's reserve fund is used to make up for the Company's losses, expand the Company's production and operations, or increase the Company's registered capital.

When the reserve fund is used to make up for the Company's losses, the discretionary reserve fund and the statutory reserve fund should be utilized first; if it still fails to be made up, the capital reserve fund may be used in accordance with regulations.

When the statutory reserve fund is converted to increase the registered capital, the remaining reserve fund will not be less than 25% of the Company's registered capital prior to the conversion.

INTERNAL AUDIT

The Company implements an internal audit system, which specifies the leadership system, duties and responsibilities, staffing, financial guarantee, use of audit results and accountability for internal audit.

The internal audit system of the Company is implemented after approval by the Board.

APPOINTMENT OF ACCOUNTING FIRM

The Company engages an accounting firm that complies with the provisions of the Securities Law to conduct accounting statement audits, net asset verification and other related consulting services. The appointment period is one year and can be renewed.

The Company's appointment and dismissal of an accounting firm shall be decided on the shareholders' meeting, and the Board may not appoint an accounting firm before a decision is made at the shareholders' meeting.

The Company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the accounting firm engaged, and shall not refuse, conceal or make false statements.

MERGERS, DIVISIONS, CAPITAL INCREASES AND CAPITAL REDUCTIONS

Company mergers may take the form of mergers by absorption or mergers by new establishment.

When a company absorbs other companies, it is called a merger by absorption, and the absorbed company is dissolved. The merger of two or more companies to establish a new company is a merger by new establishment, and the merging parties are dissolved.

Where the price to be paid for a merger does not exceed 10% of the Company's net assets, the merger may be effected without a resolution of the shareholders' meeting, unless otherwise provided in the Articles of Association. Where a merger of companies pursuant to the preceding paragraph is not resolved by the shareholders' meeting, it shall be resolved by the Board.

If the Company merges, the merging parties shall sign a merger agreement and prepare a balance sheet and property list. The Company shall notify creditors within 10 days from the date of making the merger resolution, and shall make an announcement within 30 days in newspapers (or the National Enterprise Credit Information Disclosure System) and the Hong Kong Stock Exchange's HKEXnews website (**www.hkexnews.hk**) and the Company's official website according to securities regulatory rules of the place where the Company's shares are listed.

Creditors may require the Company to pay off debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if no notice is received.

If the Company merges, the claims and debts of the merging parties shall be inherited by the continuing company or the newly established company after the merger.

If the Company is divided, its property will be divided accordingly.

If the Company is divided, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days from the date of making the division resolution, and shall make an announcement within 30 days in newspapers (or the National Enterprise Credit Information Disclosure System) and the Hong Kong Stock Exchange's HKEXnews website (**www.hkexnews.hk**) and the Company's official website according to securities regulatory rules of the place where the Company's shares are listed.

The debts incurred before the Company is divided shall be jointly and severally liable by the companies after the division. However, this shall not be the case unless otherwise agreed upon in a written agreement between the Company and its creditors regarding debt settlement before the division.

If the Company needs to reduce its registered capital, it must prepare a balance sheet and property list.

The Company shall notify creditors within 10 days from the date of making the resolution to reduce the registered capital at the shareholders' meeting, and shall make an announcement within 30 days in newspapers (or the National Enterprise Credit Information Disclosure System) and the Hong Kong Stock Exchange's HKEXnews website (**www.hkexnews.hk**) and the Company's official website according to securities regulatory rules of the place where the Company's shares are listed. Creditors have the right to require the Company to pay off debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if no notice is received.

If the Company reduces its registered capital, it shall reduce its capital contribution or shares in proportion to the shares held by its shareholders, unless otherwise provided by law or the Articles of Association.

If the Company still has losses after making up for its losses in accordance with the provisions of paragraph 2 of Article 148 of the Articles of Association, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for losses, the Company shall not distribute to shareholders, nor may it exempt shareholders from their obligation to pay capital contributions or share payments. If the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 173 of the Articles of Association shall not apply, but the announcement of reduction shall be made in the Hong Kong Stock Exchange's HKEXnews website (**www.hkexnews.hk**) according to securities regulatory rules of the place where the Company's shares are listed, and in newspapers (or the National Enterprise Credit Information Disclosure System) within 30 days from the date when the shareholders' meeting makes a resolution to reduce the registered capital. After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of the statutory reserve fund and discretionary reserve fund reaches 50% of the Company's registered capital.

