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Application Proof of



Yangtuo Technology Inc.

(Incorporated in the Cayman Islands with limited liability)

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Yangtuo Technology Inc.

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under : [REDACTED] Shares (subject to the [REDACTED])
the [REDACTED]
Number of [REDACTED] : [REDACTED] Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, 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 : US\$0.0001 per Share
Stock Code : [•]

Sole Sponsor
[REDACTED]



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The [REDACTED] (for itself may, where considered appropriate and with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below that stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, notice of reduction in the number of [REDACTED] and/or the [REDACTED] will be published on the websites of the Stock Exchange at www.hkexnews.hk and on the website of our Company at <https://www.hipac.cn> not later than the morning of the last day for lodging applications under the [REDACTED]. See sections headed “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document for more details.

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EXPECTED TIMETABLE

[REDACTED]

CONTENTS

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	Page
Expected Timetable	iii
Contents	vii
Summary	1
Definitions	18
Glossary	31
Forward-looking Statements	34
Risk Factors	36
Waivers from Strict Compliance with the Listing Rules and Exemption from the Companies (Winding Up and Miscellaneous Provisions) Ordinance	91
Information about this Document and the [REDACTED]	100

CONTENTS

	Page
Directors and Parties Involved in the [REDACTED]	104
Corporate Information	108
Industry Overview	111
Regulatory Overview	124
History, Reorganization and Corporate Structure	145
Business	166
Relationship with Our Single Largest Shareholder Group	257
Directors and Senior Management	261
Substantial Shareholders	272
Share Capital	274
Financial Information	278
Future Plans and [REDACTED]	350
[REDACTED]	354
Structure of the [REDACTED]	369
How to Apply for [REDACTED]	381
Appendix I — Accountants’ Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Summary of the Constitution of the Company and Cayman Companies Act	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and on Display	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

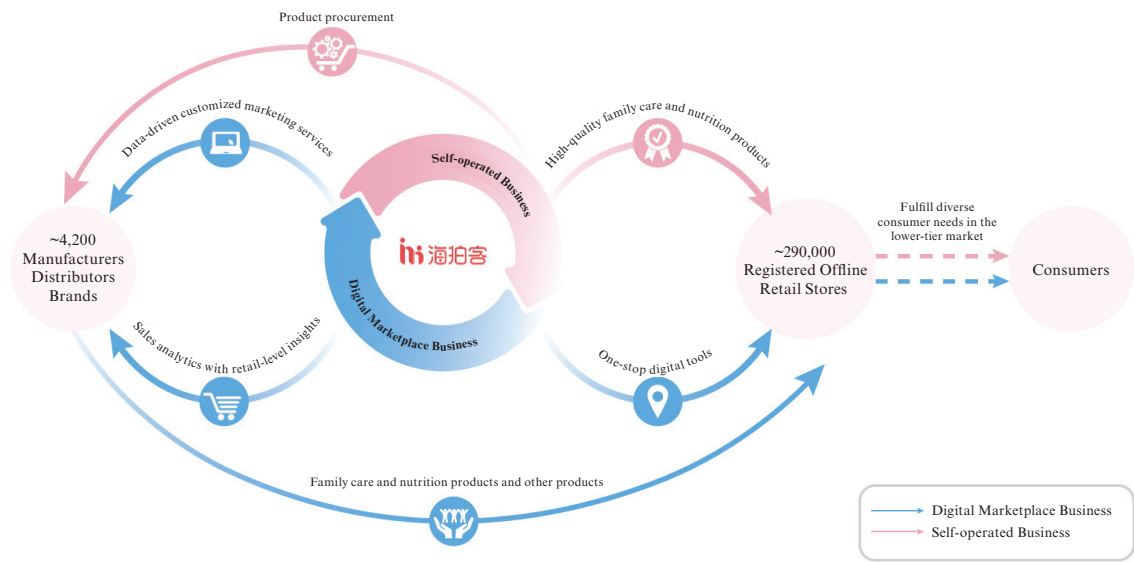
We are a leading commerce and service platform in China, specializing in family care and nutrition products. Through reorganizing the family care and nutrition product supply chain, we empower our business customers with a high-quality, considerate-featured, stable-supplied and reasonable-priced portfolio of family care and nutrition products, optimizing consumer experience and facilitating consumption upgrades in lower-tier market. In 2024, our GMV generated from family care and nutrition products in China’s lower-tier market reached RMB8.6 billion, making us the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, with a market share of 10.1%, according to Frost & Sullivan.

China’s family care and nutrition product industry in lower-tier market is characterized by a fragmented structure at both ends, with a multitude of upstream brands, distributors and manufactures, and geographically dispersed downstream retailers. Under the traditional multi-layer distribution model utilized by major family care and nutrition product brands, the vast small-scale offline retail stores, especially those in the lower-tier market, are typically limited to sourcing from last-layer distributors, resulting in elevated procurement costs, uncertain transaction security, limited product selections and unstable supply. Simultaneously, the traditional multi-layer distribution model also leads to higher distribution expenses for upstream brands and manufacturers, eroding their profitability. Such lengthy process also results in severe information asymmetry across the transaction value chain where upstream brands and manufacturers cannot promptly and precisely access retail-level sales data, giving rise to regional inventory redundancy and homogeneous product competition.

To tackle such pain points, our *Hipac* platform, adopting an asset-light model, efficiently connects family care and nutrition product vendors (including manufacturers, distributors and brands) with a wide range of buyers, fostering a fully integrated, healthy, symbiotic and sustainable ecosystem. As of December 31, 2024, *Hipac* platform has become the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, which connected approximately 4,200 registered vendors and approximately 290,000 registered buyers covering 31 provinces, municipalities and autonomous regions and across over 3,000 counties and villages nationwide. For the year ended December 31, 2024, our *Hipac* platform had over 93,000 core buyers which placed over 24 orders on our platform during the year, with an average of 11 orders placed by each core buyer per month.

SUMMARY

The following chart illustrates our business model and the core participants in our ecosystem:



The history of our business can be traced back to April 2015 when we launched our digital marketplace business with the introduction of *Hipac* platform, a pioneering platform designed to bridge the supply-demand gap for family care and nutrition products in lower-tier market in China. Our registered buyers can directly place orders with upstream vendors stationed on our *Hipac* platform and receive products directly delivered by vendors. As the owner and operator of *Hipac* platform, we generate revenue by charging vendors commissions based on their GMV transacted through our platform. Building on our extensive sales network and industry expertise, we also provide customized marketing services for family care and nutrition product brands and manufacturers, to further deepen our collaboration with them and explore additional monetization opportunities through platform synergies. For the year ended December 31, 2024, our *Hipac* platform recorded total GMV of RMB11.0 billion.

Established upon the strong downstream buyer network of our *Hipac* platform and our deep collaboration with upstream brands, distributors and manufacturers, we expanded into the self-operated business in 2019 to better meet evolving procurement and fulfilment needs while deepening industry connections. We first launched general self-operated business, where we primarily focus on product categories characterized by high penetration with fragmented yet resilient downstream demand. Leveraging our ownership and operation of our *Hipac* platform, we gather downstream demands to strengthen our bargaining power, ensuring cost-competitive offerings. Through granular analysis of buyer’s purchasing pattern, we source products directly from family care and nutrition product brands, their authorized distributors and manufacturers and sell them on *Hipac* platform as the vendor. Underpinned by our leading sales network advantage and in-depth understanding of the consumer demands in lower-tier market, we maintain efficient inventory turnover under our general self-operated business, with inventory turnover days of 36, 36 and 39 in 2022, 2023 and 2024, respectively. For the year ended December 31, 2024, there were approximately 100,000 paying buyers under our general self-operated business with over 1,000 SKUs sold.

SUMMARY

Following the successful launch of general self-operated business, we expanded our self-operated business and introduced proprietary brand business in 2021. This new business model features curated white brand products from third-party manufacturers, as well as exclusive self-developed and OEM-produced brand collections. We identify unmet market demand through big data analysis of transaction data accumulated on *Hipac* platform as well as through continuous communication between our sales and marketing team and offline retail stores, and bring a wider range of cost-competitive products to consumers in lower-tier market. Historically, our proprietary brands have demonstrated remarkable growth. For example, our proprietary brand *Wonder Miao* (喵小侠), became one of the top 10 children’s food brands on Tmall and Douyin during Double 11 Shopping Festival in 2022, and recorded GMV growth of over 2,000% in the first year of its launch. In addition, to meet consumers’ growing demand for cost-competitive essential FMCGs, we offer products of high quality at medium prices, creating a distinct competitive edge and differentiating ourselves from traditional leading brands that dominate the supermarket shelves. We have gradually built a diversified product matrix including snacks and complementary food for children, dietary supplements for children and adults, women’s health snacks, and essential FMCGs such as disposable diapers, devoted to providing more healthy choices for Chinese families. Underpinned by our accumulated efforts in developing proprietary brands, as of December 31, 2024, we have incubated and developed 92 proprietary brands and series, and cooperated with 153 manufacturers. For the year ended December 31, 2024, there were over 38,000 paying buyers on our *Hipac* platform under our proprietary brand business with over 1,000 SKUs sold.

OUR VALUE PROPOSITIONS

Through reorganizing the family care and nutrition product supply chain and relying on approximately 290,000 registered offline retail stores on our platform as of December 31, 2024, we are committed to providing a wide variety of user-centric family care and nutrition products to consumers in lower-tier market.

- Easy and stable access to world top brands;
- Supply of cost-effective and high-quality products; and
- Meeting diverse demands thoughtfully.

OUR COMPETITIVE STRENGTHS

We believe that our sustainable growth in the family care and nutrition product market can be propelled by the following competitive strengths:

- A leading family care and nutrition product commerce and service platform in China, committed to offering diverse choices to Chinese families in lower-tier market;
- Closer to lower-tier market that boast the most dynamic and loyal consumer base in China;
- Strong synergies across our business lines, catalyzing the growth of proprietary brands;
- Category expansion aligned with consumer demands, exhibiting robust business development momentum;
- A sophisticated digital marketplace constructed upon in-depth industry insights and massive data accumulation; and
- Visionary management team and corporate culture that fosters innovation.

SUMMARY

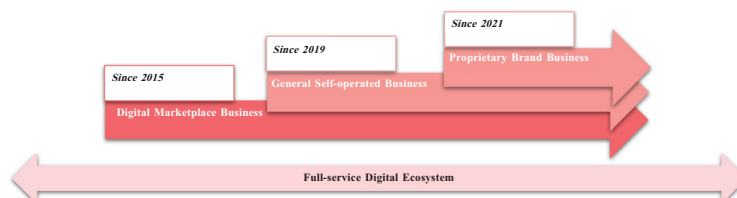
OUR STRATEGIES

We intend to further entrench our competitive strengths and implement the following strategies:

- Strengthening linkages with upstream brands and deepening cooperative relationships;
- Continuing to delve deep into consumer demands and strengthening the development capabilities of proprietary brands;
- Bolstering technological capabilities and leveraging AI to improve operational efficiency;
- Expanding our global presence; and
- Integrating the industry value chain through strategic acquisitions and/or investments.

BUSINESS MODEL

We are a leading commerce and service platform in China, specializing in family care and nutrition products. With insightful observation and in-depth understanding of the challenges and opportunities in the family care and nutrition product industry, we have developed diverse offerings and revenue sources leveraging our extensive industry experience and strong information technology capabilities. During the Track Record Period, we generated revenue primarily from (i) digital marketplace business, and (ii) self-operated business, which includes (a) general self-operated business, and (b) proprietary brand business.



The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Digital marketplace business	353,975	39.5	296,236	27.8	229,335	22.2
Self-operated business	540,408	60.4	767,800	71.9	801,826	77.7
General self-operated business	266,298	29.7	443,067	41.5	579,623	56.2
Proprietary brand business	274,110	30.7	324,733	30.4	222,203	21.5
Others⁽¹⁾	885	0.1	2,749	0.3	1,238	0.1
Total	895,268	100.0	1,066,785	100.0	1,032,399	100.0

Note:

- (1) Others mainly comprise revenue generated from offline matchmaking services for upstream vendors selling certain cosmetics and electronic products to downstream buyers in rare circumstances, which was recorded on a net basis as the relevant contracts specified that we did not control the products prior to their delivery to the buyers.

SUMMARY

The following table sets forth our key operating metrics for the years indicated:

	Year ended/As of December 31,		
	2022	2023	2024
Number of registered vendors	2,450	3,280	4,241
Number of registered buyers	249,809	273,987	289,512
Number of transacting buyers ⁽¹⁾	167,089	172,146	167,874
Number of core buyers ⁽²⁾	103,489	104,267	93,764
GMV (RMB in millions) ⁽³⁾	14,935	12,028	10,966
Number of SKUs sold under our self-operated business	1,020	1,252	2,111
Number of new SKUs launched under our proprietary brand business	678	302	643

Notes:

- (1) Transacting buyers refer to buyers which placed at least one order on our *Hipac* platform in the relevant years.
- (2) Core buyers refer to buyers which placed over 24 orders on our *Hipac* platform in the relevant years.
- (3) Including the GMV of the sales by our own online stores on *Hipac* platform under our self-operated business.

DIGITAL MARKETPLACE BUSINESS

China’s family care and nutrition product industry in lower-tier market is characterized by a fragmented structure at both ends, with a multitude of upstream brands, distributors and manufacturers, and geographically dispersed downstream retailers. Having been dedicated to family care and nutrition product commerce and services for years, we have developed a profound understanding of the demands from and pain points of major industry participants of family care and nutrition product commerce and service industry. Underpinned by our extensive sales network resources and advanced IT capabilities, we streamlined the multi-layer distribution model and have developed a fully integrated digital marketplace that connects all industry participants and combines platform operations and digital tools, aiming to enable diversified monetization while empowering industry participants by addressing their diverse needs across the entire industry value chain in various business scenarios.

Hipac platform is an end-to-end multifunctional platform designed to optimize business connectivity between vendors and buyers. Our full-service digital ecosystem streamlines the entire commerce process, covering product catalog management, digital storefronts, real-time vendor-buyer communication, order processing, settlement and payment reconciliation. Following its launch in April 2015, our *Hipac* platform has demonstrated remarkable growth, achieving annual GMV of RMB1.0 billion at the end of 2016. As of December 31, 2024, *Hipac* platform has become the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, which connected approximately 4,200 registered vendors and approximately 290,000 registered buyers covering 31 provinces, municipalities and autonomous regions and across over 3,000 counties and villages nationwide. Our *Hipac* platform offers buyers a wide variety of family care and nutrition

SUMMARY

products and other products. The following table sets forth the major categories of products offered on *Hipac* platform:

Category		Description	Age of target customers
Family care and nutrition products	Nutritional edibles and supplements	Infant formula	Infant and toddler aged 0–3 years old
		Dietary supplements, including protein supplements, probiotic supplements, eye health supplements, mineral supplements, fish oil and baby health and conditioning products, and milk powder for older children and adults	Older children aged 4+ and adults
		Food, snacks and supplements for infants and toddler	Infant and toddler aged 0–3 years old
	Non-edible family care products	Disposable diapers for babies and seniors, pacifiers, baby bottles, strollers, cribs, baby chairs, scooters, bicycles, tricycles, baby twist cars, baby walkers, disposable sanitary products, infant and child clothing, and maternity wear	Children aged 0–14 years old Mothers Elderly individuals aged 65+
Other products		Apparel, cosmetics, digital home appliances, food and snacks, home cleaning products, books and stationery	Adult or age-neutral

The following table sets forth a breakdown of GMV by major product categories on *Hipac* platform (including the GMV of products under our self-operated business sold through *Hipac* platform) for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB in millions</i>	%	<i>RMB in millions</i>	%	<i>RMB in millions</i>	%
Family care and nutrition products	14,389.9	96.3	11,516.2	95.7	10,572.4	96.4
Nutritional edibles and supplements	12,502.0	83.7	10,023.8	83.3	9,416.2	85.9
— Infant formula	11,564.5	77.4	9,109.1	75.7	8,558.1	78.0
— Dietary supplements	339.7	2.3	326.8	2.7	174.4	1.6
— Food, snacks and supplements	597.8	4.0	587.8	4.9	683.7	6.2
Non-edible family care products	1,887.9	12.6	1,492.4	12.4	1,156.1	10.5
Other products	545.5	3.7	511.4	4.3	393.5	3.6
Total	14,935.5	100.0	12,027.6	100.0	10,965.9	100.0

To deepen collaboration with family care and nutrition product brands and manufacturers, especially infant formula brands, and explore additional monetization opportunities through platform synergies, we also introduced customized marketing services in 2017 in exchange for higher commissions. Underpinned by our extensive sales network and deep industry know-how, we provide vendors with data-driven market analyses to enhance demand comprehension, identify suitable products fit for targeted promotions and execute coordinated campaigns across both our *Hipac* platform and offline marketing channels, creating a synergistic ecosystem that drives mutual growth while maximizing market penetration for vendors.

SUMMARY

SELF-OPERATED BUSINESS

Established upon the downstream buyer base brought by our *Hipac* platform and deep collaboration with upstream manufacturers, we started our self-operated business in 2019 to address growing procurement and fulfilment needs while deepening industry connections.

The following table sets forth the breakdown of our revenue generated from self-operated business by major product categories for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Family care and nutrition products	540,023	99.9	767,479	100.0	797,559	99.5
<i>Nutritional edibles and supplements</i>	314,561	58.2	560,389	73.0	680,909	85.0
Infant formula	214,986	39.8	395,125	51.4	522,135	65.2
Food, snacks and supplements	94,518	17.5	153,242	20.0	86,348	10.8
Dietary supplements	5,057	0.9	12,022	1.6	72,426	9.0
<i>Non-edible family care products</i>	225,462	41.7	207,090	27.0	116,650	14.5
Other products ⁽¹⁾	385	0.1	321	0.0	4,267	0.5
Total	540,408	100.0	767,800	100.0	801,826	100.0

Note:

(1) Other products mainly comprise digital home appliances.

During the Track Record Period, substantially all of our revenue of self-operated business was generated from family care and nutrition products, which accounted for 99.9%, 100.0% and 99.5% of our revenue of self-operated business in 2022, 2023 and 2024, respectively.

General Self-operated Business

Under our general self-operated business, we directly procure products from family care and nutrition product brands, their authorized distributors and manufacturers and sell them mainly on *Hipac* platform as the vendor. Through direct negotiations with upstream suppliers, we secure competitive pricing while maintaining full control over inventory management, delivery, pricing strategies and after-sales customer services. We make procurement decisions based on downstream demand and exercise higher level of quality control of products on our own. We carefully select products for our general self-operated business based on analysis of transaction history, transaction preferences and buyer demand on *Hipac* platform. We primarily focus on product categories characterized by high penetration, diverse supply source with fragmented yet resilient downstream demand, where we can gather downstream demands leveraging our role as the owner and operator of *Hipac* platform and achieve stronger bargaining power to ensure cost-competitive offerings.

Our general self-operated business is mainly conducted on our own online stores on *Hipac* platform. Products offered under our general self-operated business mainly include infant formula, snacks and supplements, dietary supplements and non-edible family care products.

Our Proprietary Brand Business

As our industry expertise deepened, we expanded into proprietary brand business in 2021, encompassing both curated white brand products from third-party manufacturers, and our self-developed and OEM-manufactured brand collections. We take the lead in the research, development and production of our proprietary brand collections and hold the relevant trademarks and patents, which demonstrates our commitment to maintaining

SUMMARY

product quality and innovation. We identify unmet market demand through big data analysis of transaction data accumulated on *Hipac* platform as well as through continuous communication between our sales and marketing team and offline retail stores, and we study the feasibility of developing products to satisfy such demand and engage OEM suppliers to bring the products to market. We believe this is a high value-added monetization model that is exemplary of our ability to utilize big data analysis and our meticulous insight into unmet market demand to unlock the commercial potential of our ecosystem.

Sales Channels

Products under our self-operated business are mainly sold to downstream buyers through our own online stores on *Hipac* platform, and to a lesser extent, directly to consumers through our self-operated stores on major e-commerce platforms and through our offline trading partners which do not transact on our *Hipac* platform. The following table sets forth the breakdown of revenue generated from our self-operated business by sales channels for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
<i>Hipac</i> platform	378,065	70.0	631,315	82.2	709,877	88.5
Third-party e-commerce platforms	83,285	15.4	97,173	12.7	67,320	8.4
Offline trading partners	79,058	14.6	39,312	5.1	24,629	3.1
Total	540,408	100.0	767,800	100.0	801,826	100.0

PRICING

We determine the pricing of our products and services through a comprehensive evaluation of multiple factors. We anticipate the future price trends of our products and services will not experience material fluctuations. The table below summarizes the business nature, type of customers, revenue model and pricing model of each of our business line:

Business line	Business nature	Type of customers	Revenue model	Pricing model
Digital marketplace business	We operate our <i>Hipac</i> platform as an online marketplace where upstream vendors sell family care and nutrition products to downstream buyers.	Upstream vendors, including manufacturers, distributors and brands	Commissions	We charge vendors commissions based on the GMV of their sales on our <i>Hipac</i> platform. Our commission rates are subject to negotiations on a case-by-case basis, taking into account factors such as product categories, transaction volume, whether we deal with product delivery for vendors on their behalf and whether we provide customized marketing services. For the years ended December 31, 2022, 2023 and 2024, the average commission rates we charged were approximately 2.5%, 2.6% and 2.3%, respectively.
Self-operated business				
General self-operated business	We procure family care and nutrition products and take inventory from upstream suppliers and then sell them to downstream buyers mainly via our <i>Hipac</i> platform.	- Downstream buyers purchasing products on our <i>Hipac</i> platform - Our offline trading partners	Sale of products	Selling prices of our products under our general self-operated business are determined based on various factors, including the market price, our purchasing price from suppliers and the price of competing products.