If the Company is merged or divided and the registered items are changed, the registration of the change shall be carried out with the Company registration authority in accordance with the law; if the Company is dissolved, the registration of the cancellation of the Company shall be carried out in accordance with the law; if a new company is established, the registration of the establishment of such company shall be carried out in accordance with the law.

If the Company increases or decreases its registered capital, it shall apply for a registration of the change with the Company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company will be dissolved for the following reasons:

(1) the business period stipulated in the Articles of Association expires or other reasons for dissolution stipulated in the Articles of Association occur;

(2) the shareholders' meeting makes a resolution to dissolve;

(3) dissolution is required due to company merger or division;

(4) the business license has been revoked, ordered to close, or revoked in accordance with the law;

(5) if the Company encounters serious difficulties in its operation and management, and its continued existence will cause heavy losses to the interests of shareholders, and cannot be solved through other means, shareholders holding more than 10% of the voting rights of all shareholders of the Company may request the People's Court to dissolve the Company.

If the Company encounters the above-mentioned reasons for dissolution, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

The liquidation team shall exercise the following functions and powers during the liquidation period:

(1) clean up the Company's properties and prepare a balance sheet and property list respectively;

(2) notify and announce creditors;

(3) handle the Company's uncompleted businesses related to liquidation;

(4) pay the taxes owed and the taxes incurred during the liquidation process;

(5) clear claims and debts;

(6) distribute the Company's remaining property after paying off its debts;

(7) participate in civil litigation activities on behalf of the Company.

The liquidation team shall notify creditors within 10 days from the date of establishment, and shall publish an announcement within 60 days in newspapers (or the National Enterprise Credit Information Publicity System) and the Hong Kong Stock Exchange's HKExnews website (**www.hkexnews.hk**) according to the securities regulatory rules in the place where the Company's shares are listed. Creditors shall declare their claims to the liquidation team within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if the notice is not received.

When a creditor declares claims, he or she shall explain the relevant matters of the claims and provide supporting materials. The liquidation team shall register the claims.

During the period of reporting claims, the liquidation team shall not make settlements with creditors.

After cleaning up the Company's assets and preparing a balance sheet and property list, the liquidation team shall formulate a liquidation plan and submit it to the shareholders' meeting or the People's Court for confirmation.

The Company's property is the remaining property after paying liquidation expenses, employees' wages, social insurance fees and statutory compensation, paying taxes owed, and settling the Company's debts respectively, and the Company distributes the remaining property according to the proportion of shares held by shareholders.

During the liquidation period, the Company continues to exist, but it cannot carry out business activities unrelated to the liquidation. The Company's property will not be distributed to shareholders before it is settled in accordance with the provisions of the preceding paragraph.

After clearing the Company's property and preparing a balance sheet and property list, if the liquidation team finds that the Company's property is insufficient to pay off its debts, it shall apply to the People's Court for liquidation of bankruptcy in accordance with the law.

After the People's Court accepts the bankruptcy application, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator designated by the People's Court.

After the Company's liquidation is completed, the liquidation team shall prepare a liquidation report, submit it to the shareholders' meeting or the People's Court for confirmation, and submit it to the Company registration authority to apply for cancellation of the Company registration.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(1) after the Company Law or relevant laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed are revised, the matters stipulated in the Articles of Association contradict with the provisions of the revised laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed;

(2) the Company's situation changes and is inconsistent with the matters recorded in the Articles of Association;

(3) the shareholders' meeting makes a resolution to amend the Articles of Association.

If the amendments to the Articles of Association passed by the resolution of the shareholders' meeting should be reviewed and approved by the competent authority, they must be reported to the competent authority for approval; if such amendments involve Company registration matters, the registration of the amendments shall be handled in accordance with the law.

The Board amends the Articles of Association in accordance with the resolution of the shareholders' meeting to amend the Articles of Association and the approval of the relevant competent authorities.

Amendments to the Articles of Association are the information required to be disclosed in accordance with the provisions of the laws, regulations or the securities regulatory rules of the place where the Company's shares are listed, and shall be announced as required.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on December 12, 2019 and was converted into a joint stock limited company on March 17, 2025 under the laws of the PRC. As of the Latest Practicable Date, the share capital of the Company was RMB200,000,000. Immediately upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Company will have (i) [**REDACTED**] Domestic [**REDACTED**] Shares, representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**]; and (ii) [**REDACTED**] H Shares, representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**].

Our principal place of business in Hong Kong is at 31/F, Tower Two, Time Square, 1 Matheson Street, Causeway Bay, Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 26, 2025. Ms. Wong Hoi Ting has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 31/F, Tower Two, Time Square, 1 Matheson Street, Causeway Bay, Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in "Regulatory Overview" in this document and Appendix IV to this document, respectively.

2. Changes in Share Capital

On December 12, 2019, our Company was established as a limited liability company under the laws of the PRC, with an initial share capital of RMB10 million.

The following sets out the changes in the share capital of our Company within two years immediately preceding the date of this document:

On November 10, 2023, the registered capital of our Company was increased from RMB12,835,313 to RMB22,202,647.

On December 19, 2023, the registered capital of our Company was increased from RMB22,202,647 to RMB24,656,623.

On March 25, 2024, the registered capital of our Company was increased from RMB24,656,623 to RMB24,716,378.

On March 17, 2025, our Company was converted from a limited liability company into a joint stock limited company, and the share capital of our Company was increased to RMB40,000,000.

On April 10, 2025, the registered capital of our Company was increased from RMB40,000,000 to RMB42,105,262.

On April 10, 2025, the registered capital of the Company increased from RMB42,105,262 to RMB200,000,000 by way of capitalization of the capital reserve of the Company. See "History, Development and Corporate Structure" for details.

Save as disclosed above, the share capital of our Company did not change during the two years immediately preceding the date of this document.

3. Changes in Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report as set out in Appendix I to this Document.

The following subsidiaries have been incorporated within two years immediately preceding the date of this document:

On May 19, 2023, Xiamen Super Ming was established in Fujian Province, the PRC with the registered capital of RMB50.05 million.

On August 4, 2023, Guangdong Busy Snacks was established in Guangdong Province, the PRC with the registered capital of RMB5 million.

On August 11, 2023, Hubei Busy for You was established in Hubei Province, the PRC with the registered capital of RMB5 million.

On August 17, 2023, Chengdu Qimang was established in Sichuan Province, the PRC with the registered capital of RMB1 million.

On September 27, 2023, Chongqing Super Ming was established in Chongqing, the PRC with the registered capital of RMB2 million.

On October 7, 2023, Sichuan Busy for You was established in Sichuan Province, the PRC with the registered capital of RMB5 million.

On November 2, 2023, Zhengzhou Super Ming was established in Henan Province, the PRC with the registered capital of RMB1 million.

On April 22, 2024, Changsha Mingmang was established in Hunan Province, the PRC with the registered capital of RMB1 million.

On July 23, 2024, Changsha Chaomang was established in Hunan Province, the PRC with the registered capital of RMB1 million.

On August 21, 2024, Yueyang Yuemang was established in Hunan Province, the PRC with the registered capital of RMB1 million.

On August 23, 2024, Shanghai Mingmang was established in Shanghai, the PRC with the registered capital of RMB1 million.

On September 11, 2024, Nanchang Mingmang was established in Jiangxin Province, the PRC with the registered capital of RMB1 million.

On September 30, 2024, Changsha Shengmang was established in Hunan Province, the PRC with the registered capital of RMB1 million.

On December 2, 2024, Hengqinyuyan Supply Chain was established in Guangdong Province, the PRC with the registered capital of RMB5 million.

On December 18, 2024, Shanghai Xinyang was established in Shanghai, the PRC with the registered capital of RMB200 million.

On December 30, 2024, Hunan Busy Ming Cultural was established in Hunan Province, the PRC with the registered capital of RMB2 million.

On February 28, 2025, Yichun Mingmang was established in Jiangxi Province, the PRC with the registered capital of RMB1 million.

On March 31, 2025, Yuemang Supply Chain was established in Hunan Province, the PRC with the registered capital of RMB1 million.

Save as disclosed above, there has been no changes in the share capital of our Subsidiaries during the two years immediately preceding the date of this Document.

4. Resolutions of our Shareholders

On April 27, 2025, resolutions of our Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "Structure of the [**REDACTED**] — [**REDACTED**]" and pursuant to the terms set out therein:

(a) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;

(b) the number of H shares to be issued shall be no more than [**REDACTED**], representing approximately [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and granting the [**REDACTED**] the [**REDACTED**] of no more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the issue and the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange; and

(d) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**].