SUMMARY

Business line	Business nature	Type of customers	Revenue model	Pricing model
Proprietary brand business	We offer our self-developed and OEM-manufactured family care and nutrition products under our proprietary brand business to downstream buyers.	- Downstream buyers purchasing products on our <i>Hipac</i> platform - Individual customers purchasing products through our self-operated stores on major e-commerce platforms - Our offline trading partners	Sale of products	Selling prices of the products under our proprietary brand business are determined with reference to the relevant development and production costs plus appropriate profit margins.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

During the Track Record Period, our customers primarily included (i) vendors on our digital marketplace; (ii) buyers of products of our self-operated business; and (iii) our offline trading partners. We do not have substantial reliance on any single customer. For each of the years ended December 31, 2022, 2023 and 2024, revenue generated from the five largest customers accounted for 10.8%, 5.9% and 5.8% of our total revenue, respectively, and revenue generated from the largest customer accounted for 2.9%, 1.6% and 1.5% of our total revenue, respectively.

All of our five largest customers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

Our Suppliers

During the Track Record Period, our suppliers primarily included (i) family care and nutrition product brands, their authorized distributors and manufacturers from which we sourced products for our general self-operated business; (ii) OEM suppliers for our proprietary brand business; (iii) warehousing and logistics service providers; and (iv) cloud service and transaction processing service providers for our digital marketplace business. Our products and services are primarily sourced within China. For each of the years ended December 31, 2022, 2023 and 2024, our purchases from the five largest suppliers accounted for 56.6%, 62.9% and 77.6% of our total purchases, respectively, and our purchases from the largest supplier accounted for 22.0%, 23.8% and 38.2% of our total purchases, respectively.

All of our five largest suppliers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

RISK FACTORS

Our business faces risks including those set out in the section headed “Risk Factors.” Some of the major risks that we face include:

- Our success depends on our ability to generate robust synergies among all participants on our digital marketplace. If we fail to maintain or strengthen such synergies, our business, results of operations and financial performance may be materially and adversely affected.

SUMMARY

- If we fail to retain existing customers or attract new customers, or if our customer engagement levels and revenue contributions decline, our financial condition and business operations may be materially and adversely affected.
- Our business relies on the lower-tier market’s demand for the products on our digital marketplace. A material change in consumer demand or preferences, or any unexpected situation with a negative impact on market demand may materially and adversely affect our business and results of operations.
- If we cannot manage to grow our business or execute our strategies effectively, our business and prospects may be materially and adversely affected.
- Our expansion into new product categories and the substantial increases in the products we offer may expose us to new challenges and more risks.
- If we are unable to provide satisfactory customer services, our business and reputation may be materially and adversely affected.

OUR SINGLE LARGEST SHAREHOLDER GROUP

As of the Latest Practicable Date and the date of this document, Mr. Zhao is able to exercise approximately 42.62% and 42.88% voting rights in our Company, respectively, through (i) Cross Maze, (ii) HIPAC Incentive and (iii) the voting rights entrusted by Entrusting Shareholders under an acting-in-concert agreement dated September 15, 2022, and such voting rights will represent approximately [REDACTED]% of our issued share capital immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme). Therefore, Mr. Zhao together with Cross Maze are considered as the Single Largest Shareholder Group of our Company for the purpose of the Listing Rules.

[REDACTED] INVESTMENTS

Since our establishment, we have received multiple series of financing from our [REDACTED] Investors. We utilized the proceeds from the [REDACTED] Investments for promoting the growth and expansion of our principal business as well as for general working capital purposes. Their investments demonstrate their confidence in the operation of our Group and serve as an endorsement of our performance, strength, and prospects. We believe that we could benefit from the investors’ commitment to our Group. See “History, Reorganization and Corporate Structure — [REDACTED] Investments” for details of our [REDACTED] Investments and the identity and background of our [REDACTED] Investors.

[REDACTED] SHARE INCENTIVE SCHEMES

In order to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors and business partners and to promote the success of our Company’s business, our Company adopted the 2015 Share Incentive Scheme and the 2023 Share Incentive Scheme. For details, see “History, Reorganization and Corporate Structure — [REDACTED] Share Incentive Schemes” and “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes” for details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I. You should read this summary in conjunction with our consolidated financial information included in the Accountants’ Report set out in Appendix I, including the accompanying notes, and the information set forth in “Financial Information.”

SUMMARY

Selected Information from Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	895,268	1,066,785	1,032,399
Cost of sales	(502,442)	(665,325)	(697,094)
Gross profit	392,826	401,460	335,305
Other income and gains	23,719	39,850	32,471
Selling and distribution expenses	(378,810)	(309,470)	(255,846)
Administrative expenses	(96,830)	(59,407)	(71,225)
Research and development expenses	(63,371)	(35,335)	(33,585)
Impairment losses on financial assets, net	(863)	(1,175)	(1,443)
Other expenses	(32,085)	(18,849)	(5,250)
Finance costs	(657)	(466)	(2,964)
Fair value gain/(loss) on convertible redeemable preferred shares	157,227	(72,989)	(76,183)
Share of loss of an associate	(88)	(53)	(106)
Profit/(loss) before tax	1,068	(56,434)	(78,826)
Income tax credit/(expense)	(56)	(106)	1
Profit/(loss) for the year	<u>1,012</u>	<u>(56,540)</u>	<u>(78,825)</u>
Profit/(loss) for the year attributable to:			
Owners of the parent	1,803	(52,131)	(78,403)
Non-controlling interests	(791)	(4,409)	(422)
	<u>1,012</u>	<u>(56,540)</u>	<u>(78,825)</u>
Total comprehensive loss for the year attributable to:			
Owners of the parent	(156,138)	(83,422)	(111,832)
Non-controlling interests	(791)	(4,409)	(422)
	<u>(156,929)</u>	<u>(87,831)</u>	<u>(112,254)</u>

Our revenue increased by 19.2% from RMB895.3 million for the year ended December 31, 2022 to RMB1,066.8 million for the year ended December 31, 2023, primarily due to the increase in revenue generated from our self-operated business, which mainly resulted from our strategic shift from a scale-driven approach to a profitability-focused model. Our revenue remained relatively stable at RMB1,066.8 million for the year ended December 31, 2023 and RMB1,032.4 million for the year ended December 31, 2024. See “Financial Information — Description of Key Items of Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income” for more detailed discussions in this regard.

Non-HKFRS Financial Measure

To supplement our financial information, which is presented in accordance with HKFRS Accounting Standards, we also provide adjusted net profit or loss as a non-HKFRS financial measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards. We believe that this non-HKFRS financial measure

SUMMARY

facilitates comparisons of operating performance from year to year, aiming to provide useful information to investors in understanding and evaluating our results of operations in the same manner it helped our management. However, our presentation of adjusted net profit or loss (non-HKFRS financial measure) may not be comparable to similarly titled measures presented by other companies as they do not have a standardized meaning. The application of the non-HKFRS financial measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS Accounting Standards.

We define adjusted net profit or loss (non-HKFRS financial measure) as profit or loss for the year adjusted by adding back fair value gain or loss on convertible redeemable preferred shares and equity-settled share-based payments. We eliminate the potential impacts of these items as they are non-cash in nature. In particular, fair value gain or loss on convertible redeemable preferred shares are related to the redemption right and promissory notes granted to our [REDACTED] Investors. As all Preferred Shares will be automatically converted to ordinary shares upon [REDACTED], such convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED] and are not expected to recur thereafter.

The following table reconciles our adjusted net profit or loss (non-HKFRS financial measure) for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit/(loss) for the year	1,012	(56,540)	(78,825)
Add:			
Fair value gain or loss on convertible redeemable preferred shares	(157,227)	72,989	76,183
Equity-settled share-based payments	25,121	2,852	28,411
Adjusted net (loss)/profit (non-HKFRS financial measure)	(131,094)	19,301	25,769

Summary of Consolidated Statements of Financial Position

The following table sets forth our financial position as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Total non-current assets	71,990	125,362	131,220
Total current assets	1,046,158	742,769	668,518
Total current liabilities	(2,849,084)	(2,784,330)	(2,800,926)
Net current liabilities	(1,802,926)	(2,041,561)	(2,132,408)
Total assets less current liabilities	(1,730,936)	(1,916,199)	(2,001,188)
Total non-current liabilities	1,622	1,146	—
Net liabilities	(1,732,558)	(1,917,345)	(2,001,188)

We recorded net liabilities of RMB1,732.6 million, RMB1,917.3 million and RMB2,001.2 million as of December 31, 2022, 2023 and 2024, respectively, primarily attributable to the large amount of convertible redeemable preferred shares relating to the redemption right and promissory notes granted to our [REDACTED] Investors. We had accumulated losses of RMB1,728.0 million, RMB1,777.5 million and RMB1,854.3 million

SUMMARY

as of December 31, 2022, 2023 and 2024, respectively, which also contributed to our position of net liabilities during the Track Record Period. We expect to achieve a net current asset and net asset position upon [REDACTED], as the convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED].

Our net current liabilities increased from RMB2,041.6 million as of December 31, 2023 to RMB2,132.4 million as of December 31, 2024, primarily due to (i) an increase of RMB33.1 million in convertible redeemable preferred shares resulting from the changes in fair value of convertible redeemable preferred shares; (ii) an increase of RMB135.0 million in interest-bearing bank borrowings, primarily resulting from the discount of certain bills receivable and letter of credit accepted by commercial banks issued by one of our subsidiaries with total carrying amounts of RMB116.1 million; and (iii) a decrease of RMB115.1 million in pledged and time deposits as a result of our investment management strategy.

Our net current liabilities increased from RMB1,802.9 million as of December 31, 2022 and RMB2,041.6 million as of December 31, 2023, primarily due to (i) a decrease of RMB158.1 million in restricted cash, as we were searching for more optimal collaboration payment partner for our digital marketplace and temporarily reduced settlement through our former collaboration payment partner; (ii) a decrease of RMB158.0 million in financial assets at fair value through profit or loss (the “FVTPL”), mainly because we redeemed part of our wealth management products upon maturity; and (iii) an increase of RMB111.6 million in convertible redeemable preferred shares resulting from the changes in fair value of convertible redeemable preferred shares.

For details of our financial position, see “Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position.”

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net cash flows used in operating activities	(132,576)	(6,013)	(112,293)
Net cash flows from investing activities	244,235	114,034	116,035
Net cash flows used in financing activities	(9,173)	(56,033)	(24,718)
Net increase/(decrease) in cash and cash equivalents	102,486	51,988	(20,976)
Cash and cash equivalents at the beginning of the year	225,377	334,375	388,274
Exchange gains on cash and cash equivalents	6,512	1,911	1,163
Cash and cash equivalents at the end of the year	334,375	388,274	368,461

SUMMARY

Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates or for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	%		
Profitability ratios			
Gross profit margin	43.9	37.6	32.5
Net profit/(loss) margin	0.1	(5.3)	(7.6)
Adjusted net (loss)/profit margin (non-HKFRS financial measure)	(14.6)	1.8	2.5
	As of December 31,		
	2022	2023	2024
Liquidity ratios			
Current ratio	0.4	0.3	0.2

See “Financial Information — Key Financial Ratios” for details regarding the calculation and reasons for the fluctuation of the above ratios.

COMPETITION

We operate in China’s steadily growing and increasingly competitive family care and nutrition product industry in lower-tier market. According to Frost & Sullivan, the industry concentration of China’s commerce and service of family care and nutrition product industry in lower-tier market still has a room for growth, with top five commerce and service platforms serving businesses jointly accounted for a total market share of 25.9% in 2024 in terms of GMV. Our competitors mainly comprise traditional distributors and other commerce and service platforms. We distinguish ourselves through key factors such as the recognition of brand name, stable supply chain and extensive sales network. We believe we are well positioned to capitalize on future industry growth, leveraging our preeminent market position and extensive market knowledge accumulated over years of operations. See “Industry Overview” for a detailed discussion on the markets where we operate.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Business and Financial Performance

Subsequent to December 31, 2024, our dietary supplement product line, representing our second growth curve, has maintained its robust growth momentum. In light of the understanding of consumer demand for household immunity enhancement in the post-pandemic era, our *Doctor Jepson* brand duly launched double berry and double protein special dietary nutrients (雙莓雙蛋白特殊膳食營養劑) in May 2025, with a dedicated focus on the immune health of the whole family. The product innovatively integrates ten core nutritional ingredients to create a three-dimensional and comprehensive immune nutrition solution. Within 15 days of its commercialization, the product achieved sales of over 20,000 units and exceeded RMB3.4 million in sales, receiving a warm market response. According to our unaudited management accounts, our revenue generated from proprietary dietary supplement brands increased by approximately 85% in the first four months of 2025 as compared with that of the same period in 2024.

SUMMARY

According to our unaudited management accounts, our revenue generated from customized marketing services realized a remarkable growth in the first four months of 2025 as compared with that of the same period in 2024, primarily attributable to our deepened collaboration with infant formula brands. In addition, leveraging our digital marketplace technology, we also began to customize O2O order management systems for large family care and nutrition product brands in 2025 catering to their specific needs, in exchange for system development fees of over RMB2.0 million.

No Material Adverse Change

Our Directors confirm that, up to the date of this document, there has been no material changes to our business model and the general economic and regulatory environment in which we operate, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the date of the latest audited consolidated financial position of our Group as set out in the Accountants’ Report in Appendix I to this document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the [REDACTED] of the Stock Exchange for the grant of the [REDACTED] of, and permission to [REDACTED] in, our Shares to be issued pursuant to the [REDACTED] (including the Shares which may be issued pursuant to the exercise of the [REDACTED]) and the Shares to be issued under the 2015 Share Incentive Scheme, on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2024, being RMB1,032.4 million (equivalent to approximately HK\$1,134.1 million), which is significantly over HK\$500 million; and (ii) our expected market [REDACTED] at the time of [REDACTED], which, based on the low-end of the indicative [REDACTED] range, exceeds HK\$4 billion.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK\$[REDACTED] per Share	Based on an [REDACTED] of HK\$[REDACTED] per Share
Market [REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited pro forma adjusted net tangible asset per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue immediately following the completion of the [REDACTED], without taking into account any Shares which may be allotted and issued upon exercise of the [REDACTED] and/or share options granted under the 2015 Share Incentive Scheme and upon vesting of restricted shares granted under the 2015 Share Incentive Scheme.

[REDACTED]

Our [REDACTED] primarily include [REDACTED], professional fees paid to legal advisers, the Reporting Accountants and other professional parties for their services rendered in relation to the [REDACTED] and the [REDACTED]. The estimated total [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) (including (i)

SUMMARY

[REDACTED], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [REDACTED] of approximately HK\$[REDACTED]; and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of (a) fees and expenses of legal advisers and accountants of approximately HK\$[REDACTED]; and (b) sponsor fee and other fees and expenses of approximately HK\$[REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we did not incur any [REDACTED]. Subsequent to the Track Record Period, approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) is expected to be recognized as administrative expenses in the consolidated statements of profit or loss and approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) is expected to be recognized as a deduction in equity directly upon the [REDACTED].

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared by our Company during the Track Record Period. We do not have a formal dividend policy or a predetermined payout ratio for dividend distribution.

We are a holding company incorporated under the laws of the Cayman Islands. Therefore, the payment and amount of any future dividends will be contingent upon the availability of dividends received from our subsidiaries. As advised by our Cayman Islands counsel, subject to the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Any declaration of dividends will be at the absolute discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors consider relevant. Our Board may also from time to time declare interim dividends as it deems fit. We cannot guarantee in what form dividends will be paid in the future. In accordance with the Cayman Companies Act and our Articles of Association, dividends may be declared and paid out of our profits and reserves lawfully available for distribution.

We would distribute dividends to our shareholders, mainly through our share premium and retained earnings, in the future. As we are a holding company, our ability to declare and pay dividends may also depend on the availability of funding received from group companies in the PRC and Hong Kong. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in the PRC. Distributions of dividends or settlements from our PRC subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

[REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-end of the [REDACTED] range stated in this document), will be approximately HK\$[REDACTED], after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

SUMMARY

We intend to use the [REDACTED] of the [REDACTED] for the following purposes:

Approximately HK\$ in millions	Percentage of [REDACTED]	Future Plans
[REDACTED]	[REDACTED]%	strengthen our collaborations with other participants in the ecosystem
[REDACTED]	[REDACTED]%	bolster our technological capabilities and improve our IT infrastructure
[REDACTED]	[REDACTED]%	selectively pursue strategic alliances, acquisitions and/or investments opportunities in the industry value chain when appropriate opportunities arise
[REDACTED]	[REDACTED]%	working capital and other general corporate purposes

See “Future Plans and [REDACTED]” for further information relating to our future plans and use of [REDACTED] from the [REDACTED].

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this document.

“2015 Share Incentive Scheme”	the share incentive scheme adopted by our Company on September 1, 2015, and amended on November 19, 2020 and June 12, 2025, respectively, the principal terms of which are described in “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes — 1. 2015 Share Incentive Scheme”
“2015 Contractual Arrangement”	the contractual arrangement adopted in July 2015 in relation to Hangzhou Yangtuo Internet
“2020 Contractual Arrangement”	the contractual arrangement adopted in February 2020 in relation to Hangzhou Hitun
“2023 Share Incentive Scheme”	the share incentive scheme adopted by our Company on August 1, 2023 and amended on June 12, 2025, the principal terms of which are described in “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes — 2. 2023 Share Incentive Scheme”
“Accountants’ Report”	the report of the Reporting Accountants, the text of which is set out in Appendix I to this document
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Anchor”	Sino HPK Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands, one of our [REDACTED] investors
“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time), adopted on [•], which will become effective upon the [REDACTED], a summary of which is set out in Appendix III to this document
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of our Company
“business day(s)” or “Business Day(s)”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business to the public
“BVI”	the British Virgin Islands

DEFINITIONS

“CAC”	the Cyberspace Administration of China (中華人民共和國國家互聯網資訊辦公室)
[REDACTED]	[REDACTED]
“Cayman Companies Act” or “Companies Act”	the Companies Act, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
[REDACTED]	[REDACTED]
“Chairman”	the chairman of the Board
“China” or “the PRC”	the People’s Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, reference in this document to China and the PRC do not apply to Hong Kong and Macau Special Administrative Region of the PRC and Taiwan
“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 or 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 or supplemented or otherwise modified from time to time
“Company” or “our Company” or “the Company”	Yangtuo Technology Inc., an exempted company incorporated under the laws of the Cayman Islands with limited liability on April 28, 2015
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Cross Maze”	Cross Maze Holdings Limited, a BVI business company incorporated in the BVI on April 27, 2015, which is wholly owned by Mr. Zhao and is one of our Single Largest Shareholder Group members
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Dear Hero”	Dear Hero Limited, a BVI business company incorporated in the BVI on April 27, 2015, which is wholly-owned by Mr. Xiao Jiantao (肖建濤), the chief technology officer of the Company
“Director(s)”	the director(s) of our Company
“Echo Plus”	Echo Plus Leilei Limited, a BVI business company incorporated in the BVI on May 22, 2019, which is wholly-owned by Ms. Xu Hong (徐虹), an executive Director and chief operation officer of the Company
“EIT”	the PRC enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》)
“Entrusting Shareholder(s)”	Mr. Wu Tao (吳濤), Mr. Ni Huan (倪歡), Mr. Xiao Jiantao (肖建濤), Mr. Zhang Meigen (張梅根), Ms. Xu Hong (徐虹), Ms. Yang Qianqian (楊倩倩) and Mr. Yang Wenjie (楊文杰)
“Exchange Participant”	a person (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale serious affects the working public’s ability to resume work or brings safely concern for a prolonged period
[REDACTED]	[REDACTED]

DEFINITIONS

“FITE Regulations”	the Regulations for Administration of Foreign invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which were promulgated by the State Council on December 11, 2001, and subsequently amended on September 10, 2008, February 6, 2016 and recently on March 29, 2022 by the Decision of the State Council on Revising and Repealing Certain Administrative
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an Independent Third Party
“Frost & Sullivan Report” or “F&S Report”	an independent industry report commissioned by us and prepared by Frost & Sullivan for the purpose of this document
“Fun Can”	Fun Can Limited, a BVI business company incorporated in the BVI on April 27, 2015, which is wholly-owned by Mr. Wu Tao (吳濤), a non-executive Director and the director of external strategic cooperation department of the Company
“Galaxy Beta”	Galaxy Beta Limited, a BVI business company incorporated in the BVI on June 29, 2021, which is wholly-owned by Ms. Yang Qianqian (楊倩倩), the chief financial officer and joint company secretary of the Company
[REDACTED]	[REDACTED]
“Glamorous Serenade”	Glamorous Serenade Limited, a BVI business company incorporated in the BVI on April 27, 2015, which is wholly-owned by Mr. Ni Huan (倪歡), one of the Entrusting Shareholders
[REDACTED]	[REDACTED]
“Greater China”	the geographical regions including mainland China, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Group”, “our Group”, “we”, “our” or “us”	the Company, its subsidiaries and/or consolidated affiliated entities at the relevant time or, where the context otherwise requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries and businesses operated by them or their predecessors (as the case may be)

DEFINITIONS

“Hangzhou HIPAC Internet”	Hangzhou HIPAC Internet Technology Co., Ltd. (杭州海拍客網絡科技有限公司), a limited liability company established in the PRC on June 18, 2015 and a wholly-owned subsidiary of our Company
“Hangzhou Yangtuo Trading”	Hangzhou Yangtuo Trading Co., Ltd. (杭州洋駝貿易有限公司), a limited liability company established in the PRC on January 18, 2016 and a wholly-owned subsidiary of our Company
“Hangzhou Hitun”	Hangzhou Hitun Trading Co., Ltd. (杭州嗨豚貿易有限公司), a limited liability company established in the PRC on September 20, 2018 and a wholly-owned subsidiary of our Company
“Hangzhou Yangtuo Internet”	Hangzhou Yangtuo Internet Technology Co., Ltd. (杭州洋駝網絡科技有限公司), a limited liability company established in the PRC on February 28, 2015 and a wholly-owned subsidiary of our Company
“HIPAC Incentive”	HIPAC Incentive Plan Limited, a BVI business company incorporated in the BVI on July 28, 2023, holding the restricted shares under the 2023 Share Incentive Scheme
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“HK\$”, “Hong Kong dollars”, “HK dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKFRS Accounting Standards” or “HKFRS”	Hong Kong Financial Reporting Standards, amendments and the related interpretations issued by the Hong Kong Institute of Certified Public Accountants
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong Takeovers Code” or “Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hongkong Hiyang”	Hongkong Hiyang Trade Limited (香港嗨洋貿易有限公司), a private company limited by shares incorporated under the laws of Hong Kong on August 12, 2020 and a wholly-owned subsidiary of our Company
“Independent Third Party(ies)”	third party(ies) who is, to the best knowledge of our Directors having made due and reasonable enquiries, not a connected person of the Company (having the meaning ascribed to it under the Listing Rules)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

“Jointown”	Jiuzhoutong Medical Group Corp. (九州通醫藥集團股份有限公司), a joint stock company established in the PRC on March 9, 1999 and has been listed on Shanghai Stock Exchange since November 2010 (stock code: 600998), one of our [REDACTED] investors
“Latest Practicable Date”	June 20, 2025, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document prior to its publication
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[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
“M&A Rules”	the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, SAMR, and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009
“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
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company (as amended from time to time), adopted on [•], which will become effective upon [REDACTED], a summary of which is set out in Appendix III to this document
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“Mr. Zhao”	Mr. Zhao Chen (趙晨), an executive Director, chairman of the board, chief executive officer and one of our Single Largest Shareholder Group members

DEFINITIONS

“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“NDRC”	the 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 the Board
[REDACTED]	[REDACTED]
“Olivia Ocean”	Olivia Ocean Limited, a BVI business company incorporated in the BVI on October 14, 2022, which is wholly-owned by Mr. Yang Wenjie (楊文傑)
[REDACTED]	[REDACTED]
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“People’s Congress”	the PRC’s legislative apparatus, including the National People’s Congress and all the local people’s congresses (including provincial, municipal, and other regional or local people’s congresses) as the context may require, or any of them
“PRC Government” or “State”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and its organizations of such government or, as the context requires, any of them
“PRC Legal Advisors”	Haiwen & Partners, our legal advisors as to PRC laws
“Preferred Share(s)”	Series A Preferred Shares, Series B Preferred Shares, Series B + Preferred Shares, Series C Preferred Shares, Series C + Preferred Shares and Series D Preferred Shares

DEFINITIONS

“[REDACTED] Investments”	the [REDACTED] investments in our Company undertaken by the [REDACTED] Investors, details of which are set out in the section headed “History, Reorganization and Corporate Structure”
“[REDACTED] Investors”	the investors in our Company prior to our [REDACTED] as set out in “History, Reorganization and Corporate Structure” in this document
“[REDACTED] Share Incentive Scheme(s)”	2015 Share Incentive Scheme and 2023 Share Incentive Scheme
[REDACTED]	[REDACTED]
“PVG”	Princeville Global MIC Investments Limited, a BVI business company established in BVI on March 13, 2020, one of our [REDACTED] Investors
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization”	the reorganization of our Group in preparation for the [REDACTED], details of which are set forth in “History, Reorganization and Corporate Structure” in this document
“Reporting Accountants”	Ernst & Young
“RMB” or “Renminbi”	the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAFE Circular 13”	Notice on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by SAFE in February 2015
“SAFE Circular 37”	Notice on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Round-tripping by Chinese Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) promulgated by SAFE in July 2014

DEFINITIONS

“SAIC”	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), now known as State Administration for Market Regulation (國家市場監督管理總局)
“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)
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SAT” or “STA”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Series A Preferred Share(s)”	series A preferred shares of our Company, of nominal or par value of US\$0.0001 each
“Series B Preferred Share(s)”	series B preferred shares of our Company, of nominal or par value of US\$0.0001 each
“Series B+ Preferred Share(s)”	series B+ preferred shares of our Company, of nominal or par value of US\$0.0001 each
“Series C Preferred Share(s)”	series C preferred shares of our Company, of nominal or par value of US\$0.0001 each
“Series C+ Preferred Share(s)”	series C+ preferred shares of our Company, of nominal or par value of US\$0.0001 each
“Series D Investment”	the series D investment conducted by our Company as described in “History, Reorganization and Corporate Structure”
“Series D Investor(s)”	Anchor, HH HPK Holdings Limited, PVG, and Shunwei Growth Limited
“Series D Preferred Share(s)”	series D preferred shares of our Company, of nominal or par value of US\$0.0001 each
“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
“Share(s)”	ordinary shares in the capital of our Company with nominal value of US\$0.0001 each

DEFINITIONS

“Shareholder(s)”	holder(s) of Shares
“Single Largest Shareholder Group”	have the meaning ascribed thereto in the Listing Rules, and unless the context otherwise requires, refer to, Mr. Zhao and Cross Maze
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Sole Sponsor”	CITIC Securities (Hong Kong) Limited
[REDACTED]	[REDACTED]
“Track Record Period”	the three financial 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 and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“VAT”	value added tax
“White Bone”	White Bone Limited, a BVI business company incorporated in the BVI on April 27, 2015, is wholly-owned by Mr. Zhang Meigen (張梅根)

DEFINITIONS

“Yangtuo Technology (HK)” Yangtuo Technology (HK) Limited (洋駝網絡科技(香港)有限公司), a private company limited by shares incorporated under the laws of Hong Kong on May 7, 2015 and a wholly-owned subsidiary of our Company

“%” per cent

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese included in this document is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

GLOSSARY

This glossary of technical terms contains terms used in this document as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“AI”	artificial intelligence
“algorithm”	a procedure or set of rules used in calculation and problem-solving by computer systems
“App”	application software designed to run on smartphones and other mobile devices
“big data”	large and diverse dataset that can reveal concealed patterns, unidentified connections, market tendencies, customer inclinations, and other beneficial information resources under new processing model that enhances decision-making power, insight and processing optimization capabilities
“CAGR”	compound annual growth rate
“cloud”	the computers and connections that support cloud computing
“cloud-based”	applications, services or resources made available to users on demand via the internet from a cloud computing provider’s servers with access to shared pools of configurable resources
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus
“DevOps system”	a set of practices, tools, and cultural philosophies that aim to bridge the gap between software development (Dev) and operations (Ops) teams, which emphasizes collaboration, automation, and integration throughout the software development lifecycle
“ESG”	environmental, social and governance
“family care and nutrition products”	products designed to meet the caregiving and nutritional needs of all family members across all life stages, including both general items suitable for all family members and those tailored to specific age groups or life stages
“first-tier cities”	for the purpose of this document, Beijing, Shanghai, Guangzhou and Shenzhen in the PRC

GLOSSARY

“FMCG(s)” or “fast-moving consumer good(s)”	products that are sold quickly at relatively low costs, which are typically consumed or replaced frequently, making them a staple in daily life
“GFA”	gross floor area
“GMV”	gross merchandise volume, the value of paid transactions of products on our platform by buyers, regardless of whether such buyers subsequently seek or obtain refunds
“HR”	human resource
“IT”	information technology
“KPI(s)”	key performance indicator(s)
“KYC”	know your customer, a process that obtains and verifies customer information
“lower-tier cities”	for the purpose of this document, any other cities in the PRC that are not categorized as first-tier and second-tier cities
“lower-tier market”	for the purpose of this document, the extensive regions beyond the urban areas of first- and second-tier cities, encompassing all third- and below-tier cities, as well as all rural towns and villages outside urban areas of first- and second-tier cities
“marketplace”	an operation model for e-commerce, where an operator such as us sets up and maintains an online platform for third-party vendors to sell, and buyers to buy products, on which the operator charges commissions
“non-edible family care products”	products designed for personal care needs of family members, primarily including maternal, infant and child care products, as well as elderly care products
“nutritional edibles and supplements”	products that support nutritional supplementation for family members, which include infant formula, dietary supplements and food, snacks and supplements
“O2O”	online to offline, representing systems enticing consumers within a digital environment to make purchases of goods or services from physical businesses
“OEM”	original equipment manufacturer
“R&D”	research and development

GLOSSARY

“second-tier cities”	for the purpose of this document, Chengdu, Hangzhou, Chongqing, Suzhou, Wuhan, Xi’an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Wuxi, Ningbo, Qingdao, Hefei, Foshan, Shenyang, Kunming, Jinan, Xiamen, Fuzhou, Wenzhou, Changzhou, Dalian, Shijiazhuang, Nanning, Harbin, Jinhua, Nanchang, Changchun, Nantong, Quanzhou, Guiyang, Jiaxing, Taiyuan, Huizhou, Xuzhou, Shaoxing, Zhongshan, Taizhou, Yantai, Zhuhai, Baoding, Weifang, and Lanzhou in the PRC
“SKU”	stock keeping unit, the smallest unit of product information, which is distinguished from other product types by manufacturer, function, material, size, color, packaging, warranty term and other attributes
“sq.m.”	square meter

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements representing our goals, expectation and views of future events, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as “will,” “would,” “estimate,” “expect,” “anticipate,” “plan,” “aim,” “going forward,” “believe,” “may,” “intend,” “ought to,” “continue,” “project,” “should,” “seek,” “potential” and the negative of these words and other similar expressions. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially.

These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industry which we operate in;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- future developments in the industry which we operate in;
- general economic trends in which we operate our business;
- our ability to control costs and expenses;
- our dividend policy;
- capital market developments;
- the actions and developments of our competitors;
- change or volatility in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- all other risks and uncertainties described in the section headed “Risk Factors.”

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect our management’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions. See “Risk Factors,” “Business” and “Financial Information” for more details.

FORWARD-LOOKING STATEMENTS

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information. In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

RISK FACTORS

An [REDACTED] in our Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an [REDACTED] in our Shares.

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, results of operations or prospects. If any of these events occur, the [REDACTED] price of our Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our success depends on our ability to generate robust synergies among all participants on our digital marketplace. If we fail to maintain or strengthen such synergies, our business, results of operations and financial performance may be materially and adversely affected.

Our ability to create strong synergies among upstream vendors, downstream buyers, logistics service providers and other participants on our digital marketplace is critical to our success. The extent to which we are able to maintain and strengthen these synergies depends on our ability to:

- offer a secure and open platform environment for all participants;
- provide quality products and services that meet the evolving needs of participants on our digital marketplace;
- optimize platform performance and user experience to drive efficiency and enhance the appeal of our products and services for all participants;
- balance the interests of all participants on our digital marketplace;
- maintain and improve the quality of our customer services; and
- continue to adapt to the constantly changing demands of lower-tier market in China.

If our existing and new products and services fail to provide the expected benefits to participants on our digital marketplace, the level of engagement of these participants and their transaction activities on our digital marketplace may decrease, which could materially and adversely affect our market share, business, results of operations and prospects, financial performance, as well as our reputation and brands. In addition, we may incur higher costs and expenses as a result of adjusting existing or introducing new products and services. These costs may encompass technological upgrades, personnel training, and supply chain adjustments, thereby further compressing the profit margins. New products and services may also subject us to meeting additional regulatory or licensing requirements. Failure to comply with any such new regulatory or licensing requirements could materially

RISK FACTORS

and adversely affect our business and results of operations. In addition, changes we may make to balance the needs and interests of the various participants on our digital marketplace may be viewed positively from one participant group’s perspective (such as upstream vendors) but may be viewed negatively from another group’s perspective (such as downstream buyers). If we fail to balance the interests of all participants on our digital marketplace, they may stop utilizing our digital marketplace, conduct fewer transactions or use alternative platforms of other competitors, which may trigger a chain reaction and weaken our platform’s network effects. Any of which could result in a material adverse effect on our business, results of operations and financial performance.

If we fail to retain existing customers or attract new customers, or if our customer engagement levels and revenue contributions decline, our financial condition and business operations may be materially and adversely affected.

As of December 31, 2024, we had over 4,200 registered vendors and approximately 290,000 registered buyers covering 31 provinces, municipalities and autonomous regions and across over 3,000 counties and villages nationwide. The number of registered vendors on our platform increased from 2,450 as of December 31, 2022 to 4,241 as of December 31, 2024, representing a CAGR of 31.6%. The buyers transacting ratio, calculated as transacting buyers as a percentage of buyers which logged into our *Hipac* platform for at least once in the relevant years, increased from 81.3% in 2022 to 83.3% in 2023, and further increased to 84.8% in 2024. We are also able to maintain high buyer engagement, with the average number of orders per transacting buyer per month amounting to 7 and the average number of orders per core buyer per month amounting to 11 in 2024, respectively. Correspondingly, our total revenue demonstrated an overall growth during the Track Record Period, which increased from RMB895.3 million in 2022 to RMB1,032.4 million in 2024, representing a CAGR of 7.4%. Such growth was mainly driven by a combination of factors, such as our expansion into more geographic regions, diversification in product categories and efficiency and attractiveness of our platform and service offerings. Our business success is dependent upon (i) our ability to retain and expand our user base; (ii) the ability of upstream vendors to maintain high-quality product supplies and meet the demands of downstream buyers to sustain their sales performance and revenue contribution; and (iii) popularity and market recognition of our self-operated brands. Our customer growth may gradually decline as our customer base expands and as we occupy a larger market share. If our customer growth rate declines, our business growth will be increasingly dependent on our ability to increase our business with existing customer base. There is no guarantee that the number of customers or the level of their business with us would not decline. If our customers are unable to sustain their sales performance, purchase amount or revenue contribution, our business and prospects may be materially and adversely affected.

Our customer retention, growth rate and the level of our customers’ business and revenue contribution could be negatively affected if:

- we fail to maintain competitive pricing of our products and service offerings at levels that are both acceptable to our customers and profitable for us;

RISK FACTORS

- consumers in the lower-tier market gradually accelerate their adaptation to online shopping, reducing reliance on local offline retail stores, resulting in the loss of market share by offline retail stores;
- we are unable to continuously upgrade our platform and maintain its technological leadership, openness and security;
- we fail to introduce new and improved products or services, or we introduce new products or services that do not achieve favorable market reception;
- we are unable to present product information on our platform in a way which is attracting, useful and relevant to buyers;
- our customer service team fails to provide satisfying services;
- we encounter technical or other relevant issues that prevent us from delivering products and services on agreed terms;
- there are adverse changes in government policies affecting the family care and nutrition product industry; and
- we, our products under self-operated brands, or the overall family care and nutrition product industry are facing negative publicity.

In addition, a decrease in customer retention, growth or the level of their business with us may reduce our bargaining power, which may have a material adverse effect on our business prospects and competitive landscape in the market.

Our business relies on the lower-tier market’s demand for the products on our digital marketplace. A material change in consumer demand or preferences, or any unexpected situation with a negative impact on market demand may materially and adversely affect our business and results of operations.

Our business relies on the lower-tier market’s demand for the products offered on our digital marketplace, covering nutritional edibles and supplements, non-edible family care products and other products. This depends on factors such as (i) local consumer preferences and needs, (ii) birth rate, (iii) consumer spending patterns, (iv) household disposable income, (v) diversity of our product offerings, and (vi) consumer perceptions of and confidence in the product quality on our platform. Changes in any of the above at any time could result in fluctuations in the market demand for the products offered on our digital marketplace. Our business growth will depend partly on our ability to (i) accurately anticipate changes in market demand and consumer preferences in the lower-tier market, (ii) introduce new and attractive products in a timely manner, (iii) differentiate our products and services from those of our competitors and maintain our pricing advantage, and (iv) develop appropriate and effective marketing and sales strategies accordingly.

RISK FACTORS

If we fail to anticipate or respond to changes in the choices and preferences of the lower-tier market or adjust the product portfolio on our platform that satisfy the lower-tier market’s evolving demand in a timely manner, our market share, business and profitability could be materially and adversely affected. A material change in consumer demand or preferences could result in lower transaction amount on our platform, put pressure on product pricing or lead to increased levels of sales and marketing expenses. In addition, any unexpected situation affecting the lower-tier market may also materially and adversely affect our business and results of operations.

In addition, our self-operated business primarily focuses on family care and nutrition products, which exhibit significant growth potential in China’s lower-tier market. There can be no assurance that these products will continue to be accepted by consumers or that we will be able to anticipate or respond to changes in consumers’ preferences in a timely manner. Our failure to anticipate, identify or react to these particular changes could adversely affect our sales performance and our profitability.

If we cannot manage to grow our business or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We continue to execute a number of strategies to expand our business with notable results achieved. As of December 31, 2024, we have established cooperative relationships with approximately 290,000 registered buyers, forming a comprehensive family care and nutrition products sales network covering over 3,000 counties and villages across China. Our total revenue increased from RMB895.3 million in 2022 to RMB1,032.4 million in 2024, representing a CAGR of 7.4%. Our self-operated business, in particular, demonstrated substantial growth in revenue from RMB540.4 million in 2022 to RMB801.8 million in 2024 with a CAGR of 21.8%. For details of our business expansion strategies, see “Business — Our Strategies” and “Future Plans and [REDACTED].” While our business has been continually growing, we cannot assure you that we are able to sustain our historical growth rate for various reasons, such as the uncertainty of the growth prospects of family care and nutrition products in the lower-tier market, and our ability to upgrade our products and services and to successfully compete within the industry. In contrast to first- and second-tier market in China, the family care and nutrition product industry in lower-tier market has its own distinctive characteristics, such as “mom economy” characteristics, a massive and growing potential consumer base, complex purchasing drivers with emphasis on value-added services, continued heavy reliance on traditional offline distribution channels among retail stores, high homogeneity of standardized products and low branding in non-standard categories, and a slower process of digitalization compared to more developed first- and second-tier market. We cannot assure you that our future development will continue at the current pace.

RISK FACTORS

Moreover, our anticipated expansion into overseas markets and provision of new products and services may constrain our managerial, operational, financial and human resources. Given that we may not be able to accurately identify and cater to overseas consumers’ preferences, the product promotion cycle in target markets may take longer than anticipated. Our current operation model may not be adequate to support our future business operations, and we cannot assure you that we will be able to effectively manage our growth or implement necessary measures to facilitate such growth. If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our expansion into new product categories and the substantial increases in the products we offer may expose us to new challenges and more risks.

In recent years, we have continued to expand our product portfolio under our self-operated business. As of the Latest Practicable Date, we primarily offered infant formula, food, snacks and supplements, dietary supplements and non-edible family care products. Expansion into new product categories and an significant increase in our product portfolio entail new risks and challenges. Our unfamiliarity with these new categories and lower-tier market dynamics may hinder our demand forecasting and customer preference analysis. For our self-operated business, inaccurate market demand or consumer preferences forecasting may lead to unsatisfying sales performance of products, potentially resulting in inventory overstock and possible inventory write-down. As our product categories further expand, it may become increasingly challenging for us to inspect and control quality, and to ensure proper handling, storage and delivery of our products. As a result, we may receive increasing product returns, which would harm our brand and reputation as well as our financial performance. Some of our product candidates require regulatory approvals and delays in obtaining them could negatively impact our business. Failure to obtain regulatory approvals or registration certificates for our product candidates in a timely manner would hinder us from penetrating into the relevant markets, which may adversely affect our business and financial performance. Furthermore, in respect of new product categories, we may lack significant bargaining power, which may impede our ability to negotiate favorable terms and conditions with our counterparties. We therefore may need to price more aggressively to gain market share or remain competitive in new categories. It may be difficult for us to achieve profitability in the new product categories and our profit margin, if any, may be lower than we anticipate. Our new product categories may not always be able to replicate our success in the sales of our existing product categories. Our new products categories may not always succeed or generate results as we anticipate. We cannot assure you that we will be able to recoup our investments in introducing these new product categories. As a result, our profit may be lower than we anticipate, and our results of operations and financial conditions may be materially affected.

RISK FACTORS

If we are unable to provide satisfactory customer services, our business and reputation may be materially and adversely affected.

The success of our business depends on our ability to provide reliable and satisfactory customer services in a timely manner. Our customer service team maintains customer stickiness through continuous interactions with offline retail stores and vendors. As of December 31, 2024, we had a team of 67 full-time customer service managers. However, there is no guarantee that our customer service team can provide satisfactory services to all of our customers. In addition, there is no assurance that we can retain existing customer service managers or attract new ones when needed, or the training provided to new customer service managers will be sufficient to meet our standards, or that an influx of less experienced personnel will not dilute the quality of our customer service. If our customer service managers fail to provide satisfactory services to customers, our brand and customer loyalty may be adversely affected. Moreover, any negative publicity or feedback regarding our customer service may damage our reputation and in turn erode our customer base, leading to a loss of market share.

Any delivery delay, improper handling of products or increase in transportation costs of our logistic service providers could adversely affect our business and results of operations.

We engage logistics service providers for the product delivery. To a much lesser extent, our suppliers deliver our sourced products to our downstream buyers on our behalf. Interruptions or failures in these third parties’ delivery services could jeopardize the timely or successful delivery of our products, which could in turn result in the loss of customers.

The logistics services provided by such third parties may be suspended or cancelled due to unforeseen events, which could cause interruption to the sales or delivery of our products. The transportation infrastructure in the lower-tier market might not be as developed as first-tier and second-tier market and the vast geographic areas of the lower-tier market might raise additional difficulties for the order delivery to our customers. In addition, delivery delays may occur for various reasons beyond our control, including inclement weather, natural disasters, virus outbreaks (such as the COVID-19), transportation disruptions or labor disputes. For example, subject to various travel restrictions imposed by local governments in an effort to curb the spread of the COVID-19 pandemic, logistics services to deliver our products to customers were temporarily compromised in 2022. In addition, when our products are not delivered on time, our customers may refuse to accept them and lose confidence in our services. Beyond delivery delays, improper handling during logistics could also result in product contamination or damage, potentially triggering product returns, product liability claims, and further damage our brand image and reputation. We have received inquiries and requirements from customers occasionally with regards to the delivery, product returns, and liability claims. If our appointed third parties are unable to perform the logistics services as expected and we are unable to find alternative logistics providers in a timely manner or at all, our business and reputation can be materially and adversely damaged.

RISK FACTORS

The transportation costs of our logistics service providers are subject to factors beyond our control, such as the fluctuation in gasoline prices, increase in road tolls and bridge tolls, rising labor costs, and changes in transportation regulations. Any increase in the service costs of our logistics service providers may lead to an increase in our logistic expenses, which may in turn negatively affect our results of operations.