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are material:

(a) the investment agreement dated November 9, 2023 entered into among our Company, Changsha Busy Snacks, Mr. Yan, Mr. Liu Wei (劉巍), Mr. Li Wei (李維), Mr. Zhu Lang (朱浪), Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Mr. Zhao, Mr. Wang Ping'an (王平安), Yichun Bird Nest, Yichun Anyicheng, Yichun Chengming. Yichun Zhongming, Yichun Yikouniao, Xiamen Black Ant (formerly known as Suzhou Black Ant), BA HM, Xiamen Hei Yi, Shanghai Yihai, Super Ming Food Technology, HongShan Hanchen, HongShan Yaheng, Gaorong LKZN, Discounter Seed HK and 5Y, pursuant to which (i) Yichun Anyicheng and Yichun Bird Nest, subscribed for an increased registered capital of RMB6,215,322 and RMB690,591 of our Company with their respective 69.98% equity interests and 7.78% equity interests in Super Ming Food Technology; and (ii) BA HM, Xiamen Black Ant, Xiamen Hei Yi and Shanghai Yihai subscribed for an increased registered capital of RMB106,574, RMB310,835, RMB337,477 and RMB133,215 at a consideration of RMB18,000,000, RMB52,500,000, RMB86,999,682 and RMB52,499,682 in our Company;

(b) the shareholders agreement dated November 9, 2023 entered into among our Company, Changsha Busy Snacks, Mr. Yan, Mr. Liu Wei, Mr. Li Wei, Mr. Zhu Lang, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Mr. Zhao, Mr. Wang Ping'an, Ms. Gao Caifang, Ms. Chen Yanfang, Yichun Bird Nest, Yichun Anyicheng and Yichun Yikouniao, Xiamen Black Ant, BA HM, Xiamen Hei Yi, Shanghai Yihai, Super Ming Food Technology, HongShan Hanchen, HongShan Yaheng, Gaorong LKZN, Discounter Seed HK and 5Y regarding the shareholders' rights in our Company;

(c) the share transfer agreement dated November 9, 2023 entered into among our Company, Xiamen Black Ant, BA HM, Xiamen Hei Yi and Shanghai Yihai, pursuant to which our Company acquired 3.50%, 1.20%, 3.80% and 1.50% equity interests in Super Ming Food Technology from BA HM, Xiamen Black Ant, Xiamen Hei Yi and Shanghai Yihai, for a consideration of RMB18,000,000, RMB52,500,000, RMB86,999,682 and RMB52,499,682, respectively;

(d) the investment agreement dated December 18, 2023 entered into among our Company, Changsha Busy Snacks, Super Ming Food Technology, Mr. Yan, Mr. Liu Wei, Mr. Li Wei, Mr. Zhu Lang, Mr. Zhao, Mr. Wang Ping'an, Yichun Bird Nest, Yichun Anyicheng, Yichun Yikouniao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Haoxiangni Health Food, Haoxiangni Youran, Jiandan Qiaochu, Yanker Shop, pursuant to which Haoxiangni Health Food, Haoxiangni Youran, Jiandan Qiaochu and Yanker Shop subscribed for an increased registered capital of RMB467,424, RMB467,424, RMB701,136 and RMB817,992 of our Company at a consideration of RMB200,000,000, RMB200,000,000, RMB300,000,000 and RMB350,000,000, respectively;

(e) the shareholders agreement dated December 18, 2023 entered into among our Company, Changsha Busy Snacks, Super Ming Food Technology, Mr. Yan, Mr. Liu Wei, Mr. Li Wei, Mr. Zhu Lang, Mr. Zhao, Mr. Wang Ping'an, Ms. Gao Caifang, Ms. Chen Yanfang, Yichun Bird Nest, Yichun Anyicheng, Yichun Yikouniao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Xiamen Black Ant, BA HM, Xiamei Hei Yi, HongShan Hanchen, HongShan Yaheng, Gaorong LKZN, Discounter Seed HK, Changsha Shizaimang, 5Y, Shanghai Yihai, Haoxiangni Health Food, Haoxiangni Youran, Jiandan Qiaochu, Yanker Shop regarding the shareholders' rights in our Company;

(f) the investment agreement dated March 21, 2024 entered into among our Company, Changsha Busy Snacks, Super Ming Food Technology, Mr. Yan, Mr. Liu Wei, Mr. Li Wei, Mr. Zhu Lang, Mr. Zhao, Mr. Wang Ping'an, Yichun Bird Nest, Yichun Anyicheng, Yichun Yikouniao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Xiamen Black Ant and Discounter Seed HK, pursuant to which (i) Xiamen Black Ant and Discounter Seed HK subscribed for an increased registered capital of RMB44,930 and RMB14,825 of our Company at a consideration of RMB19,224,554 and RMB6,343,154, respectively; and (ii) Xiamen Black Ant subscribed for RMB55,619 and Discounter Seed HK subscribed for RMB18,351 from Yichun Anyicheng at a consideration of RMB23,797,905 and RMB7,852,062 (in equivalent U.S. dollars), respectively;

(g) the shareholders agreement dated March 21, 2024 entered into among our Company, Changsha Busy Snacks, Super Ming Food Technology, Mr. Yan, Mr. Liu Wei, Mr. Li Wei, Mr. Zhu Lang, Mr. Zhao, Mr. Wang Ping'an, Ms. Gao Caifang, Ms. Chen Yanfang, Yichun Bird Nest, Yichun Anyicheng, Yichun Yikouniao, Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Xiamen Black Ant, BA HM, Xiamen Hei Yi, HongShan Hanchen, HongShan Yaheng, Gaorong Capital, Discounter Seed HK, Changsha Shizaimang, 5Y, Shanghai Yihai, Haoxiangni Health Food, Haoxiangni Youran, Jiandan Qiaochu, Yanker Shop regarding the shareholders' rights in our Company;

(h) [**REDACTED**]; and

(i) [**REDACTED**]

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Expiry Date (yyyy.mm.dd)
1. . . .	SNACK IS BUSY	PRC	Our Company	35	2030.08.06
2. . . .		PRC	Our Company	29	2030.08.13
3. . . .	很忙零食	PRC	Our Company	35	2031.02.20
4. . . .	零食很忙	PRC	Our Company	32	2034.04.13
5. . . .	零食很忙	PRC	Our Company	35	2034.05.27
6. . . .	零食很忙	PRC	Our Company	42	2034.03.06
7. . . .		PRC	Our Company	28	2033.11.20
8. . . .	零食很忙	PRC	Our Company	25	2033.10.06
9. . . .	零食很忙	PRC	Our Company	35	2033.06.27
10. . .		PRC	Our Company	35	2032.11.06

No.	Trademark	Place of Registration	Registered Owner	Class	Expiry Date (yyyy.mm.dd)
11. . .		PRC	Our Company	35	2032.04.13
12. . .		PRC	Our Company	29	2032.04.13
13. . .	零食很忙	PRC	Our Company	29	2031.08.27
14. . .		PRC	Our Company	29	2030.08.06
15. . .	零食很忙	PRC	Our Company	22	2030.09.13
16. . .		PRC	Our Company	35	2029.04.13
17. . .	零食很忙	PRC	Our Company	35	2028.02.13
18. . .	小忙零食	PRC	Our Company	29	2033.03.27
19. . .	鸣鸣很忙	PRC	Our Company	35	2034.12.20
20. . .	赵一鸣同学	PRC	Super Ming Trading	31	2034.06.06
21. . .	赵一鸣甄选	PRC	Super Ming Trading	31	2034.06.06
22. . .	赵一鸣甄选	PRC	Super Ming Trading	5	2034.03.27
23. . .	赵一鸣 ZHAO YI MING	PRC	Super Ming Trading	18	2032.11.13
24. . .		PRC	Super Ming Trading	33	2032.10.06
25. . .		PRC	Super Ming Trading	33	2032.10.06

No.	Trademark	Place of Registration	Registered Owner	Class	Expiry Date (yyyy.mm.dd)
26. . .	赵一鸣	PRC	Super Ming Trading	5	2033.05.20
27. . .	赵一鸣	PRC	Super Ming Trading	29	2029.07.20
28. . . .	赵一鸣	PRC	Super Ming Trading	35	2028.02.20

Copyrights

As at the Latest Practicable Date, we had registered the following copyright which we consider to be material to our business:

No.	Copyright	Place of Application	Registered Owner	Registration Date (yyyy.mm.dd)
1. . . .	好零食,很便宜	PRC	Our Company	2023.08.14
2. . . .	買零食就來零食很忙	PRC	Our Company	2023.08.14
3. . . .	人民的零食品牌	PRC	Our Company	2023.01.31
4. . . .	BUSY FOR YOU	PRC	Our Company	2023.01.18
5. . . .	不貴好吃真量販	PRC	Our Company	2023.01.18
6. . . .	零食很忙全身卡通人物	PRC	Our Company	2023.01.18
7. . . .	零食很忙半臉卡通人物	PRC	Our Company	2023.01.18