Any quality issues in the products offered by third-party vendors or improper activities of third-party vendors on our platform may damage our brand, subject us to liability and harm our business and financial results.

Third-party vendors offer family care and nutrition products and other products on our *Hipac* platform. Compared with the products under our self-operated business, we have limited control over the quality of products offered by third-party vendors on our digital marketplace. Although we have stringent selection criteria and requirements in place for third-party vendors to qualify and transact on our *Hipac* platform, such prerequisite cannot guarantee the quality of all products or eliminate potential defects or warranty claims from the product offered by third-party vendors. If any third-party vendor does not control the quality of the products that it sells on our platform, conducts false advertisements, sells defective products, or sells products without licenses or permits as required by the relevant laws and regulations, buyers may lose confidence in us, the product transaction volumes through our platform may reduce, and the reputation of our platform and our brand may be materially and adversely affected and we could face claims to hold us liable for the losses.

In addition, pursuant to the platform service agreements, when buyers initiate returns due to quality issues, we normally conduct a preliminary review and, upon approval, make refunds directly to such buyers using performance deposits or transaction funds of vendors. Although upstream vendors on our digital marketplace are contractually obligated as the ultimately liable parties for after-sales services pursuant to the platform service agreements, and we require performance deposits from vendors based on product categories, or freeze transaction funds if the deposits are insufficient to cover potential returns, these measures may not fully cover refund amounts if widespread product quality issues occur or if upstream vendors deliberately engage in improper activities. In such cases, we might incur increased costs associated with the facilitation of buyers’ returns or exchange of products, our credibility and market reputation could be harmed, and our business and results of operations may be materially and adversely affected.

Moreover, if third-party vendors bypass our vetting mechanisms to gain platform access and subsequently lower their product quality standards or engage in misconduct after joining the platform, this will directly compromise the overall quality of products available on our platform. Significant additional managerial, financial and human resources may be required to manage and regulate such vendors in order to ensure the quality of products offered on our platform. Our business, results of operations and reputation might be adversely affected if we are unable to ensure the quality of products offered on our platform.

RISK FACTORS

Our inability to maintain stable relationships with our suppliers, or failure to secure alternative suppliers, could have a material and adverse effect on our business and financial condition.

We rely on suppliers for different aspects of our business, such as product sourcing for our general self-operated business, OEM services, logistics services, storage services, cloud services and payment processing services. The supply agreements we have with suppliers are generally on a non-exclusive basis, though we generally maintain long-term relationship with our major suppliers. Any interruptions or changes in the supplies, or our failure to promptly secure alternative suppliers that can meet our quality requirements at reasonable prices may impair our capacity to fulfill customer orders and satisfy market demand. Moreover, we expect our demand for such supplies to increase as we continuously expand our business scale. We cannot guarantee that our current suppliers have the capacity to meet our increasing demand going forward. In addition, we cannot assure you that our suppliers will continue their business relationships with us on commercially reasonable terms or at all. In the event that our suppliers do not maintain or expand their cooperation with us, or fail to provide us with adequate supply to meet our needs, we may not be able to find suitable alternative suppliers within a short period of time or at commercially reasonable terms, which could disrupt our operations and adversely affect our results of operations.

Therefore, if we cannot maintain business relationships with our existing suppliers or if these suppliers raise prices, experience delivery delays, provide supplies that fail to meet our quality standards, or encounter financial, operating or other difficulties, our business, financial condition and results of operations could be materially and adversely affected.

We rely on our OEM suppliers for the production of our proprietary brands and any material shortage or delay in supply by them or instability of their product quality could materially and adversely affect our business, results of operations and financial condition.

We outsource the production of all of our proprietary brand products to selected OEM suppliers. Their operations might be affected by industry downturns, changes in regulatory requirements, natural disasters or other catastrophic events. The occurrence of any such industry downturn, changes in regulatory requirements, natural disaster or catastrophic events could cause shortages or delay in supply of products by our OEM suppliers. In addition, although we strictly control the quality of our operations, we have limitations on directly and effectively monitoring the production quality of the OEM suppliers. We have implemented quality control and assurance protocols to monitor and assess the products manufactured by OEM suppliers. Our quality standards depend on factors such as the reliability of equipment used by our OEM suppliers, their adherence to our quality protocols, and the effectiveness of our supplier audits and inspections. However, no quality control system is entirely infallible, and deviations from our quality standards may occasionally occur. If the OEM suppliers fail to supply products in accordance with our delivery schedule, quality standards or product specifications, we may be forced to provide these products on a delayed basis or cancel our product offering, either of which could harm our reputation and our relationships with buyers as well as other participants on our platform and potentially expose us to litigation and damage claims and we may not be able

RISK FACTORS

to seek sufficient indemnification from our OEM suppliers. If we engage in legal proceedings against our OEM suppliers, such proceedings may be time-consuming and costly regardless of the outcomes. Any such issues may materially and adversely affect our business, results of operations and financial condition.

Failure to maintain competitive pricing strategies may have a material adverse effect on our business, financial condition and results of operations.

We are committed to providing customers with high-quality products and services. We determine our differentiated pricing strategy for each business line through comprehensive market research, taking into account multiple factors and designing to cater to the diverse needs of our customer base. See “Business — Pricing” for details. However, we cannot guarantee that we will consistently adopt a competitive pricing strategy, and we may fail to maintain the pricing of our products and service offerings at levels that are both acceptable to our customers and profitable for us. If our market research yields inaccurate results that misalign our pricing strategy with market trends, our customers, which are generally price-sensitive, may shift to our competitors or conduct transactions through other channels. We risk either diminishing profit margins by underpricing, or dampening sales volume and revenue by overpricing. Even if we initially price our products under our self-operated business appropriately, we may need to offer coupons or significant discounts during festivals or major online shopping events to enhance brand awareness and drive sales, or adjust prices as our products progress through their life cycles.

The return and exchange policies on our *Hipac* platform may subject us to additional costs and expenses, which may adversely impact our financial condition and results of operations.

We have adopted a unified product return and exchange policy on our *Hipac* platform. We typically allow buyers to return or exchange products with vendors within 24 hours to 7 days upon product delivery depending on the specific product category for reasons including defective or substandard products, mis-delivery, under-delivery and damaged packaging. Pursuant to our platform service agreements with third-party vendors on our *Hipac* platform, vendors are responsible for providing after-sales services, dealing with any customer complaints and shall bear the relevant costs for their products sold through *Hipac* platform. See “Business — Our Customers — Product Return and Exchange” for details. We may also be required by laws and regulations to adopt new or amend existing return, exchange and warranty policies. Therefore, if product sales underperform or the quality declines, we will incur higher operational costs, which may include, but are not limited to, reimbursing upstream vendors for commissions related to transactions in the event of product returns.

RISK FACTORS

While we believe these policies improve user experience of our products and services and help us to acquire and retain participants on our *Hipac* platform, we cannot assure you that our return, exchange and warranty policies will not be misused by buyers, which may significantly increase our costs and may adversely impact our business, financial condition and results of operations. If we revise these policies to reduce our costs and expenses, or these policies are unable to balance the needs and interests of the various participants on our platform, we may experience participant attrition and encounter challenges in maintaining or growing platform engagement levels, which may materially and adversely affect our results of operations.

We may fail to successfully compete against our potential competitors, which may reduce demand for our products and services, and adversely impact our financial condition and results of operations.

The family care and nutrition products market in China, which we operate in, is increasingly competitive and relatively fragmented. We may face competition from other digital marketplaces, brand owners of family care and nutrition products, their distributors, and industry players who provide products or services similar to those we offer. See “Business — Competition” for details. Some of our potential competitors may have greater resources in certain markets than us, may provide products or services that are similar to ours or that achieve greater market acceptance, undertake more far-reaching products development and marketing campaigns, or may adopt more aggressive pricing policies. In addition, certain competitors may be able to secure products from upstream vendors or suppliers on more favorable terms to gain competitive advantages against us.

Furthermore, certain manufacturers, brand owners of family care and nutrition products or their national or regional distributors may plan to build or further develop their own commerce platform to compete with us, which may significantly affect our market share. Upstream vendors may also commence or improve their own logistics, warehousing and processing services, data analytics technology, or develop cooperative relationships with offline retail stores under a similar model. If such upstream vendors were to succeed in providing a viable alternative to our business and services, our business could be adversely affected by their entrance or expansion.

In addition, we face a variety of competitive challenges with respect to attracting upstream vendors and downstream buyers, negotiating favorable terms with various service providers, anticipating and quickly responding to changes in market demands, maintaining favorable brand recognition and providing quality services, among other things. If we cannot properly address these competitive challenges, our business and prospects would be materially and adversely affected. There can be no assurance that we will be able to compete successfully against current and future competitors, and competitive pressures may have a material and adverse effect on our business, financial conditions and results of operations.

RISK FACTORS

If we fail to maintain an experienced sales force, or if our marketing and branding efforts are not successful, our sales and business prospects could be materially and adversely affected.

We consider our dedicated sales force to be the vital connection for developing and maintaining our extensive retail store network, executing our sales and marketing strategies and promoting our brand. As of December 31, 2024, our sales and marketing team comprised 484 full-time personnel with approximately 8 years of industry experience on average stationed across 26 provinces, municipalities and autonomous regions. Nevertheless, we cannot assure you that our sales efforts will always remain effective and competitive, if at all. If our sales force fails to market our products and services in a cost-effective manner, or provide satisfactory services during the sales process, our sales performance may decline, which may materially and adversely impact our business, prospects, results of operations and financial condition.

Additionally, we will need to continue to expand and optimize our sales force and efforts in order to grow our customer base and business. Identifying and recruiting qualified sales personnel and training them to be familiar with our products and services requires significant time, expense and attention. Our business may be adversely affected if our efforts to expand and train our sales personnel do not generate a corresponding increase in revenues. In particular, if we are unable to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenues.

Some of the buyers on our digital marketplace may have excessive inventory, which may affect their future orders on our platform, and if we fail to manage our inventory effectively, our financial condition and results of operation may be materially and adversely affected.

Buyers on our *Hipac* platform mainly comprise offline family care and nutrition product retail stores, which typically manage their own inventories and independently arrange sales channels to reach their customers. Consequently, it is difficult for us to gain full knowledge of their inventory level or whether there is any overstock, which could potentially influence their subsequent purchasing decisions. Additionally, due to market uncertainty and the inherent difficulty in accurately forecasting market demand, particularly during holidays or peak seasons, offline retail stores often build up their inventories in advance. In the event that the actual sales performance falls short of expectations, this may give rise to the risk of inventory overstocking in offline retail stores and affect their future orders on our platform.

Our inventories mainly consist of finished goods under our self-operated business. We had inventories of RMB59.5 million, RMB46.8 million and RMB74.7 million as of December 31, 2022, 2023 and 2024, respectively, and we had write-down of inventories of RMB1.3 million, RMB1.7 million and RMB4.1 million as of the same dates, respectively. Our inventory turnover days were 34 days, 33 days and 36 days in 2022, 2023 and 2024, respectively. We implemented measures and procedures to monitor our inventory level. Our policy is to maintain an optimal level of inventory to control inventory carrying costs, while ensuring timely delivery of products, and maintain the quality and variety of products

RISK FACTORS

available to our customers. We also review our inventory management methods and procedures periodically to minimize overstocking of products. However, there is no assurance that we will always be able to maintain optimal inventory levels. If we fail to do so, we could experience shortages of products and decreased revenue if our inventory levels are too low, or we may require additional working capital and incur increased costs if our inventory levels are too high, both of which may adversely affect our business, financial condition and results of operations. We also depend on our forecasts of demand for and popularity of various products to make purchase decisions and to manage our inventory. With the expansion of our business operation and the iteration of our products, any mismanagement of inventory could lead to increased write-downs directly impacting our profitability, tied-up capital in slow-moving inventory reducing our liquidity, and higher storage and handling costs pressuring our margins, which may adversely and materially affect our business, results of operations and financial condition.

We had incurred net losses and net operating cash outflow in the past and our operating results may fluctuate in the future, and we recorded net current liabilities and negative equity during the Track Record Period.

We incurred net loss of RMB56.5 million and RMB78.8 million for the years ended December 31, 2023 and 2024, respectively. See “Financial Information — Year to Year Comparison of Results of Operations” for details of our net loss during the Track Record Period. We also recorded net cash outflow from operating activities during the Track Record Period, amounting to RMB132.6 million, RMB6.0 million and RMB112.3 million for the year ended December 31, 2022, 2023 and 2024, respectively. See “Financial Information — Liquidity and Capital Resources — Cash Flows” for details. Despite our net profit for the years ended December 31, 2022, we cannot assure you that we will be profitable in the future. We anticipate that our operating costs and expenses will increase in the foreseeable future as we continue to grow our business, attract users and customers, further enhance and develop our products and services, enhance our technology capabilities and increase our brand recognition. These efforts may prove more costly than we currently anticipate, and we may not succeed in increasing our revenues sufficiently to offset these higher expenses. As a result of the foregoing, our operating results may fluctuate in the future.

We recorded net current liabilities of RMB1,802.9 million, RMB2,041.6 million and RMB2,132.4 million as of December 31, 2022, 2023 and 2024, respectively, and we had negative equity of RMB1,732.6 million, RMB1,917.3 million and RMB2,001.2 million as of the same dates, respectively, primarily due to our convertible redeemable preferred shares classified as current liabilities. We expect to achieve a net current asset position upon [REDACTED], as the convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED]. Our negative equity position exposes us to liquidity risk. Our future liquidity, payment of trade and other payables, capital expenditure plans and repayment of outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing. We may have a negative equity position in the near future, which may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition and prospects.

During the Track Record Period, government grants recognized under other income and gains primarily represent incentives awarded by local government authorities (i) in recognition of our commercial innovation, economic contribution, and/or business achievements, (ii) in connection with the individual income tax handling fee, and (iii) for providing stable jobs (政府穩崗補貼), which are generally non-recurring in nature. There were no unfulfilled conditions or contingencies attached to these government grants. For the years ended December 31, 2022, 2023 and 2024, the government grants we recognized as other income and gains amounted to RMB11.7 million, RMB9.6 million and RMB2.8 million, respectively. In addition, Hangzhou Yangtuo Internet is qualified for lower EIT rates of 15%, instead of the statutory EIT rate of 25%, as High and New Technology Enterprises (高新技術企業). Continued eligibility to such preferential tax treatments is subject to review and evaluation by the relevant government authorities in China every three years. For more details of the preferential tax treatments, see Note 10 to the Accountants’ Report in Appendix I to this document.

The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received at any time, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition. Furthermore, in the ordinary course of business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. As such, the PRC tax authorities may successfully challenge our position and may require us to pay taxes, interest on such taxes, and/or penalties in excess of our tax provisions.

We are subject to credit risk related to delay in payment and defaults of customers, which would adversely affect our liquidity and financial condition.

Our trade receivables arose primarily from our products and services provided in the ordinary course of business. We are exposed to credit risk related to delay in payment and defaults of our customers. As of December 31, 2022, 2023 and 2024, the net carrying amount of our trade receivables was RMB3.2 million, RMB6.0 million and RMB13.5 million, respectively, and we recorded impairment of trade receivables of RMB29.0 thousand, RMB33.0 thousand and RMB102.0 thousand as of the same dates, respectively. The turnover days of our trade receivables were 2 days, 2 days and 4 days, respectively, for the years ended December 31, 2022, 2023 and 2024. As our business continues to scale, our trade receivables balance may further grow accordingly, which may increase our risks for uncollectible receivables. We generally grant our customers credit terms up to 30 days, and generally do not require collateral or other security from our customers.

RISK FACTORS

We may not be able to collect all such trade receivables due to various factors that are beyond our control, including adverse operating condition or financial condition of customers, which could cause our customers to delay payments to us, request adjustments to their payment arrangements or default on their payment obligations to us. If our customers delay or default in their payments to us, we may have to make impairment provisions and write-off the relevant receivables, and our liquidity and financial condition would be adversely affected.

We are exposed to changes in the fair value of our financial instruments measured at fair value through profit or loss (the “FVTPL”) and changes in the fair value of our equity investments designated at fair value through other comprehensive income (“FVTOCI”). Fluctuations in their values would affect our results of operations and financial condition.

During the Track Record Period, we purchased certain wealth management products issued by commercial banks in the PRC, which are recorded under financial assets measured at FVTPL. Our results of operations are affected by changes in the fair value of such financial assets measured at FVTPL. As of December 31, 2022, 2023 and 2024, the fair value of our financial assets measured at FVTPL amounted to RMB183.5 million, RMB25.5 million and RMB46.1 million, respectively. See Note 22 to the Accountants’ Report in Appendix I to this document for more details. During the Track Record Period, we have certain equity investments in an unlisted company, which are recorded under equity investments designated at FVTOCI. As of December 31, 2023 and 2024, our equity investments designated at FVTOCI were RMB2.3 million and RMB1.8 million, respectively. See Note 18 to the Accountants’ Report in Appendix I to this document for more details.

The fair values of financial assets measured at FVTPL are determined based on the unit price published on the websites of the counterparty bank or financial institution. The fair values of equity investments designated at FVTOCI have been estimated using a market-based valuation technique based on assumptions that are supported by price to sales multiples of comparable companies. Factors beyond our control can significantly influence and cause adverse changes to these market-observable data we use and thereby affect the fair value of such financial assets and equity investments. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition.

RISK FACTORS

If we determine our other intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

As of December 31, 2022, 2023 and 2024, we had other intangible assets of RMB18.5 million, RMB5.4 million and RMB4.5 million, respectively, which mainly comprised software, patents and trademarks. As of December 31, 2023, we recognised a full impairment of a trademark with details discussed in “Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position — Other Intangible Assets.” As a result, the carrying amount of the trademark was fully impaired by RMB11.4 million for the year ended December 31, 2023.

We cannot assure you that we will not continue to incur impairment of other intangible assets in the future. The value of intangible assets is based on a number of assumptions made by our management. If any of these assumptions do not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and the recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our intangible assets may be impaired. The impairment of other intangible assets could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our other intangible assets, see Note 15 to the Accountants’ Report in Appendix I to this document.

Negative publicity with respect to us, the family care and nutrition product industry in general, our ecosystem participants or our business partners may materially and adversely affect our business, results of operations and financial performance.

As China’s leading commerce and service platform specializing in family care and nutrition products, “*Hipac* (海拍客)” has built an distinguished industry reputation through its proven track record. We believe that market recognition and brand image are key to our future success. As we continue our growth in business scale, broaden the scope of our products and services, and expand into foreign markets, it will be increasingly difficult to maintain the efficiency and quality of our products and services, which may negatively impact our brand and market reputation. The failure to maintain and to enhance our brand recognition may materially and adversely affect our business, results of operations and financial performance.

RISK FACTORS

Many factors, some of which are beyond our control, may negatively impact our brand image and corporate reputation if not properly managed. These factors include our ability to provide superior services to our ecosystem participants, successfully conduct marketing and promotional activities, manage relationships with and among ecosystem participants, respond to complaints and negative publicity, and maintain a positive perception of our company, our competitors and the family care and nutrition product industry in general. Any actual or perceived deterioration of our product or service quality, which is based on an array of factors including participants’ satisfaction, rate of complaints or rate of quality accidents, could subject us to damages such as the loss of key participants. Any negative publicity directed against us or the family care and nutrition product industry in general or our business partners could cause damage to our corporate reputation and lead to further changes to government policies and the regulatory environment. If we are unable to promote our brand image and protect our corporate reputation, we may not be able to maintain and grow our participant base, and our business and growth prospects may be adversely affected.

Incidents that reflect doubt as to the product quality or safety in the family care and nutrition product industry, including those related to our competitors, have been, and may continue to be, subject to widespread media attention. Such incidents may damage the reputation of not only the parties involved, but also the family care and nutrition product industry as a whole. In the past, PRC consumers’ confidence in domestic family care and nutrition products was undermined by a series of scandals involving family care and nutrition products, such as the 2008 Chinese milk scandal. Even if such parties or incidents have no relation to us, our management, our employees, our suppliers or our other business partners, such negative publicity may indirectly and adversely undermine the confidence of the participants on our platform and affect our reputation and business operations.

We are subject to the risks in relation to our offline trading partners.

In line with industry practice, we have engaged offline trading partners to expand our sales network and product reach. As of December 31, 2022, 2023 and 2024, we engaged 356, 261 and 42 offline trading partners, respectively. In 2022, 2023 and 2024, our revenue generated from sales to offline trading partners amounted to RMB79.1 million, RMB39.3 million and RMB24.6 million, respectively, accounting for 14.6%, 5.1% and 3.1% of our total revenue for the same years, respectively. See “Business — Self-operated Business — Sales Channels” for details. Our success therefore partially depends on the performance of our offline trading partners and our ability to maintain long-term relationships with them. Any significant underperformance in maintaining or sourcing additional orders, a substantial reduction in the volume of orders placed by offline trading partners, or unexpected cessation of cooperation may materially and adversely affect our business performance. In addition, while we require our offline trading partners to comply with sales agreements, we cannot guarantee their strict adherence to these agreements or our prompt detection of their non-compliant activities. Any of their failure to fulfill contractual obligations or non-compliance with applicable regulatory requirements could negatively impact our business, leading to potential reputation damage, reduced sales volumes, costly litigation, or additional costs in finding new offline trading partners as replacements due to early termination.

RISK FACTORS

In addition, we cannot assure you whether our offline trading partners can effectively market and sell our products successfully or maintain their competitiveness as a result of various factors. If our offline trading partners fail to promote and sell our products successfully, our business, financial condition and results of operations may be materially and adversely affected.

Our business is subject to seasonal fluctuations which could have a material effect on our revenue, cash flow and results of operations.