As at the Latest Practicable Date, we had registered the following software copyright which we consider to be material to our business:

No.	Copyright	Place of Application	Registered Owner	Registration Date (yyyy.mm.dd)
1.	Snacks Busy Display Management System (零食很忙陳列管理系統)	PRC	Our Company	2023.04.13
2.	Snacks Busy Store Inspection Management System (零食很忙巡店管理系統)	PRC	Our Company	2023.04.13
3.	Snacks Busy Task Management System (零食很忙任務管理系統)	PRC	Our Company	2023.04.13
4.	Snacks Busy New Store Project Management System (零食很忙新店項目管理系統)	PRC	Our Company	2023.04.13
5.	Snacks Busy Franchisee Management System (零食很忙加盟商管理系統)	PRC	Our Company	2023.04.13
6.	Staff Training Management System (人員培訓管理系統)	PRC	Our Company	2023.11.02
7.	Engineering Planning System (工程規劃系統)	PRC	Our Company	2023.10.31
8.	New Store Launch System (新店開業系統)	PRC	Our Company	2023.11.02
9.	Mingming Busy Task Center Platform (鳴鳴很忙任務中心平台)	PRC	Our Company	2024.11.07
10.	Mingming Busy Store After-sales Management System (鳴鳴很忙門店售後管理系統)	PRC	Our Company	2024.11.06
11.	Mingming Busy Expiry Alert System (鳴鳴很忙臨期預警系統)	PRC	Our Company	2024.11.06

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date (yyyy.mm.dd)
1. . . .	零食很忙.中國	Our Company	2026.03.30
2. . . .	零食很忙.com	Our Company	2026.03.30
3. . . .	hnlshm.com	Our Company	2026.03.30
4. . . .	busyming.com	Our Company	2025.06.07
5. . . .	zymls.com	Super Ming Trading	2028.08.23

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' service contracts

We [have entered] into a contract with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

2. Remuneration of Our Directors

Save as disclosed in "Directors and Senior Management" and "Appendix I — Accountants' Report — Notes to The Historical Financial Information — Directors' and Chief Executives' emoluments" for the three years ended December 31, 2024, none of our Directors received other remunerations of benefits in kind from us.

3. Disclosure of Interests of Directors and Chief Executive of our Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which 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) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Interests in our Company

Name	**Position**	**Nature of interest[1]**	**Number of Domestic [REDACTED] Shares/ H Shares held following completion of the [REDACTED]**	**Approximate percentage of shareholding in Domestic [REDACTED] Shares/ H Shares immediately after the [REDACTED][2]**	**Approximate percentage of shareholding in the total issued Shares immediately after the [REDACTED](2)**
Mr. Yan[3][4]	Executive Director	Beneficial interest	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interests in controlled corporation	[REDACTED]	[REDACTED]%	[REDACTED]%
			[REDACTED]	[REDACTED]%	[REDACTED]%
		Interests held jointly with other person	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhao[3][5] . . .	Executive Director	Interests in controlled corporation	[REDACTED]	[REDACTED]%	[REDACTED]%
		Interests held jointly with other person	[REDACTED]	[REDACTED]%	[REDACTED]%
			[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Wang Yutong[6]	Executive Director	Interests in controlled corporation	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Wang Ping'an[7]	Executive Director	Interests in controlled corporation	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Li Wei	Executive Director	Beneficial interest	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of [**REDACTED**] Domestic [**REDACTED**] Shares in issue, [**REDACTED**] H Shares to be converted from Domestic [**REDACTED**] Shares in issue and [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised).

(3) Mr. Yan and Mr. Zhao have been acting in concert with respect to the exercising of voting rights in the general meeting of our Company since the Super Ming Acquisition in November 2023. As such, Mr. Yan and Mr. Zhao are deemed to be jointly interested in the Shares of the Company their controlled entities, namely Changsha Xunmang, Changsha Jianmang, Changsha Lingmang, Changsha Zhongmang, Changsha Shizaimang, Yichun Bird Nest and Yichun Yikouniao under the SFO.