A significant portion of our revenue is related to purchase orders placed by offline retail stores on our digital marketplace. We experience seasonality in our business, reflecting a combination of traditional retail seasonality patterns and emerging patterns associated with online platforms in particular. We typically record higher revenue in the second half of the year attributable to the promotional campaigns we held, such as the year-end grand promotion in December, which capitalizes on buyers’ year-end shopping demands. Moreover, the seasonal patterns of offline consumption play a crucial role. As the year progresses, consumers tend to increase their spending and purchase products in advance in anticipation of the year-end festive season, which in turn boosts our revenue in the second half of the year. We generally experience less user traffic and purchase orders during the Chinese New Year holiday season in the first quarter of each year, when lower-tier market experiences widespread closures as manufacturers halt production and offline retail stores cease operations. See “Business — Seasonality” for details. We expect our revenue to continue to fluctuate based on the seasonal factor that affects the offline consumption patterns as a whole.

As a result, any comparison of our operating results between different periods within a single financial year, or between different periods in different financial years are not necessarily meaningful and cannot be relied on as indicators of our performance. Our historical financial performance has masked the impact of seasonality, but if our seasonal spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from period to period.

If we are unable to innovate, upgrade and enhance our technologies, our business, financial condition and results of operations could be materially and adversely affected.

As China’s leading commerce and service platform specializing in family care and nutrition products, we need to stay at the forefront of technologies, including but not limited to digital marketplace technologies, data encryption, big data analysis and AI algorithms, and meet the ever-evolving needs and preferences of participants on our platform. In order to remain competitive and responsive to user demands, we continually upgrade, enhance, and expand our existing product and service offerings. If we fail to respond successfully to technology challenges and user needs and preferences, the demand for our digital marketplace may diminish. We will also need to enhance and launch new features and functionalities of our *Hipac* platform to enhance its utility to users and adapt to their changing preferences, in order to maintain existing participants and attract new ones. Failure to do so may significantly impair our financial performance. In addition, we may need to continuously modify and enhance our technologies to keep pace with changes

RISK FACTORS

in cloud-based database and infrastructure, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new technologies, or modifications to existing technologies, could increase our research and development expenses. Any failure of innovating, upgrading and enhancing our technologies could reduce the demand for our *Hipac* platform, result in user dissatisfaction and materially and adversely affect our business, financial condition and results of operations.

Our operations depend on the performance of the internet infrastructure and telecommunications networks in the PRC.

Currently, we rely on our digital marketplace to offer transaction services and transaction support services. Therefore, the satisfactory performance, reliability and availability of our digital marketplace are critical to our success and our ability to attract and retain participants. Our business depends on the performance and reliability of the internet infrastructure in the PRC. The reliability and availability of our digital marketplace depends on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into or renew agreements with these providers on acceptable terms, or if any of our existing agreements with such providers are terminated as a result of our breach or otherwise, our abilities to provide our services to the users could be adversely affected. The failure of telecommunications network operators to provide us with the requisite bandwidth could interfere with the speed and availability of our digital marketplace. Service interruptions prevent users from accessing our digital marketplace and placing orders, and frequent interruptions could frustrate users and discourage them from attempting to place orders, which could cause us to lose users and harm our operating results.

We rely on third-party cloud-based infrastructure to support certain aspects of our operations. Any disruptions in the operations of such third-party providers, limitations on capacity offerings or interferences with our usage could materially and adversely affect our business, financial condition and results of operations.

Our cloud-native architecture is operated and maintained by the cloud servers in custody with third-party cloud infrastructure to support certain aspects of our business operations, such as information system security protection and data backup. We do not control, or in some cases have limited control over, the operation of the facilities or technologies from the third-party providers. Due to the nature of our business, the participants on our digital marketplace expect to access our platform at any time, without interruption or degradation of performance. Any limitation on the capacity of the cloud infrastructure provided by third-party providers could impede our ability to serve existing customers or attract new customers, which could adversely affect our business, financial condition and results of operations.

RISK FACTORS

In addition, any unpredictable incident beyond our control, such as cyberattacks, natural disasters, fire, flood, severe storm, earthquake, power loss, outbreaks of contagious diseases, telecommunications failures, terrorist or other attacks, or other events, could materially and adversely affect the cloud infrastructure and in turn could severely interrupt our business operations. A prolonged service disruption for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation among existing and potential customers, harm our business and expose us to liability.

We may incur significant costs and expenses for deploying alternative cloud-based infrastructure. In the event that our service agreements relating to our third-party cloud infrastructure are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our systems. We may also experience significant delays and additional expenses in arranging and transferring to new facilities or re-architecting our system for deploying an alternative cloud-based infrastructure service provider, which could adversely affect our business, financial condition and results of operations.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency, cyber-based attacks or security breaches, which may materially and adversely affect our reputation, business, financial condition and results of operations.

We rely on information technology networks and systems for electronic communications between our personnel and participants on our platform as well as to manage and monitor our daily operations. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, network overload, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. Despite any precautionary measures we may take, the occurrence of unanticipated problems that affect our information technology networks could result in interruptions in the availability of our products and services. If our information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. Failures in information technology systems, especially those related to platform safety and associated data, could potentially lead to problems with our platform and services, affect the ability of participants to use cloud-based features of our platform and services, hinder our ability to effectively provide our services, subject us to regulatory scrutiny, and could cause our loss of participants, data assets and trade secrets, disruption to our research and development activities, transaction errors and processing inefficiencies. Furthermore, our technological infrastructure is also vulnerable to damage from fires, floods, earthquakes and other natural disasters, power loss and telecommunication failures. If we do not effectively resolve the issues in a timely manner, our reputation, business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

RISK FACTORS

We rely on a number of key operating data to evaluate the performance of our business. Any real or perceived inaccuracy or incompleteness in such data may negatively affect our reputation and business.

We track certain key operating data, such as GMV, registered buyers, transacting buyers, core buyers, buyers transaction ratio, number of SKUs, with internal tools. Our internal tools have a number of limitations and our methodologies for tracking these data may change over time, which could result in unexpected changes to our data. If the internal tools we use to track these data undercount or overcount performance or contain algorithm or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer-term strategies. If our operating data are not accurate representations of our business, participant base, or traffic levels; if we discover material inaccuracies in our data; or if the data we rely on to track our performance do not provide an accurate measurement of our business, our reputation may be harmed, and our operating and financial results could be adversely affected.

We may be considered as conducting payment services as a non-financial institution without a requisite license.

Payment services in China are subject to the supervision of the PBOC. See “Regulatory Overview — Regulations Relating to the Payment Services and Prepaid Cards.” According to the Regulations on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) issued by the State Council on December 9, 2023, which became effective on May 1, 2024, the establishment of a non-bank payment institution shall be subject to the approval of the PBOC, and a payment business license (the “**Payment Business License**”) shall be obtained. During the Track Record Period, under our digital marketplace business, we may be deemed to provide payment services without a Payment Business License, since we collected payments from buyers on behalf of vendors, and subsequently settled payments with vendors after deducting the commissions we are entitled to receive. See “Business — Digital Marketplace Business — Our Hipac Platform.” In addition, we issued and sold pick-up card on our *Hipac* platform for promotion, which can be utilized for purchasing products sold by third-party vendors on our platform. The relevant government authorities have discretion in determining what practice or process constitutes payment or settlement services without a Payment Business License, the regulations are evolving and the interpretation of such regulations are subject to further uncertainties.

To rectify, we entered into cooperation agreements with licensed financial institutions in March and April 2025 to launch a deposit and settlement system to deal with the payment from buyers and the settlement with vendors, while bringing in a stored value account to replace pick-up cards, which we expect to complete by August 2025. Pursuant to the written confirmations issued by such licensed financial institutions, the fund settlement and payment services provided by such licensed financial institutions for us comply with the relevant laws and regulations, departmental rules and regulatory documents. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in

RISK FACTORS

any investigations against us, summoned for interview, ordered to rectify, subject to administrative penalties by the competent authorities, or pursued for criminal liability by the judicial authorities due to non-compliance with the relevant laws, regulations or regulatory requirements relating to our fund settlement and pick-up card practices.

However, we cannot assure you that our cooperation with the licensed financial institutions would suffice for all our present or future businesses. In addition, the settlement services provided by the licensed financial institutions are subject to various rules and regulations, which may be amended or reinterpreted to encompass additional requirements. In response to such changes, we may have to adjust our cooperation with the licensed financial institutions and may therefore incur higher transaction and compliance costs or regulatory loss. Any of the circumstances would have a material adverse effect on our business, results of operations and financial condition.

If we fail to obtain or maintain the requisite licenses, permits, certificates, approvals, registrations or filings required under the regulatory environment applicable to our business in any jurisdiction where we operate, or if it is time-consuming or costly to obtain or maintain such licenses, permits, certificates and approvals, our business, financial condition and results of operations may be materially and adversely affected.

Given the nature of our business as a commerce and service platform specializing in family care and nutrition products, we are required to obtain or maintain a number of licenses, permits, certificates, approvals, registrations or filings in connection with our business operations. Our business is subject to the regulatory oversight of a number of governmental authorities, including but not limited to the SAMR and the MIIT.

In addition, some of our licenses, permits, certificates, approvals, registrations or filings are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. There are also uncertainties regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. There is no assurance that we can successfully update or renew the licenses, permits, certificates, approvals registrations and filings required for our business in a timely manner or at all, or that these licenses, permits, certificates, approvals registrations and filings are sufficient to conduct all of our present or future business.

RISK FACTORS

For example, one of our subsidiaries operating a minimal scale e-commerce platform failed to timely renew its Value-added Telecommunications Business Operations License (增值電信業務許可證) upon its expiry in July 2024. Although we have transferred the domain name of such e-commerce platform to another subsidiary holding a valid Value-added Telecommunications Business Operations License and only generated negligible revenue from such e-commerce platform during the Track Record Period, we cannot assure you that we would not be subject to any administrative penalties for such failure. In addition, another subsidiary historically issued prepaid cards to buyers for them to purchase products under our self-operated business, which might be deemed as a violation of the relevant laws and regulations governing the issuance of prepaid cards, which may subject us to a maximum penalty of RMB30,000 should we fail to rectify.

If we fail to complete, obtain, maintain or renew any of the required licenses, permits, certificates and approvals or make the necessary filings, we may be subject to various penalties, such as imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

We may be subject to administrative penalties for failure to fully comply with the relevant laws and regulations in connection with social insurance and housing provident funds.

During the Track Record Period, we failed to fully comply with the relevant laws and regulations in connection with social insurance and housing provident funds, including: (i) failed to make social insurance and housing provident funds contribution in full for certain employees, (ii) failed to register for social insurance and housing provident fund accounts for certain subsidiaries without any employees, and (iii) engaged third-party human resource agencies to pay social insurance and housing provident funds contributions for certain employees, with details discussed in “Business — Employees.” Although we have implemented measures to rectify the abovementioned incidents, we cannot assure you that we will not be subject to administrative penalties for such incidents. In addition, we may be subject to more stringent requirements in relation to social insurance and housing provident funds in the future, and the liabilities, costs, obligations and requirements associated with such laws and regulations may be substantial, which may adversely affect our business and results of operations.

We face risks in relation to the non-registration and title defect of our leased properties.

We lease properties in the PRC as premises primarily for our office space and business registration addresses. For details of our leased properties, see “Business — Properties.” As of the Latest Practicable Date, we had 31 lease agreements failed to be registered with the relevant PRC government authorities. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. As a result, we may face a total maximum fine up to RMB310,000 assuming a maximum fine of RMB10,000 is imposed on each unregistered lease agreement.

RISK FACTORS

In addition, as of the Latest Practicable Date, certain of our leased properties may subject us to risks in relation to their title defect, including: (i) 17 leased properties with an aggregate GFA of approximately 497.00 sq.m. (accounting for approximately 8.87% of the aggregate GFA of our total leased properties) were leased from lessors who failed to or were unable to provide sufficient or valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us; (ii) 9 leased properties with an aggregate GFA of approximately 572.03 sq.m. (accounting for approximately 10.21% of the aggregate GFA of our total leased properties) had exceeded the lease term; and (iii) 11 leased properties with an aggregate GFA of approximately 657.03 sq.m. (accounting for approximately 11.73% of the aggregate GFA of our total leased properties) had been mortgaged by the landlords to third parties before entering into lease agreements with us. There may be risks that these leases may be declared invalid or terminated. If any of our leases is terminated as a result of challenges by third parties, we may be forced to relocate and incur additional costs associated therewith, and our business, financial condition and results of operations may be adversely affected.

If we are unable to attract, retain and motivate key individuals, our business, results of operations and financial condition would be materially and adversely affected.

Hiring and retaining key individuals, such as key management, technical staff, qualified executives, developers and sales personnel are critical to our business, in particular, to the optimization and branding of our digital marketplace, as well as the research and development and commercialization of our products and other services. The competition for experienced and skilled employees in our industries is increasingly intense. Changes in our management team would also disrupt our business. Our management and senior leadership team has significant industry experience, and their knowledge and relationships would be difficult to replace. See “Directors and Senior Management.” Although we typically require our senior management and other key personnel to enter into non-compete and confidentiality agreements with us, they may elect to join our competitors after the non-compete periods have lapsed. Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified personnel. If one or more of our senior management and other key personnel join a competitor, or form a competing business, our business, financial condition and results of operations may be adversely affected.

In addition, changes in the interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. See “Regulatory Overview — Regulations Relating to Labor and Social Security — Labor Law and Labor Contract Law” for details. To help attract, retain and motivate key individuals, employee incentives have been, and will continue to be, an important part of our compensation. Our employee hiring and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain, and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may in the future enter into strategic alliances with various third parties to pursue opportunities for collaborations, licensing, investments, acquisitions of business or technology, or partnerships that we believe would advance our development. Proposing, negotiating and implementing these opportunities may be a lengthy and complex process. Our competitors, including those with substantially greater customer base, financial, marketing, technology, or other business resources, may compete with us for these opportunities or arrangements. We may not be able to identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost-effective basis or acceptable terms, or at all.

Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions and to the extent strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could adversely affect our business. Acquired assets or businesses may not generate the financial or results of operations we expect. Valuations supporting our acquisitions and strategic investments could change rapidly. Following any such transaction, there could be impairments in valuations or other-than-temporary declines in fair value, which could materially adversely affect our business, financial condition and operating results through the write-off of goodwill and other impairment charges. Acquisitions could also result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the incurrence of debt, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and expenses and harm our business generally. If we use our equity securities to pay for acquisitions or investments, we may dilute the value of our Shares. If we borrow funds to finance acquisitions or investments, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Such acquisitions and investments may also lead to significant amortization expenses related to intangible assets, impairment charges or write-offs. Moreover, the costs of identifying and consummating acquisitions may be significant. In addition to possible shareholders’ approval, we may also

RISK FACTORS

have to obtain approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations, which could result in increased costs and delays.

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

International expansion is a significant component of our growth strategy and may require significant capital investment in the future, which could strain our resources and adversely affect current performance, while adding complexity to our current operations. Operating internationally subjects us to additional risks and challenges such as:

- limited brand recognition globally (compared with our presence in China);
- costs and expenses in connection with global expansion, including recruitment of local personnel and lease of new premises;
- ability to anticipate international consumers’ and collaborators’ needs and preferences;
- burdens of complying with a wide variety of local laws and regulations;
- difficulties of compliance with import and export laws and the impact of tariffs;
- wars, political and economic instability, including trade tensions; and
- technological and trade restrictions.

Our international expansion plans will place increased demand on our operational, managerial and administrative resources. In particular, we face regulatory uncertainties and may incur substantial compliance costs when we enter into a new overseas market. Regulations in different overseas markets could vary significantly. Being compliant with laws and regulations in one jurisdiction does not necessarily mean our business practice would comply with laws and regulations in another jurisdiction and we may need to make adjustments to our business accordingly to comply with local laws. We also have to closely monitor changes in local laws and complete all necessary procedures and filings accordingly. If any of our overseas operations violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

RISK FACTORS

We rely on a combination of intellectual property laws and contractual arrangements to protect our proprietary rights. We may not be able to effectively protect our intellectual property rights or enforce our contractual rights.

Our intellectual properties, especially those relating to our *Hipac* platform and our proprietary brands, are crucial to our business operations and success. We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others, to protect our proprietary rights. See “Business — Intellectual Property” for details. Despite these measures, our efforts to enforce or defend our intellectual property rights may not be adequate or effective. We are susceptible to infringement of our intellectual property rights and any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated.

Confidentiality and non-compete agreements may be breached by counterparties, and we may not be able to protect our intellectual property rights or to enforce our contractual rights effectively and timely. We may have to initiate legal proceedings to defend the ownership of our intellectual property rights against any infringement by third parties, which may be time-consuming and costly, and we might be required to devote substantial management time and resources in an attempt to achieve a favorable outcome. There can be no assurance that we will prevail in the relevant legal proceedings. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property rights infringement or misappropriation claims by third parties, which may force us to incur legal expenses and, if determined adversely against us, may materially disrupt our business.

We may be exposed to intellectual property rights infringement or misappropriation claims by third parties during the course of our operations. We may incur expenses and require attention of management in defending against these third-party infringement claims, regardless of their merit. An adverse determination in any such litigations or proceedings to which we may become a party could subject us to liabilities to third parties, require us to seek consent or licenses from third parties, pay ongoing fees or royalties, or subject us to injunctions prohibiting the provision and marketing of our relevant products or services. To the extent that such consents or licenses are not available to us on commercially reasonable terms or at all, we may be required to expend considerable time and resources sourcing alternative technologies or rebranding our products or services, if any, or we may be forced to delay or suspend the relevant products, services or the promotion of the relevant brand. Protracted litigation could also result in reduced customers. In addition, we could face disruptions to our business operations as well as damages to our reputation as a result of such claims, and our business, financial condition and results of operations could be materially and adversely affected.

RISK FACTORS

Additionally, the application and interpretation of intellectual property right laws and regulations, as well as the procedures and standards for granting trademarks, patents and copyrights are evolving. There can be no assurance that courts or regulatory authorities would agree with our legal analysis. If we were found to have violated the intellectual property rights of third parties, 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 of our own. As a result, our reputation, business and financial condition may be materially and adversely affected.

We face payment and fraud risks that could materially and adversely affect our business.

Requirements on our *Hipac* platform relating to user authentication and fraud detection are complex. If our security measures do not succeed, our business may be adversely impacted. In addition, bad actors around the world use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized use of another’s identity or payment information, unauthorized acquisition or use of credit or debit card details and bank account information, and other fraudulent use of another’s identity or information. This could result in any of the following, each of which could adversely impact our business:

- we may be subject to additional risk and liability exposure, including negligence or other claims, if participants on our platform misappropriate user information for their own gain or facilitate the fraudulent use of such information;
- bad actors may use our platform, including the payment processing and disbursement methods, to engage in unlawful or fraudulent conduct, such as money laundering, terrorist financing, fraudulent sale of services, breaches of security, leakage of data, piracy or misuse of software and other copyrighted or trademarked content, and other misconduct;
- participants on our platform who are subjected or exposed to the unlawful or improper conduct of other users or other third parties, including law enforcement, may seek to hold us responsible for the conduct of other users or other third parties and may lose confidence in our platform, decrease or cease to use our platform, seek to obtain damages and costs, or impose fines and penalties;
- if, for example, vendors on our platform misstate their production information or provide unqualified products, buyers or other third parties may seek to hold us responsible for the vendors’ acts and may lose confidence in our platform, decrease or cease use of our platform, or seek to obtain damages and costs; and
- we may suffer reputational damage as a result of the occurrence of any of the above.

RISK FACTORS

We do not have control over users of our platform and cannot ensure that any of our measures will stop illegal or improper uses of our platform. We may receive in the future, complaints from users and other third parties concerning misuse of our platform. We have also brought claims against users and other third parties for their misuse of our platform, and may be required to bring similar claims in the future. Even if these claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

We may be involved in legal or administrative proceedings and commercial disputes, which could materially affect our business, financial condition and results of operations.

We may be subject to claims and various legal and administrative proceedings in the ordinary course of business or pursuant to governmental or regulatory enforcement activities. Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time-consuming or disruptive to our operations and distracting to management, and may lead to administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results that could have material adverse effect on our reputation, business, financial condition, results of operations, and prospects. In recognition of these considerations, we may enter into arrangements to settle litigation and resolve such disputes. No assurance can be given that such arrangements can be obtained on acceptable terms or that litigation will not occur. These arrangements may also significantly increase our operating expenses.

New legal or administrative proceedings and claims may arise in the future. If one or more legal or administrative matters are resolved against us or an indemnified third party for amounts in excess of our management’s expectations or certain injunctions are granted to prevent us from using certain technologies in our platform and services, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. In addition, from time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. It is possible that the administrative and court authorities would not interpret and enforce the statutory provisions and contractual terms in a manner favorable to us, and it may be more difficult to predict the outcome of any administrative and court proceedings that we may be involved in the future. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved.

RISK FACTORS

The changes in international political relationships, trade policies and trade barriers, or the escalation of trade tensions, may have an adverse effect on our business operations.

As we seek to expand our global footprint, our business operations and financial performance may be influenced by international political relationships, trade policies and trade barriers, or the escalation of trade tensions. International trade policies and geopolitics are subject to frequent changes and uncertainties, often driven by political, economic, and social factors beyond our control. Although we operate primarily within the PRC market, our *Hipac* platform may sell products that are of imported brands or contain raw materials from foreign countries/regions. Such countries/regions may, to the extent needed, impose new or additional import tariffs, trade restrictions or other trade barriers affecting the importation of such products or raw materials, which may lead to higher procurement costs. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. We cannot assure you that we will always be able to obtain a steady supply in time and at competitive prices. In that case, our profitability and operational capabilities may be adversely affected by these changing trade policies.

Political tensions as a result of trade policies could reduce trade volume, cross-border investment, technological exchange, and other economic activities between major economies, resulting in a material adverse effect on global economic conditions. Furthermore, any escalation in existing trade tensions or the advent of a trade war, or news and rumors of the escalation of a potential trade war, could affect consumer confidence and have a material adverse effect on our business, results of operations and, ultimately, the market price of our Shares. Rising political tensions could reduce levels of trades, investments, technological exchanges and other economic activities between the relevant major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with foreign exchange rate fluctuations.