(4) Mr. Yan is the general partner of Changsha Zhongmang, Changsha Xunmang, Changsha Shizaimang, Changsha Jianmang, Changsha Lingmang and Yichun Yikouniao. As such, Mr. Yan is deemed to be interested in the Shares of the Company held by each of Changsha Zhongmang, Changsha Xunmang, Changsha Shizaimang, Changsha Jianmang, Changsha Lingmang and Yichun Yikouniao under the SFO.

(5) As of the Latest Practicable Date, Mr. Zhao is interested in approximately 65.37% equity interests in Yichun Bird Nest. As such, Mr. Zhao is deemed to be interested in the Shares of the Company held by Yichun Bird Nest under the SFO.

(6) As of the Latest Practicable Date, Mr. Wang Yutong is interested in more than 30% the partnership interests in Changsha Shizaimang. As such, Mr. Wang Yutong is deemed to be interested in the Shares of the Company held by Changsha Shizaimang under the SFO.

(7) As of the Latest Practicable Date, Mr. Wang Ping'an is interested in approximately 51% of the shareholding interests in Yichun Anyicheng. As such, Mr. Wang Ping'an is deemed to be interested in the Shares of the Company held by Yichun Anyicheng under the SFO.

Save as disclosed above, none of the Directors or the chief executive of the Company will, immediately following completion of the [**REDACTED**], has any interests and/or short positions in the Shares, underlying Shares and debentures of our Company's associated corporations (within the meaning of Part XV of the SFO), which 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/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

4. Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, see the section headed "Substantial Shareholders."

(b) Interests of substantial shareholders of other members of our Group

As of the Latest Practicable Date, our Directors are not aware of any persons (other than our Directors or chief executive) will, immediately following the completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

5. Disclaimers

Save as disclosed in this document:

(a) none of our Directors or any of the parties listed in "— E. Other Information — 5. Consents and Qualification of Experts" below is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in "— E. Other Information — 5. Qualification of Experts" below:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of the Directors or the experts named in the paragraph headed "Other Information — Consents of Experts" in this section has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(d) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this Document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an [**REDACTED**] on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and [**REDACTED**], our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

Each of the Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US$350,000 to act as the sponsors of our Company in connection with the proposed [**REDACTED**] on the Hong Kong Stock Exchange.

4. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

5. Consents and Qualification of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this Document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Goldman Sachs (Asia) L.L.C.	A licensed corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) of the regulated activities under the SFO
Ernst & Young	Certified Public Accountants Registered Public Interest Entity Auditor
CM Law Firm	Legal Adviser to our Company as to PRC laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

Save as disclosed in this Document, as of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Promoter

The promoters of our Company comprised all of the 25 then shareholders of our Company as at February 19, 2025 before our conversion into a joint stock limited liability company. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

7. Binding Effect

This document shall have the effect, if an [**REDACTED**] is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies 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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Compliance Adviser

Our Company has appointed Maxa Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

10. No Material Adverse Change

The Directors confirm that there has been no material change in our financial or trading position since December 31, 2024.

11. Miscellaneous

(a) Save as disclosed in this Document, within the two years immediately preceding the date of this document:

  (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise; and

  (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this document:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) there are no arrangements under which future dividends are waived or agreed to be waived;

(iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(v) 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;

(vi) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(vii) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

(viii) our Company 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 delivered to the Registrar of Companies in Hong Kong for registration were:

(i) the written consents referred to under the paragraph headed "Statutory and General Information — D. Other Information — 4. Qualifications and Consents of Experts" in Appendix VI to this document; and

(ii) copies of the material contracts referred to in the paragraph headed "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in Appendix VI to this document.

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 **http://www.busyming.com/** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the Accountants' Report of our Group from Ernst & Young, the text of which is set out in Appendix I to this document;

(iii) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024;

(iv) the report on the unaudited [**REDACTED**] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;

(v) the service contracts referred to in "Statutory and General Information — C. Further Information about our Directors and Senior Management — 1. Particulars of the Service Contracts" in Appendix VI to this document;

(vi) the material contracts referred to in "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(vii) the written consents referred to under the paragraph headed "Statutory and General Information — D. Other Information — 4. Qualifications and Consents of Experts" in Appendix VI to this document;

(viii) the PRC legal opinions issued by CM Law Firm, our legal adviser on PRC law, in respect of certain aspects of our Group;

(ix) the PRC Company Law, the PRC Securities Law, the Trial Measures, together with their respective unofficial English translations; and

(x) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this document.