The fluctuation in the value of RMB against Hong Kong dollar, the U.S. dollar and other currencies, is subject to changes resulting from the PRC government’s policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market factors or government policies may impact the exchange rates between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates and achieve policy goals. With the development of foreign exchange markets and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate regime.

RISK FACTORS

We recorded net foreign exchange differences of RMB33.7 million, RMB4.6 million and RMB0.9 million in 2022, 2023 and 2024, respectively, under other expenses. We cannot assure you that we will not continue to incur foreign exchange loss in the future. In addition, there are limited instruments available to us for the reduction of our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Our business and prospects depend on our ability to build our brands and reputation, which could be harmed by negative publicity regarding our Company, Directors, employees, branding, products or services, and could adversely affect our business.

We believe that maintaining and enhancing our *Hipac* brand and our proprietary brands is of significant importance to the success of our business. Well-recognized brands are important to enhancing our attractiveness to our customers. Since we operate in an increasingly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and amount of word-of-mouth referrals we received from satisfied customers and participants on our *Hipac* platform. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. In addition, negative publicity about our Company, Directors, employees, branding or products and services, whether warranted or not, may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers, ecosystem participants or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. Although we have adopted internal control policies with a view to prohibiting any form of bribery, money laundering and corruption, provided anti-bribery, anti-money laundering and corruption training to our employees, and established reporting channel for employees and stakeholders to report acts of bribery, money laundering and/or corruption, there can be no assurance that such controls and policies will prevent fraud or illegal activity by such parties or that similar incidents will not occur in the future. See “Business — Risk Management and Internal Control” for details of our internal control measures. Any illegal, fraudulent, corrupt or collusive activity by our employees, customers, suppliers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-money laundering or anti-bribery laws, could subject us to negative publicity that could severely damage our brand and reputation and, if conducted by our employees, could further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent

RISK FACTORS

fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties could materially and adversely affect our business, results of operations, financial condition and prospects.

We have limited control over vendors and other relevant users on our platform. If any unreal, illegal, inaccurate, incomplete, false, misleading or otherwise inappropriate contents are published or made available by them on our platform, we could be subject to reputation damages, liabilities or legal proceedings, our business, financial condition and results of operations could be materially and adversely affected as a result.

Upstream vendors on our *Hipac* platform could create, edit, manage, publish, upload, and maintain product-related information, including product details, descriptions, shipping terms, and other relevant data, enabling downstream buyers to browse, search and place orders. Our platform service agreements with vendors provide that vendors are responsible for ensuring that the product information posted is genuine, legitimate, accurate, not misleading and does not violate relevant laws or regulations or infringe any third parties’ rights, while we are entitled to inspect the information posted by vendors and deal with any inappropriateness identified. We are not able to ensure the compliance of information posted on our platform with applicable laws, regulations and rules in a timely manner or at all. If any inappropriate content is discovered on our platform, or any content proves to be unreal, illegal, inaccurate, incomplete, false or misleading, or the actions of third parties breach laws, we could be subject to reputation damages, liabilities or legal proceedings, our business, financial condition and results of operations could be materially and adversely affected as a result. In addition, the users of our platform may access and process personal information and data through our platform, where we may have limited control over their actions. If any of them fail to comply with applicable cybersecurity or data privacy laws, or infringe the right or interest of any individuals or other entities, our business could be directly or indirectly disrupted.

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

Historically, during our self-operated business, certain payment for our products were settled by third parties (the “**Actual Payers**”), instead of the buyers who placed orders with us (the “**Relevant Buyers**”) (the “**Third-party Settlement Practice**”). In 2022, 2023 and 2024, the total GMV of the transactions involving Third-party Settlement Practice amounted to RMB4.2 million, RMB29.1 million and RMB27.1 million, respectively, representing approximately 0.7%, 3.4% and 2.9% of our total GMV of self-operated business (excluding GMV of direct sales to consumers through major e-commerce platforms) during the same years, respectively. See “Business — Our Customers — Third-party Settlement Practice” for details.

RISK FACTORS

We are subject to various risks relating to such Third-party Settlement Practice during the Track Record Period, including: (i) potential demands for fund restitution from Actual Payers without contractual obligations with us; (ii) limited visibility into the origin and intended use of Actual Payers’ funds; and (iii) possible claims from liquidators of the Actual Payers. In the event of any claims from the Actual Payers or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of any third-party settlements, we may have to use additional financial and managerial resources to defend against such claims or legal proceedings, and our financial condition and results of operations may be adversely affected as a result.

We have entered into a collaboration agreement with a licensed commercial bank in China in March 2025, pursuant to which, we will implement a one-stop payment and settlement system through the bank to collect payments and automatically verify payer/buyer information to avoid Third-party Settlement Practice. We expect to activate such system by August 2025. Any failure in their effectiveness could leave us exposed to the aforementioned risks.

Our *Hipac* platform contains open-source software components. Failure to comply with the terms of the underlying licenses could restrict our offerings and expose us to potential legal proceedings.

We use open-source software in connection with our *Hipac* platform. Companies that incorporate open-source software into their platform, products or services may, from time to time, face claims challenging the ownership of open-source software and compliance with open-source license terms. As a result, we could be subject to legal proceedings brought by parties claiming ownership of what we believe to be open-source software or non-compliance with open-source licensing terms. Some open-source software licenses require users who distribute open-source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open-source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, financial condition and results of operations.

Increasing focus with respect to ESG matters may expose us to additional risks. Failure to keep up with the evolvement in social trends and policies relating to ESG matters may adversely affect our business, financial condition and results of operations.

In recent years, public awareness of ESG has been increasing. Given the nature of our business, we do not believe our business is subject to significant ESG-related risks, as we do not operate any production facilities. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as electricity and water consumption to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. See “Business — Environmental, Social and Governance

RISK FACTORS

Matters.” Changes in social trends and policies associated with environmental protection, public health and other ESG issues may have growing influence on our business model and daily operations.

With growing attention on ESG matters, investors are increasingly focused on ESG issues and tend to incorporate ESG performance into their investment decisions, while consumers are becoming more environmentally conscious, preferring products and services with green and environmentally friendly design and production. Any new ESG concern or change in social trends and political policies relating to ESG matters may require us to adjust our practices in a way that could adversely impact our results of operations. Failure to adapt to or comply with the evolving expectations and standards of ESG, regardless of whether there is a legal requirement to do so, could adversely affect our reputation, business operations and financial condition.

Failure to comply with laws and regulations on cybersecurity, information security, data privacy and protection could result in claims and penalties imposed by relevant government authorities, which could harm our brand and reputation, and materially and adversely affect our business operations and financial performance.

Our business requires us to collect, use, store, transmit and share personal information, with respect to our users in relation to and to the extent necessary for their usage of our *Hipac* platform and other services, and with respect to our corporate users and their employees. The PRC government has in recent years tightened the regulation on the collection, storage, sharing, use, disclosure and protection of personal information.

The PRC government has enacted a series of laws, regulations and governmental policies for the protection of cybersecurity, data security and personal information protection in the past few years. The *PRC Cybersecurity Law* (《中華人民共和國網絡安全法》), which became effective in June 2017, created China’s first national-level data protection framework for “network operators,” which may potentially include all organizations in China that provide services over the internet or through other types of information networks.

On June 10, 2021, the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) promulgated the *PRC Data Security Law* (《中華人民共和國數據安全法》), effective since September 1, 2021. The PRC Data Security Law sets out a number of obligations on data security and privacy undertaken by entities and individuals engaged in data-related activities. On August 20, 2021, the Standing Committee of the National People’s Congress promulgated the *Personal Information Protection Law* (《中華人民共和國個人信息保護法》) (the “**PIPL**”) which came into effect in November 2021. In addition to other rules and principles of personal information processing, the PIPL specifically provides rules for processing sensitive personal information. Sensitive personal information refers to personal information that, once leaked or illegally used, could easily lead to the infringement of human dignity or harm to the personal or property safety of an individual. Only where there is a specific purpose and sufficient necessity, and under circumstances where strict protection measures are taken, may personal information handlers process sensitive personal information. A personal information handler shall inform the individual

RISK FACTORS

of the necessity of processing such sensitive personal information and the impact thereof on the individual’s rights and interests. On September 24, 2024, the State Council promulgated the *Regulation on Network Data Security Management* (《網絡數據安全管理條例》), which came into effect on January 1, 2025 and further provides rules on network data security. See “Regulatory Overview — Regulations Relating to Cybersecurity and Data Protection” for more information.

The above regulatory developments relevant to cybersecurity, data protection and personal information protection could generally impact the data collection, use, storage and other data processing activities conducted by us. We have adopted various measures to ensure legal compliance. See “Business — Cybersecurity and Data Privacy and Protection” for more information. However, the laws and regulations regarding cybersecurity, data protection and personal information protection in China are generally complex and evolving, with uncertainty as to the interpretation and application thereof, which may lead to uncertainty about the scope of our responsibility in this regard. As such, we cannot assure you that our cybersecurity, data protection and personal information protection measures are, and will be, always considered sufficient under applicable laws and regulations.

On December 28, 2021, the CAC, the NDRC, the MIIT, and several other administrations jointly promulgated the *Measures for Cybersecurity Review* (《網絡安全審查辦法》), or the Review Measures, which became effective on February 15, 2022. The Review Measures provides that entities meeting certain standards shall be subject to a cybersecurity review. For more details, please see “Regulatory Overview — Regulations Relating to Cybersecurity and Data Protection.” On June 17, 2025, we and our PRC Legal Advisors in respect of PRC data compliance law conducted a consultation through telephone on a namely basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心) (the “CCRC”), which is delegated by the CAC to accept applications for cybersecurity review and therefore the competent organization for such consultation. During the consultation, the staff of CCRC confirmed that a listing in Hong Kong does not fall within the scope of the term of “listing abroad (國外上市)” under the Measures for Cybersecurity Review. Given that (i) CCRC has confirmed that listing in Hong Kong does not constitute a listing abroad; (ii) as of the Latest Practicable Date, we have not received any official notification from relevant regulatory authorities designating our network facilities and information systems as Critical Information Infrastructure (“CII”), and therefore we are not deemed as a CII operator; and (iii) as of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review or our data processing activity affects or may affect national security, therefore, our PRC Legal Advisors in respect of PRC data compliance are of the view that as of the Latest Practicable Date, we were not required to file cybersecurity review under the Measures for Cybersecurity Review for our operations and proposed [REDACTED]. However, as further advised by our PRC Legal Advisors in respect of PRC data compliance law, the interpretation and implementation of these laws and regulations with respect to the cybersecurity review keep evolving, we cannot assure you that there will not be any additional regulatory requirements regarding the cybersecurity review relating to the new laws and regulations, and we are suggested by our

RISK FACTORS

PRC Legal Advisors in respect of PRC data compliance law that we should keep abreast of the applicable laws and regulations in this regard and implement all necessary measures in a timely manner to ensure compliance with the relevant laws and regulations.

On July 7, 2022, the CAC promulgated the *Measures on Security Assessment of Cross-border Data Transfer* (《數據出境安全評估辦法》) (the “**Data Export Measures**”) which became effective on September 1, 2022. On March 22, 2024, the CAC promulgated the *Provisions on Promoting and Regulating Cross-border Data Flows* (《促進和規範數據跨境流動規定》), effective on the date of promulgation. The above measures and provisions provide that the transfer of personal information and important data by data handler meeting certain volume thresholds or other standards as provided therein shall apply for security assessment, file with a standard contract for cross-border data transfer or obtain a personal information protection certification. As of the Latest Practicable Date, we had not conducted any cross-border data transfer activities of important data or personal information exceeding the volume threshold that requires us to apply for a security assessment of cross-border data transfer, to file with a standard contract for cross-border data transfer or to obtain a personal information protection certification. As our business continues to grow, there may be circumstances where we engage in such cross-border transfers of personal information and important data, including in order to satisfy the legal and regulatory requirements, in which case we may need to comply with the foregoing requirements as well as any other limitations under PRC laws then applicable. Complying with these laws and requirements could cause us to incur substantial expenses or require us to alter or change our practices in ways that could harm our business. Additionally, as there may be further interpretations of such measures, we cannot assure you that we will be able to comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities.

As of the Latest Practicable Date, we had not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been material cybersecurity and data protection incidents or infringement upon any third parties, or other material legal proceedings, administrative or governmental proceedings, pending or, to the best of our knowledge, threatened against or relating to us.

The above regulatory developments relevant to cybersecurity, data security and personal information protection could impact the industry where we operate. We may incur substantial costs to comply with such laws and regulations, to communicate with our users and address their concerns in cybersecurity, data security and personal information protection, and to improve our information technology system. We may from time to time be required to rectify or further improve our internal measures regarding cybersecurity, data security and personal information protection. However, such compliance measures we implement may turn out to be ineffective. Any failure or perceived failure by us to comply with all applicable laws and regulations regarding cybersecurity, data security and personal information protection, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with relevant laws and regulations, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of relevant

RISK FACTORS

operations or other legal or administrative penalties, which may in turn damage our reputation among our existing and potential customers and subject us to fines and damages, which could have a material adverse effect on our business, financial condition and results of operations.

User growth and activity on our mobile apps depend upon effective use of mobile operating systems, networks and standards that we do not control.

Use of mobile apps by our users has increased significantly, and we expect this trend to continue. To optimize user experience, we may need to devote significant resources to the development, support and maintenance of such applications. In addition, our future growth and our results of operation could suffer if we encounter technical problems in operating and maintaining such applications in the future, or if we are treated unfavorably in related applications due to competition, it would thereby increase the cost of using such applications for our users. Also, we may encounter unpredictable and uncontrollable factors in different mobile device operating systems (such as iOS and Android) due to the updates of these operating system, some of which may change or reduce the functionality of our applications, which may adversely affect the proper operation of these apps and our business. In the event that it is more difficult or impossible for our users to access and use our applications on their mobile devices, our users growth may be harmed and our business, financial condition and results of operation may be adversely affected.

We have customary insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.

We maintain insurance policies that are required under PRC laws and regulations as well as other insurance policies based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we do not maintain certain types of insurances, such as business interruption insurance or key-man insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. It may also be difficult for us to find insurance coverage for some of our business activities such as credit insurance for our overseas expansion strategies. Any uninsured risks may result in substantial costs and the diversion of resources, which could adversely affect our business, financial condition, and results of operations.

We may need additional capital and may not be able to obtain it in a timely manner or under commercially acceptable terms, or at all.

We believe that our current cash and cash equivalents, anticipated net cash generated from operations, and the estimated net [REDACTED] from this [REDACTED] will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months from the date of this document. We may, however, require additional cash resources to finance our continued growth or other future developments, such as any marketing initiatives or investments we may decide to pursue. The amount and timing of such additional financing needs will vary depending on our business expansion plans and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional

RISK FACTORS

financing. To the extent that we raise additional financing by issuance of additional equity securities, our Shareholders may experience dilution. To the extent we engage in debt financing, the incurrence of indebtedness would result in increased debt servicing obligations and could result in operating and financing covenants that may, among others, restrict our operational flexibility or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial condition may be materially and adversely affected.

Our ability to obtain additional capital on commercially acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability of financial institutions, receipt of necessary government authorities’ approvals, investors’ confidence in us, the performance of the family care and nutrition product industry in general, and our operating and financial performance in particular. We cannot assure you that future financing will be available in amounts or on terms commercially acceptable to us, if at all. In the event that additional financing is not available or is not available on terms commercially acceptable to us, our business, financial condition, results of operations and prospects may be adversely affected.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business, financial condition and results of operations.

Our success depends on our ability to effectively utilize our standardized management system, information technology systems, resources and internal controls. As we continue to expand, we need to modify and improve our financial and managerial controls, reporting systems and procedures and other risk management, internal controls and compliance procedures to meet our evolving business needs. For details on our risk management and internal control systems, see “Business — Risk Management and Internal Control.” However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. Nonetheless, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all.

Our risk management and internal control procedures also rely on effective implementation by our staff. We cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business, financial condition and results of operations. As we are likely to continuously optimize our *Hipac* platform and introduce new features, as well as offer a broader and more diverse range of product and service offerings in the future, the diversification of our product and service offerings will require us to continue to enhance our risk management

RISK FACTORS

capabilities. If we fail to timely adapt our risk management policies and procedures to our evolving business, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our business growth and results of operations may be affected by changes in global and regional macroeconomic conditions, increased labor costs, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, conditions in the lower-tier market, unemployment, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products and services. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our research and development and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

In addition, there may be an increase in the labor costs in the future. Increases in labor cost may increase our cost of sales and expenses arising from our business operations, and we may not be able to pass on such increase to our customers. We may also experience a shortage of labor from time to time. Any such shortage could hinder our ability to provide timely product delivery to customers and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We have granted, and may continue to grant, share options, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders’ stake.

We have adopted the 2015 Share Incentive Scheme and the 2023 Share Incentive Scheme to attract and retain personnel and to promote the success of our business. See “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes” for details. We recorded equity-settled share-based payments of RMB25.1 million, RMB2.9 million and RMB28.4 million for the years ended December 31, 2022, 2023 and 2024, respectively. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. However, issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Moreover, expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

RISK FACTORS

Our Single Largest Shareholder Group has substantial control over our Company and the interests of our Single Largest Shareholder Group may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the [REDACTED], our Single Largest Shareholder Group will retain substantial control over our Company. Subject to our Articles of Association and the Cayman Companies Act, the Single Largest Shareholder Group will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Single Largest Shareholder Group may differ from the interests of other Shareholders and they are free (other than on any matters that they are required to abstain from voting) to exercise their votes according to their interests. To the extent that the interests of the Single Largest Shareholder Group conflicts with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged and harmed.

Failure to renew our current leases on reasonable terms or to relocate to desirable alternatives for our facilities could materially and adversely affect our business and results of operations.

As we lease properties in various places as premises primarily for our office space and business registration addresses, our operations are susceptible to fluctuations in the property rental market. Before the expiry of each of our leases, we have to negotiate the terms of renewal with respective lessors. The terms of the lease agreements for our office space typically vary from six months to three years. We may not be able to successfully extend or renew our leases upon expiration of the current term on commercially reasonable terms, or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow, and failure in relocating our affected operations could adversely affect our business and operations.

RISKS RELATING TO OUR OPERATIONAL ENVIRONMENT

Failure to respond to PRC’s economic and social evolvement as well as government policies could adversely affect our business and prospects.

We generate substantially all of our revenue from the PRC. Substantially all of our businesses, assets, operations are located in the PRC. As a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, social and regulatory environment in the PRC.

RISK FACTORS

The PRC government regulates the economy and the industries by imposing industrial policies and regulating the macro economy through fiscal and monetary policies. During the past few decades, the PRC government has taken various actions to promote market economy and the establishment of sound corporate governance in business entities. Our performance has been and will continue to be affected by the Chinese economy. COVID-19 had a negative impact on the economy starting from the first quarter of 2020. Moreover, the macroeconomic environment is facing numerous other challenges. We are unable to predict all the risks that we face as a result of current economic, social, and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business operations and financial performance.

Failure to respond to changes and development with respect to the PRC laws, regulations and rules may subject us to risks.

We conduct our business primarily through operating subsidiaries in the PRC, which are governed by the PRC laws and regulations. The PRC legal system is based on written statutes. The legal system in China evolves rapidly, some of the current laws and regulations are relatively new and may be amended in the future, which may affect our judgment on the relevance of legal requirements and the value of your investment.

Meanwhile, laws, regulations or enforcement policies, including those regulating the family care and nutrition product industry in China, are evolving. Any enforcement actions against us could have a material adverse effect on us. Any litigation or enforcement proceedings may be protracted and may result in substantial cost and diversion of resources and management attention, negative publicity, and damage to reputation. In addition, such changes may subject our business and operations to increased uncertainties and risks.

The PRC legal system evolves relatively fast. Hence, we are required to constantly keep ourselves up-to-date on the evolving policies and rules, and may not be aware of violation of these policies and rules until after such violation has occurred.

The filing or other administration requirements of the CSRC or other PRC government authorities may be required in connection with the [REDACTED] and our future financing activities. We cannot predict whether we will be able to meet such administration requirements in a timely manner, or at all.

On February 17, 2023, the CSRC released the *Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies* (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”), which came into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. Further follow-up offerings after overseas listings also require a filing after the completion of the offering, and the listed companies will need to report to the CSRC upon the occurrence and public disclosure of certain significant matters such as a change in control, penalty received from overseas securities regulators or relevant PRC regulators, a switch of listing status and a termination of listing. See “Regulatory Overview — Regulations Relating to Overseas Listing” for details.

RISK FACTORS

We are required to submit filings with the CSRC within three business days after we submit application for this [REDACTED]. We may fail to obtain such approval, filing or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such approval, filing or completing such procedures for the [REDACTED], or a rescission of any such approval or filing obtained by us would subject us to sanctions by the CSRC or other PRC regulatory authorities, and such failure may materially adversely affect our ability to finance the development of our business and, in turn, our business and financial condition. Furthermore, if the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future offerings, listing or any other capital raising activities, it is uncertain whether we could complete the filing procedure in relation to any further capital raising activities in a timely manner, or at all.

Furthermore, on February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection, and the National Archives Administration of China published the revised *Provisions on Strengthening the 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》) (“**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. According to the Archives Rules, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and overseas regulators, any materials that contain relevant state secrets or that have an adverse impact on the national security or public interests, the domestic company should complete the relevant approval/filing and other regulatory procedures.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [REDACTED] or future capital raising activities before settlement and delivery of the Shares [REDACTED] hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may be delayed or even not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Listing Trial Measures for this [REDACTED] or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any such circumstances regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and [REDACTED] price of the Shares.

RISK FACTORS

However, given that the Overseas Listing Trial Measures and Archives Rules were recently promulgated, their interpretation, application, and enforcement are still evolving and we are closely monitoring how they will affect our operations and our future financing.

We may be deemed to be a PRC tax resident enterprise under the EIT Law, which could result in unfavorable tax consequences to us and our non-PRC shareholders.

We are a company incorporated under the laws of the Cayman Islands. Under the EIT Law and its implementation rules, if an enterprise incorporated outside the PRC has its “de facto management bodies” within the PRC, such enterprise would generally be deemed as a “PRC resident enterprise” for tax purposes and be subject to an EIT rate of 25% on its global income. “De facto management bodies” is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. The SAT has issued several circulars, as amended from time to time, to clarify certain criteria for the determination of the “de facto management bodies” for foreign enterprises controlled by the PRC enterprises. In particular, on April 22, 2009, the *Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies* (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the “**Circular 82**”) promulgated by the SAT and last amended on December 29, 2017 sets out the standards and procedures for determining whether the “de facto management body” of an enterprise incorporated outside the PRC and invested by PRC enterprises or PRC enterprise group as the major controlling shareholders located within the PRC. Moreover, SAT issued the *Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation)* (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), which took effect on September 1, 2011 and last amended on June 15, 2018, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.” However, there have been no official implementation rules regarding the determination of the “de facto management bodies” for foreign enterprises not controlled by the PRC enterprises (including companies like ourselves). We believe that we should not be regarded as a PRC tax resident enterprise. Nevertheless, if we are regarded as a PRC tax resident enterprise by the PRC tax authorities, we would have to pay the EIT at a rate of 25% for our entire global income, which may materially and adversely affect our profits and hence our retained profit available for distribution to our Shareholders.

You may be subject to the PRC withholding tax on dividends from us and the PRC income tax on any gains realized on the transfer of our Shares.

Under the EIT law and the relevant implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, the PRC withholding tax at a rate of 10% is normally applicable to dividends from a PRC source paid to investors that are “non-resident enterprises,” which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but whose relevant income is not effectively connected

RISK FACTORS

with the establishment or place of business. Any gain realized on the transfer of shares by such is generally subject to a 10% PRC income tax if such gain is regarded as income derived from sources within the PRC.

Under the *PRC Individual Income Tax Law* (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under “— We may be deemed to be a PRC tax resident enterprise under the EIT Law, which could result in unfavorable tax consequences to us and our non-PRC shareholders,” dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within the PRC and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your [REDACTED] in our Shares may be materially and adversely affected.

We may face regulations with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the SAT issued the *Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises* (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the “**Circular 7**”), which abolished certain provisions in the *Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Non-resident Enterprises’ Equity Transfer Income Expired* (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (the “**Circular 698**”), which was previously issued by the SAT on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the “**PRC Taxable Assets**”). Under Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Circular 7, transfers of the PRC taxable property under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to the PRC EIT: (i) more than 75% of the value of the overseas enterprise is directly or indirectly from the PRC taxable properties; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed

RISK FACTORS

of investment in the PRC at any time during the year prior to the indirect transfer of the PRC taxable property, or more than 90% of the income of the overseas enterprise is directly or indirectly from the PRC during the year prior to the indirect transfer of the PRC taxable property; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold the PRC taxable property and have registered with the relevant government authorities in the host countries or regions to meet the local legal requirements in relation to organization forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of the PRC taxable property payable abroad is lower than the income tax in the PRC that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

Provisions of Circular 7, which impose PRC tax liabilities and reporting obligations, do not apply to “a non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market” (the “**Public Market Safe Harbor**”), which is determined by whether the parties and number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to the implementing rule for Circular 698. In general, transfers of the Shares by Shareholders on the Stock Exchange or other public markets would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. Potential [REDACTED] should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and [REDACTED] in the Shares. Please see “Information about this Document and the [REDACTED].”

RISK FACTORS

The PRC government’s regulations on foreign currency conversion may limit our foreign exchange transactions and affect the value of your [REDACTED].

We receive substantially all of our revenue in RMB. Under our current corporate structure, the company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries, to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

The PRC government may further establish more procedural requirements in the future for current account transactions, which may result in our failure to pay dividends and other distributions in foreign currencies to our shareholders.

We may face stringent approval processes under the M&A Rules and certain other PRC laws and regulations if we grow our business by acquiring complementary businesses in the future.

The M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established procedures and requirements on the merger and acquisition activities by foreign investors, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Furthermore, according to the M&A Rules, if a PRC entity or individual plans to merger or acquire its related PRC entity through an overseas company legitimately incorporated or controlled by such entity or individual, such a merger and acquisition will be subject to examination and approval by MOFCOM. There is possibility that the relevant PRC regulators may promulgate new rules or explanations requiring that we obtain approval of MOFCOM for our completed or ongoing mergers and acquisitions. There is no assurance that we can obtain MOFCOM approval for our mergers and acquisitions, and if we fail to obtain those approvals, we may be required to suspend our acquisition and be subject to penalties.

Moreover, the *Anti-Monopoly Law* (《反壟斷法》) requires that the relevant anti-monopoly authority shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. On February 7, 2021, the *Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines on Platform Economy* (《關於平台經濟領域的反壟斷指南》), which specifically requests operators to report to the anti-monopoly enforcement authority prior to undertaking any concentration in the field of platform economics. In addition, the *Rules of Ministry of Commerce on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign*

RISK FACTORS

Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Furthermore, the *Measures for the Security Review of Foreign Investment* (《外商投資安全審查辦法》), which was jointly released by the NDRC and the MOFCOM and became effective on January 18, 2021, clarify the authority and procedures for the national security review. According to the Measures for the Security Review of Foreign Investment, foreign investors or their related parties in China, who engage in any foreign investment with national security concerns, shall make applications to the relevant authorities in advance for national security review. Those rules prohibit any activities attempting to bypass security review, for example by structuring a transaction through a proxy or contractual control arrangements.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and could affect our ability to expand our business or maintain our market share.

We may rely on dividends paid by our subsidiaries for our cash needs, and regulations of the PRC laws on the ability of our PRC subsidiaries to distribute dividends to us could adversely affect our ability to utilize such funds.

As a holding company, we conduct substantially all of our business through our subsidiaries incorporated in the PRC. We may rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders. The payment of dividends by entities established in the PRC is subject to regulatory requirements. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Each of our PRC subsidiaries is required to set aside (i) at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve funds until the aggregate amount of such reserves reaches 50% of its respective registered capital; and (ii) discretionary reserve funds as approved by its shareholders meeting. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends, loans or advances. In addition, certain loan agreements signed or to be signed by our PRC subsidiaries may contain covenants that restrict their ability to pay out dividends. These limitations on the ability of our PRC subsidiaries to transfer funds to us limit our ability to receive and utilize such funds.

RISK FACTORS

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

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant government authorities in the PRC.

According to the relevant PRC regulations on foreign-invested enterprises in the PRC, capital contributions by us to our PRC subsidiaries are subject to the requirement of making necessary filings in the Enterprise Registration System and registration with other government authorities in the PRC. In addition, any foreign loan provided by us to our PRC subsidiaries is required to be registered with the SAFE, or its local counterparts. We may not be able to complete such recording or registrations on a timely basis, or at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the [REDACTED] of this [REDACTED] and to capitalize our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the *Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises* (《關於改革外商投資企業外匯資金結匯管理方式的通知》) (the “**SAFE Circular 19**”), which took effect on June 1, 2015 and was partially abolished on December 30, 2019 and March 23, 2023, respectively. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises and allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using RMB funds converted from their foreign exchange capital for expenditures beyond their business scopes. On June 9, 2016, the SAFE promulgated the *Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange* (《關於改革和規範資本項目結匯管理政策的通知》) (the “**SAFE Circular 16**”), and was amended on December 4, 2023. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope, investment and financing (except for bank financial products and structured deposits with risk rating results of not higher than Grade II, unless otherwise specifically provided by relevant laws and regulations), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use with the exception for enterprise engaging in real estate development and leasing operation. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use the [REDACTED] from this [REDACTED] in the PRC, which may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liabilities or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local counterparts of the SAFE in connection with their direct or indirect offshore investment activities.

The SAFE Circular 37 was promulgated by the SAFE in July 2014 and requires PRC residents or entities to register with SAFE or its local counterparts in connection with their establishment or control of an offshore entity, for the purpose of overseas investment or financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents or entities, referred to in SAFE Circular 37 as a “special purpose vehicle.” Further, on February 13, 2015, SAFE promulgated the SAFE Circular 13, which came into effect on June 1, 2015 and was partially abolished on December 30, 2019. SAFE Circular 13 cancels two administrative approval items, namely, foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment. Instead, banks shall directly examine and handle foreign exchange registration under both domestic direct investment and overseas direct investment. SAFE and its local counterparts shall indirectly regulate the foreign exchange registration of direct investment through banks. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local counterpart of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division.

If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including but not limited to (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC

RISK FACTORS

and deemed to have been evasive or illegal; and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC residents, and therefore, we may not be able to identify all our Shareholders or beneficial owners who are PRC residents to ensure their compliance with SAFE Circular 37 or other outbound investment related rules. In addition, we cannot provide any assurance that all of our Shareholders or beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by the SAFE Circular 37 or other outbound investment related rules in a timely manner. Even if our Shareholders or beneficial owners who are PRC residents comply with such request, it cannot provide any assurance that they will successfully obtain or update any registration required by the SAFE Circular 37 or other outbound investment related rules in a timely manner due to many factors, including those beyond our and their control. Failure by any Shareholders or beneficial owners to comply with SAFE Circular 37, SAFE Circular 13 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries’ ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects.

In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could materially and adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative penalties.

In February 2012, the SAFE promulgated the *Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly Listed Company* (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the “SAFE Circular 7”), which replaced the earlier rules promulgated by the SAFE in March 2007 and January 2008. Under the SAFE Circular 7 and other relevant requirements and regulations, PRC residents who participate in stock incentive plans in an overseas publicly listed company are required to register with the SAFE or other branches and complete certain other procedures. The PRC resident participants of stock incentive plans are required to retain a qualified PRC agent, which could be the Chinese subsidiary of such overseas listing public company or other qualified institutions selected by the PRC subsidiary, to register with the SAFE and complete other procedures on behalf of such participants for stock incentive plans. The participants must also retain an overseas entrusted institution to complete matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition,

RISK FACTORS

the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

SAFE Circular 37 stipulates that the PRC residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with SAFE or its local branches before such PRC residents exercise the share options. Upon the completion of the [REDACTED], we and our PRC employees who have been granted share options will be subject to these regulations. It cannot provide any assurance that they will successfully obtain or update any registration required by the SAFE Circular 7 or other related rules in a timely manner, or even at all. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries’ ability to distribute dividends to us, or otherwise materially adversely affect our business operations.

We may be adversely affected if our shareholders and beneficial owners who are PRC entities fail to comply with the relevant PRC overseas investment regulations.

On December 26, 2017, the NDRC promulgated the *Administrative Measures for Overseas Investments of Enterprises*, or NDRC Order No. 11 (《企業境外投資管理辦法》), which took effect as of March 1, 2018. According to NDRC Order No. 11, non-sensitive overseas investment projects are subject to record-filing requirements with the NDRC or its local branch. On September 6, 2014, MOFCOM promulgated the *Administrative Measures on Overseas Investments* (《境外投資管理辦法》), which took effect as of October 6, 2014. According to this regulation, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries are subject to record-filing requirements with a local MOFCOM branch. According to the *Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions* (《境內機構境外直接投資外匯管理規定》), which was promulgated by SAFE on July 13, 2009 and took effect on August 1, 2009, PRC enterprises must register for overseas direct investment with a local SAFE branch.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC entities, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC entities will comply with our request to complete the overseas direct investment procedures under the aforementioned regulations or other related rules in a timely manner, or at all. If they fail to complete the filings or registrations required by the overseas direct investment regulations, the relevant authorities may order them to suspend or cease the implementation of such investment and make corrections within a specified time, which may adversely affect our business, financial condition and results of operations.

RISK FACTORS

You may experience difficulties in effecting service of the legal process and seeking recognition and enforcement of judgments across jurisdictions.

The legal systems across different jurisdictions vary significantly. Therefore, the effecting service of legal process and the process of recognizing and enforcing any judgments may be different across jurisdictions and are subject to treaties or arrangements providing for the recognition and enforcement of judgments made by courts of other jurisdictions. As a result, investors may experience difficulties to effect service of process and/or recognize and enforce any judgments for disputes brought in other jurisdictions. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of many other jurisdictions.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares. The market price of our Shares may be volatile and an active [REDACTED] market for our Shares may not develop.

No public market currently exists for our Shares. The initial [REDACTED] for our Shares to the public will be the result of negotiations between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the market price of the Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] price of the Shares will not decline following the [REDACTED].

In addition, the [REDACTED] price and [REDACTED] volume of the Shares may be subject to significant volatility in responses to various factors, including:

- variations in our operating results;
- changes in financial estimates by securities analysts;
- announcements made by us or our competitors;
- regulatory developments in the PRC affecting us, our customers or our competitors;
- investors’ perception of us and of the investment environment globally;
- developments in the markets where we operate;
- changes in pricing made by us or our competitors;
- acquisitions by us or our competitors;
- the depth and liquidity of the market for our Shares;

RISK FACTORS

- additions to or departures of our senior management members;
- release or expiry of lock up or other transfer restrictions on our Shares;
- sales or anticipated sales of additional Shares; and
- the general economy and other factors.

Moreover, it is possible that our Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and significant 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. Our existing Shareholders will receive an increase in the pro forma consolidated net tangible asset value per Share of their Shares. 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 offering 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.

Future sale or perceived sale of our Shares in the public market by major Shareholders or issuance by us of significant amounts of our Shares following the [REDACTED] could materially and adversely affect the price of our Shares and our ability to raise additional capital in the future.

Prior to the [REDACTED], there has not been a public market for our Shares. Future sales or perceived sales by our major Shareholders, or issuance by us of significant amounts of our Shares after the [REDACTED], could result in a significant decrease in the prevailing market prices of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the [REDACTED] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price for our Shares and our ability to raise equity capital in the future.

RISK FACTORS

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may use the net [REDACTED] from the [REDACTED] in ways that you may not agree with or that do not yield favorable returns for our Shareholders. For details of our intended use of [REDACTED] from the [REDACTED], see “Future Plans and Use of [REDACTED].” Our management will have discretion as to the actual utilization of the [REDACTED] within the disclosed scope of planned usage. You are entrusting your funds to our management, upon whose judgment you must depend for the specific uses we will make of the net [REDACTED] from the [REDACTED].

We may not pay any dividends on our Shares.

We cannot guarantee when, if, or in what form, dividends will be paid on the Shares following the [REDACTED]. A declaration of dividends must be proposed by our Board and will be based on, and limited by, various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. Furthermore, we may not have sufficient profits to make dividend distributions to Shareholders in the future, even if our financial statements prepared under HKFRS indicate that our operations have been profitable. See “Financial Information — Dividends and Dividend Policy” for more details on our dividend policy.

There may be difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by our Memorandum and Articles of Association, and by the Cayman Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders could differ from those established under statutes or judicial precedent in Hong Kong or other jurisdictions with which minority Shareholders are more familiar. Such differences could mean that minority Shareholders could have different protections than they would have under the laws of Hong Kong or other jurisdictions with which minority Shareholders are more familiar.

Certain facts, forecasts and statistics contained in this document are derived from various official sources and may not be complete or up to date.

Certain facts and other statistics in this document, particularly in the section headed “Industry Overview,” are obtained from the Frost & Sullivan Report, which was commissioned by us, and from information provided by the government. While we believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in the reproduction of the information, the information from official government sources has not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], any of our or their respective affiliates or advisors or any other parties involved in the [REDACTED], and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be

RISK FACTORS

unduly relied upon. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. You should consider carefully how much weight or importance you should attach to or place on such information or statistics.

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

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

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

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations, the market price and [REDACTED] volume may decline.

The [REDACTED] market for our Shares will be influenced by research or reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our Shares or publishes negative opinions about us, the market price for our Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or [REDACTED] volume of our Shares to decline.

RISK FACTORS

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].

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

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

In preparation for the [REDACTED], our Company has applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since substantially all of the business operations of our Group are managed and conducted in the PRC, and our executive Directors ordinarily reside outside Hong Kong, we do not have, and for the foreseeable future will not 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 for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) we have appointed Mr. ZHAO Chen (趙晨) and Ms. CHONG Wan Kai (莊運啟) (“**Ms. Chong**”) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules to serve as our principal channel of communication with the Stock Exchange. We have provided the Stock Exchange with their contact details, and they will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;
- (b) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives will have means to contact all of our Directors promptly at all times. We will implement measures such that (i) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to our authorized representatives and the Stock Exchange; and (ii) in the event that a Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to our authorized representatives. We have provided the Stock Exchange with the contact details of each Director to facilitate communication with the Stock Exchange;
- (c) each Director who is not an 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 of time, if required;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

- (d) we have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will act as our additional and alternative channel of communication with the Stock Exchange for a period commencing on the [REDACTED] and ending on 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 commencing after the [REDACTED], and its representative(s) will be fully available to answer enquiries from the Stock Exchange. Our compliance advisor will advise our Company on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the [REDACTED], and will have access at all times to our authorized representatives, our Directors and the other senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company; and
- (e) any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives or compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and compliance advisor.

WAIVER IN RELATION TO APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. 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); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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 listing applicant and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

- (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 Ms. YANG Qianqian (楊倩倩) (“**Ms. Yang**”) as one of our joint company secretaries. Ms. Yang joined our Group in December 2020 and she has extensive knowledge about our business operations and corporate governance with a strong recognition of the corporate culture of our Company. However, Ms. Yang does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules. As a result, we have appointed Ms. Chong, who meets the requirements under Rule 3.28 of the Listing Rules, to act as the other joint company secretary and to assist Ms. Yang in the compliance matters for the [REDACTED] as well as other Hong Kong regulatory requirements for an initial period of three years from the [REDACTED]. Over such period, we will implement the following measures to assist Ms. Yang to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

- (a) Ms. Chong will assist Ms. Yang so as to enable her to discharge her duties and responsibilities as a joint company secretary of our Company. Given Ms. Chong’s relevant experiences, she will be able to advise both Ms. Yang and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;
- (b) Ms. Yang will be assisted by Ms. Chong for an initial period of three years commencing from the [REDACTED], which should be sufficient for her to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;
- (c) we will ensure that Ms. Yang has access to the relevant trainings and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of a Hong Kong listed company, and Ms. Yang has undertaken to attend such trainings;
- (d) Ms. Chong will communicate with Ms. Yang on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Chong will work closely with, and provide assistance to Ms. Yang with a view to discharging her duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders’ meetings; and
- (e) pursuant to Rule 3.29 of the Listing Rules, Ms. Yang and Ms. Chong will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Yang and Ms. Chong will be advised by our legal advisors as to Hong Kong law and our compliance advisor as and when appropriate and required.

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the [REDACTED] (the “**Waiver Period**”), on the conditions that (i) Ms. Yang must be assisted by Ms. Chong, who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Yang to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will liaise with the Stock Exchange to assess whether Ms. Yang, having had the benefit of Ms. Chong’s assistance for three years, would have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules such that there is no need to further apply for a waiver.

For details of Ms. Yang’s and Ms. Chong’s biographies, see “Directors and Senior Management.”

WAIVER IN RELATION TO THE 2015 SHARE INCENTIVE SCHEME

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the share options granted by our Company:

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all the terms of a scheme must be clearly set out in the document. Our Company is also required to disclose in this document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon [REDACTED] as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards;
- (b) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

- (c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to set out in this document, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares and debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures.

Under the 2015 Share Incentive Scheme, the Company may grant options and /or restricted shares to the eligible participants. As of the Latest Practicable Date, our Company had granted 17,701,383 options to a total of 1,771 grantees under the 2015 Share Incentive Scheme (the “**Share Option Grantees**”), among which:

- (a) 1 Director and 1 connected person of our Company had been granted options to subscribe for 3,331,874 new Shares under the 2015 Share Incentive Scheme, representing [REDACTED]% of the issued share capital of our Company immediately upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme); and
- (b) the remaining 1,769 Share Option Grantees who are not members of the Directors, senior management or connected persons of our Company had been granted options to subscribe for 14,369,509 new Shares under the 2015 Share Incentive Scheme, representing [REDACTED]% of the issued share capital of our Company immediately upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme).

For further details of our 2015 Share Incentive Scheme, see “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes — 1. 2015 Share Incentive Scheme.”

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

We have applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

- (a) given that 1,771 Share Option Grantees are involved, strict compliance with such disclosure requirements in setting out full details of all the Share Option Grantees in this document would be costly and unduly burdensome for our Company because strict compliance with the relevant disclosure requirements to disclose names, addresses, and entitlements on an individual basis for the 1,771 Share Option Grantees involved will require substantial number of pages of additional disclosure that does not provide any material information to the [REDACTED] and would significantly increase the cost and timing for information compilation, [REDACTED] preparation and seeking consent from each Share Option Grantee to disclose his/her personal information (including residential address);
- (b) the grant and exercise in full of the options under the 2015 Share Incentive Scheme will not cause any material adverse impact to the financial position of our Company;
- (c) non-compliance with such disclosure requirements would not prevent our Company from providing potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and
- (d) material information relating to the options under the 2015 Share Incentive Scheme has been disclosed in the document, including the total number of Shares subject to the 2015 Share Incentive Scheme, the exercise price per Share, the potential dilution effect on the shareholdings upon [REDACTED] and impact on earnings per Share upon full exercise of the options granted under the 2015 Share Incentive Scheme. Our Directors consider that the information that is reasonably necessary for potential investors to make an informed assessment in their investment decision making process has been included in this document.

In light of the above, our Directors are of the view that the grant of the waiver and exemption sought under this application will not prejudice the interest of the [REDACTED].

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

The Stock Exchange [has granted] to our Company a waiver under the Listing Rules on the conditions that:

- (a) on an individual basis, full details of the options granted under the 2015 Share Incentive Scheme to each of the Directors, senior management and connected persons of our Company have been disclosed in this document, such details to include all the particulars required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the 2015 Share Incentive Scheme to the other Share Option Grantees who are not Directors, senior management or connected persons of our Company, disclosure has been made, on an aggregate basis, categorized into lots based on the number of Shares underlying the options granted to each individual Share Option Grantee, being (i) 1 Share to 1,000 Shares, (ii) 1,001 Shares to 5,000 Shares, (iii) 5,001 Shares to 10,000 Shares, (iv) 10,001 Shares to 50,000 Shares, (v) 50,001 Shares to 100,000 Shares and (vi) 100,001 Shares or above. For each lot, the following disclosure has been made on an aggregate basis: (i) the aggregate number of Share Option Grantees and number of Shares underlying the options granted under the 2015 Share Incentive Scheme, (ii) the consideration paid (if any) for the grant of the options under the 2015 Share Incentive Scheme and (iii) the exercise period and the exercise price of the options granted under the 2015 Share Incentive Scheme;
- (c) the aggregate number of Shares underlying the options granted under the 2015 Share Incentive Scheme and the percentage to our Company’s total issued share capital represented by such number of Shares as of the Latest Practicable Date have been disclosed in “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes — 1. 2015 Share Incentive Scheme” of this document;
- (d) the potential dilution effect and impact on earnings per Share upon the full exercise of the options granted under the 2015 Share Incentive Scheme have been disclosed in “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes — 1. 2015 Share Incentive Scheme” of this document;
- (e) a summary of the major terms of the 2015 Share Incentive Scheme has been disclosed in “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes — 1. 2015 Share Incentive Scheme” of this document;
- (f) the particulars of the waiver and the exemption have been set out in this document;

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

- (g) a list of all the Share Option Grantees (including those persons referred to in sub-paragraph (a) above) containing all the particulars as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for public inspection as further described in “Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and on Display” of this document; and
- (h) SFC agreed to grant to our Company a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC [has agreed] to grant to our Company a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (a) on an individual basis, full details of the options granted under the 2015 Share Incentive Scheme to each of the Directors, senior management and connected persons of our Company have been disclosed in this document, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) in respect of the options granted under the 2015 Share Incentive Scheme to the other Share Option Grantees who are not Directors, senior management or connected persons of our Company, disclosure has been made, on an aggregate basis, categorized into lots based on the number of Shares underlying the options granted to each individual Share Option Grantee, being (i) 1 Share to 1,000 Shares, (ii) 1,001 Shares to 5,000 Shares, (iii) 5,001 Shares to 10,000 Shares, (iv) 10,001 Shares to 50,000 Shares, (v) 50,001 Shares to 100,000 Shares and (vi) 100,001 Shares or above. For each lot, the following disclosure has been made on an aggregate basis: (i) the aggregate number of Share Option Grantees and number of Shares underlying the options granted under the 2015 Share Incentive Scheme, (ii) the consideration paid (if any) for the grant of the options under the 2015 Share Incentive Scheme and (iii) the exercise period and the exercise price of the options granted under the 2015 Share Incentive Scheme;

**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND
EXEMPTION FROM STRICT COMPLIANCE WITH THE COMPANIES
(WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

- (c) a list of all the Share Option Grantees (including those persons referred to in sub-paragraph (a) above) containing all the particulars as required paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be made available for public inspection as further described in “Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and on Display” of this document; and
- (d) the particulars of the waiver and the exemption have been set out in this Document.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

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[REDACTED]

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. ZHAO Chen (趙晨)	Flat 701, Unit 7 Building 7, Wulin Garden Tianmushan Road Xihu District Hangzhou Zhejiang Province PRC	Chinese

Ms. XU Hong (徐虹)	Flat 2301, Building 12 Yaojiang Wendingyuan Xihu District Hangzhou Zhejiang Province PRC	Chinese

Non-executive Directors

Mr. WU Tao (吳濤)	Flat 702, Unit 3 No. 6, Xixi River East Xihu District Hangzhou Zhejiang Province PRC	Chinese

Mr. WANG Mengzhi (王夢之)	Flat 3301 74 Kennedy Road Wan Chai Hong Kong	Chinese

Independent non-executive Directors

Mr. SHEN Kai (慎凱)	Flat 901, Unit 1 Building 11, Tianyang Wulin Mansion Gongshu District Hangzhou Zhejiang Province PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Ms. CHEN Jie	Flat 502, Unit 2 Professor’s Apartment, ShanghaiTech University No. 199 Huanke Road Pudong New Area Shanghai PRC	Singaporean
Ms. WANG Xun (王恂)	Flat 501, No. 123 Lane 879, Huanlin East Road Pudong New Area Shanghai PRC	Chinese

For further information regarding our Directors, see “Directors and Senior Management.”

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place 88 Queensway Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Legal Advisors to our Company

As to Hong Kong Laws
Tian Yuan Law Firm LLP
Suites 3304–3309, 33/F
Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC Laws
Haiwen & Partners
20/F, Fortune Financial Centre
5 Dong San Huan Central Road
Chaoyang District
Beijing
the PRC

As to PRC Laws in relation to data compliance
Haiwen & Partners
20/F, Fortune Financial Centre
5 Dong San Huan Central Road
Chaoyang District
Beijing
the PRC

As to Cayman Islands Laws
Ogier
11/F, Central Tower
28 Queen’s Road Central
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisors to the Sole Sponsor
and [REDACTED]**

As to Hong Kong Laws
Norton Rose Fulbright Hong Kong
38/F Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC Laws
Jingtian & Gongcheng
34th Floor, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

Auditor and Reporting Accountant

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.
2504 Wheelock Square
1717 Nanjing West Road
Shanghai 200040
PRC

Compliance Advisor

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office	2nd Floor, Strathvale House 90 North Church Street P.O. Box 1103 George Town Grand Cayman KY1-1102 Cayman Islands
Headquarters and Principal Place of Business in the PRC	Flat 501, 5/F, Building 5 Xitou Chuangzhi Center Shuanglong Road No. 239, Jiangcun Street Xihu District Hangzhou Zhejiang Province PRC
Principal Place of Business in Hong Kong	Room 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company’s Website	https://www.hipac.cn <i>(the information contained on the website does not form part of this document)</i>
Joint Company Secretaries	Ms. Yang Qianqian (楊倩倩) No. 13, Lane 500 Jiangzhi Road Minhang Strict Shanghai PRC Ms. Chong Wan Kai (莊運啓) <i>(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)</i> Flat 1917, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

CORPORATE INFORMATION

Authorized Representatives

Mr. ZHAO Chen (趙晨)
Flat 701, Unit 7
Building 7, Wulin Garden
Tianmushan Road
Xihu District
Hangzhou
Zhejiang Province
PRC

Ms. CHONG Wan Kai (莊運啓)
Flat 1917, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Audit Committee

Ms. Wang Xun (*Chairman*)
Mr. Shen Kai
Ms. Chen Jie

Remuneration Committee

Mr. Shen Kai (*Chairman*)
Ms. Chen Jie
Ms. Wang Xun

Nomination Committee

Mr. Zhao Chen (*Chairman*)
Ms. Chen Jie
Mr. Shen Kai

Compliance Advisor

Somerley Capital Limited
20/F, China Building
29 Queen’s Road Central
Hong Kong

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Principal Bank(s)

China CITIC Bank Hangzhou Chengxi Branch

Flat 102, Fengyuan International Building
No. 430, Fengtan Road
Gongshu District
Hangzhou City
Zhejiang Province
PRC

Bank of Hangzhou Haichuangyuan Branch

Haichuangyuan
No. 998, Wenyi West Road
Yuhang District
Hangzhou
Zhejiang Province
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the report commissioned by us and prepared by Frost & Sullivan, and from various official government publications and other publicly available publications. We believe that the sources of the information in this section and other sections of this document are appropriate sources for such information and have taken reasonable care in selecting and identifying such information sources, compiling, extracting and reproducing such information, and ensuring no material omission of 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 Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], or any of our or their respective directors, advisors, officers, employees or agents or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCE AND RELIABILITY OF INFORMATION

In connection with the [REDACTED], we engaged an independent market research consultant, Frost & Sullivan, to conduct an analysis of, and to prepare an industry report on the industries where we operate with a commission fee of RMB500,000. Founded in 1961, Frost & Sullivan is an independent global consulting firm that conducts industry research and prepares industry report on a wide range of industries, among other services. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report with its consent.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the collected data and information, and cross-check each respondent’s information and expressions against those of others: (i) detailed primary research, which involved discussing the status of the industry with leading industry participants and industry experts; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on Frost & Sullivan’s own research database.

When developing and preparing the Frost & Sullivan Report, Frost & Sullivan assumed that the social, economic and political environment in the relevant markets remain stable during the forecast period to ensure the stable and healthy development of China’s family care and nutrition product industry in lower-tier market and the related industries. Further, Frost & Sullivan’s forecast is based on the following bases and assumptions: China’s economy maintains steady growth over the next decade, and the regional social, economic and political environment remains stable during the forecast period. In addition, China’s family care and nutrition product industry in lower-tier market and other relevant industry is expected to develop on the basis of the relevant macroeconomic assumptions.

DIRECTORS’ CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no detrimental change in the market information demonstrated in the Frost & Sullivan Report since the date of the report that may qualify, contradict or have an impact on the information in this document.

INDUSTRY OVERVIEW

OVERVIEW OF CHINA’S LOWER-TIER MARKET

According to Frost & Sullivan, lower-tier market in China represents the extensive regions beyond the urban areas of first- and second-tier cities, encompassing all third- and below-tier cities, as well as all rural towns and villages outside urban areas of first- and second-tier cities. The lower-tier market in China covers a vast geographic area, has a large population base, and exhibits significant regional heterogeneity.

The Vast Consumption Potential of China’s Lower-tier Market

In recent years, China’s economy and society have achieved steady development, with the rapid growth of lower-tier market being particularly notable. Compared with lower-tier market, first- and second-tier market (representing the urban areas of first- and second-tier cities) is generally more economically developed, supported by relatively complete infrastructure and more mature commercial resources. Meanwhile, driven by a large population base, a continuously developing economic environment, and the rising income levels and consumption propensity of residents, lower-tier market is demonstrating significant development potential and consumption vitality.

- ***A large population base:*** Lower-tier market covers the extensive regions beyond the urban areas of first- and second-tier cities, characterized by a large and stable population base and consumer group. According to Frost & Sullivan, the population in China’s lower-tier market reached 1.2 billion at the end of 2024, accounting for approximately 83.5% of China’s total population. In 2024, approximately 85.0% of newborns in China were born in the lower-tier market, highlighting the massive scale and high proportion of the newborns in the lower-tier market. Such a large population base has created significant consumer demand, laying a substantial foundation for the development of lower-tier market and providing enormous growth potential.
- ***A continuously developing economic environment:*** The favorable and continuously improving economic environment in lower-tier market is becoming an increasingly important driver of national economic growth. The continuous improvement of infrastructure and the development of local industries have provided strong support for the circulation of goods and the growth of consumer demand in lower-tier market. In 2024, the nominal GDP generated by lower-tier market reached RMB98.1 trillion, accounting for approximately 72.7% of China’s total nominal GDP in 2024. This proportion is expected to continue rising in the future, providing a favorable economic environment for the expansion of the consumption scale in lower-tier market.
- ***Rising income levels and growing consumption willingness:*** Compared with first- and second-tier market, per capita consumption expenditure in China’s lower-tier market still has significant growth potential, reached approximately 58.7% of that in first- and second-tier market in 2024. With economic development, residents in the lower-tier market are experiencing rising incomes, leading to stronger purchasing power and growing consumption willingness, which provides a solid financial foundation for the expansion of the consumption market. Per capita consumption expenditure in lower-tier market is growing at a faster pace, with a CAGR of 5.5% between 2019 and 2024, outpacing the 3.1% CAGR in first- and second-tier market during the same period. Looking ahead, as income levels and living standards continue to rise, the vast consumption potential of lower-tier market is expected to continue to be unleashed, driving the growth of per capita consumption growth at an accelerated pace.

INDUSTRY OVERVIEW

The Unique Consumption Ecology of China’s Lower-tier Market

The large population base and extensive geographical coverage form the foundation of China’s lower-tier market. As a result, such market exhibits distinct characteristics and consumption features on both the demand and supply fronts compared to first- and second-tier market.

On the demand front, China’s lower-tier market exhibits the following characteristics:

- ***Acquaintance economy:*** In lower-tier market, consumer behavior exhibits distinct characteristics of a trust-based, acquaintance-driven economy, wherein purchasing decisions are largely influenced by stable social networks and personal recommendations. Trust mechanisms established through geographic and community ties serve as critical factors in facilitating transactions and service selections. Consumers are generally more inclined to choose familiar brands or local merchants, thereby fostering a consumption model centered on word-of-mouth marketing, which further enhances the penetration and stickiness of localized brands and services.
- ***Highly fragmented demand driven by regionalization:*** Due to regional cultural differences and varying levels of economic development, the various regions of lower-tier market in China exhibit highly differentiated consumer demands. Consumers in different regions have distinct perceptions of product value. Some regions prioritize cost-effectiveness and basic functionality, while others place higher importance on brand value and personalized experiences. These regional characteristics influence not only product preferences, but also deeply penetrate into dimensions such as brand recognition, price sensitivity and functional demands, forming a fragmented demand profile.
- ***Supply-demand gaps from consumption upgrading:*** Driven by the rapid improvement in purchasing power and the diversification of information access in lower-tier market in recent years, a significant gap has emerged between emerging consumer demand and existing supply in China’s lower-tier market. With the rapid growth in per capita consumption expenditure in lower-tier market, consumers are no longer satisfied with homogeneous and standardized products, but are increasingly seeking products and services that offer higher quality, greater personalization, and enhanced technological sophistication. However, traditional supply chains in lower-tier market, initially designed to meet basic functional needs at minimal cost with limited professional sourcing capabilities and outdated supply chains, are insufficient to address the emerging demands. To bridge this supply-demand gap and capture the economic growth potential in lower-tier market, it is essential to build differentiated product portfolios and implement precise, localized channel strategies.

On the supply front, China’s lower-tier market exhibits the following characteristics:

- ***Offline transactions occupy dominant position:*** Despite the rapid growth of e-commerce penetration in China over the past decade, the vast geographic expanse and extended infrastructure development cycles have constrained the penetration of e-commerce in lower-tier market, where offline channels still dominate. This is particularly evident in industries such as family care and nutrition products, which rely heavily on offline consumption experiences and face-to-face sales consultations. In terms of retail sales, the market size generated through offline channels accounted for approximately 73.5% of the total market size of China’s family care and nutrition product industry in lower-tier market in 2024, maintaining a dominant position. The offline retail stores possess unique characteristics, providing an irreplaceable value proposition in lower-tier market. Offline retail stores offer physical displays, trials, and expert assistance, fostering

INDUSTRY OVERVIEW

trust for high-involvement products, which are essential for consumer decisions. Moreover, for product categories with prominent needs for immediate after-sales service, offline retail stores provide troubleshooting and real-time solutions, ensuring service reliability. At the same time, leveraging local networks and word-of-mouth, offline retail stores create strong customer loyalty, embedding themselves in daily consumer life through personalized, community-driven service. Therefore, offline retail stores continue to be essential for product consumption in lower-tier market and are expected to retain their core position in such market in the future, with their scale set to continue expanding.

- ***A large and dispersed network of offline retail stores as core sales channels:*** Offline retail stores continue to maintain a dominant position in the core sales channels in lower-tier market, leveraging their community-level service radius, full-category supply and high cost-performance advantages. According to Frost & Sullivan, among the tens of thousands of offline retail stores in lower-tier market, over 80% adopt a single-store operation model, deeply embedded in the community commercial ecosystem and established a “last mile” consumption network. Their core competitiveness stems from the deep cultivation of a localized service system that combines immediate product access with long-term community engagement, fostering trust and creating a humanized consumption experience that online channels cannot replicate. This operational model, which is highly integrated with residents’ daily life scenarios, enables offline retail to continue occupying an important position in lower-tier market.
- ***Product retail driven by acquaintance economy characteristics:*** Consumers in lower-tier market demonstrate a notable reliance on the acquaintance economy when purchasing high-unit-price, high-profit-margin, and high-repeat-purchase (“three high”) products. This is because offline retail channels establish a decision-making trust chain through an “experiential consumption loop,” whereby consumers need to physically verify product quality and rely on endorsements from acquaintances to mitigate decision-making risks. The core barrier resides in the trust-enhancing scenarios created by offline stores, where professional sales assistance provides immediate decision-making support, and after-sales service systems strengthen consumer protection. Additionally, community-based operations activate repeat purchases through word-of-mouth dissemination. More crucially, offline scenarios enable acquaintance recommendations to be translated into tangible service value, forming a sustained accumulation of “trust assets,” which is key to driving the breakthrough growth of “three high” products in lower-tier market.
- ***Obvious pain points in the multi-layer distribution model:*** The supply chain in China’s lower-tier market is confronted with three structural contradictions. The multi-layer distribution system drives up distribution costs, resulting in both inflated retail prices at the consumer end and meager channel profits. In addition, the protracted supply-demand information transmission chain gives rise to regional inventory surpluses and intensified product homogeneity competition. Moreover, the weak digital foundation in China’s lower-tier market, compounded by data silos and lagging information flows, severely constrains collaborative efficiency. These interrelated issues form a vicious cycle of “high costs-low profits-weak innovation,” which not only undermines channel value but also suppresses consumer vitality. The key to breaking this cycle lies in constructing a flattened distribution network and leveraging digital infrastructure to integrate the entire information flow, thereby reconstructing industry value through precise supply-demand matching.

INDUSTRY OVERVIEW

OVERVIEW OF CHINA’S FAMILY CARE AND NUTRITION PRODUCT INDUSTRY IN LOWER-TIER MARKET

With economic development and the growing awareness of health preservation, consumer demand for family care and nutrition products in China’s lower-tier market is continuously increasing, propelling the industry’s continuous and robust growth. Family care and nutrition products refer to products designed to meet the caregiving and nutritional needs of all family members across all life stages, including both general items suitable for all family members and those tailored to specific age groups or life stages, such as children aged below 14, pregnant women and elderly individuals aged above 65 years old.

Analysis of Industry Feature

In China’s family care and nutrition product industry in lower-tier market, industry features such as the “mom economy,” where mothers are the core decision-making group, are particularly prominent and have become important factors influencing industry development on both the demand and supply fronts. On the demand front, China’s family care and nutrition product industry in lower-tier market is characterized by the following features:

- **“Mom economy” characteristics:** China’s family care and nutrition consumption is distinctly shaped by the “mom-led decision model.” As the gatekeepers of household health, mothers form a closed-loop decision-making process through dual roles. On one hand, they possess dynamic awareness of each family member’s health status, enabling precise identification of core needs such as nutrition and care. On the other hand, they act as information hubs via community social networks, validating product efficacy and filtering word-of-mouth feedback through neighborhood exchanges and mom groups. Mothers dominate the decision-making process for family health consumption, with a decision-making pathway that follows a three-stage model of “need identification — information filtering — consumption execution.” Particularly in product categories such as maternal and infant products and elderly nutrition products, the product discernment and purchasing execution capabilities of the mom group directly drive family health consumption upgrade.
- **A massive and growing potential consumer base:** In 2024, approximately 85.0% of newborns in China were born in lower-tier market. This large consumer base offers both scale and growth potential, fueling continuous expansion in categories such as infant products and nutritional supplements, and representing a predictable growth opportunity within the family care and nutrition industry.
- **Complex purchasing drivers with emphasis on value-added services:** Consumption of family care and nutrition products in China’s lower-tier market exhibits a unique “mom-centric model,” with significant differences in decision-making mechanisms based on the functional attributes of the products. Compared with ordinary FMCG, the selection of family care and nutrition products requires crossing a higher trust threshold, where mothers not only demand verifiable product efficacy but also prioritize a full-value chain of “knowledge + service.” Mothers regard knowledge-based services such as professional nutritional guidance and health data tracking as key elements in their decision-making process, while the speed of after-sales response also indirectly drives loyalty and repeat purchases. This trust-based consumption logic closely aligns with the strengths of offline retail stores in lower-tier market, which offer a bundled experience of product, education and service tailored to the needs of mothers, and achieved a deep binding with mom value.

INDUSTRY OVERVIEW

On the supply front, China’s family care and nutrition product industry in lower-tier market is characterized by the following features:

- **Offline stores serve both as information hubs and sales channels:** In China’s lower-tier market, family care and nutrition product consumption is driven largely by professional trust. While consumers gain basic product knowledge from social media, their final decisions, especially for high-trust-threshold family care and nutrition products, are heavily influenced by offline store managers. Acting as community health advisors, these store managers build trust through continuous knowledge sharing and create a service loop from expert guidance to after-sales follow-up. This professional trust-based offline model forms a unique consumer decision path and business ecosystem for the family care and nutrition industry in lower-tier market.
- **High homogeneity of standardized products and low branding in non-standard categories:** Due to the common issues in the supply chain in China’s lower-tier market, such as lengthy distribution chains and weak digital foundation, market information feedback is relatively slow. Consequentially, brand owners typically encounter difficulties in promptly capturing dynamic market demands. As a result, many brand owners adopt a more conservative approach in lower-tier market, tending to produce and sell highly standardized products with a higher degree of homogeneity. However, these products often fail to effectively align with the differentiated consumer demands exhibiting regional characteristics in lower-tier market. On the other hand, non-standard products customized to regional consumer demands more frequently emerge in lower-tier market in the form of white brand products with relatively lower levels of branding.
- **Brands have limited coverage in lower-tier market and fail to meet the growing demand:** China’s lower-tier market covers a vast number of cities and towns. Penetration into these county and village level sales channels across such market requires significant time and resources. Currently, most family care and nutrition brands focus on first- and second-tier market, with limited presence in lower-tier market, which leaves lower-tier market dominated by homogenous and standardized products. As consumption upgrades continue, consumers increasingly seek cross-category products, yet face supply shortages and unmet demand due to the limited presence of major brands in lower-tier market.

Market Size

China’s family care and nutrition product industry has experienced steady growth. The market size of the total family care and nutrition product industry in China in terms of retail sales increased from RMB2.2 trillion in 2019 to RMB2.6 trillion in 2024 with a CAGR of 2.9%, and is expected to reach RMB3.2 trillion in 2029 with a stronger CAGR of 4.3% from 2024 to 2029.

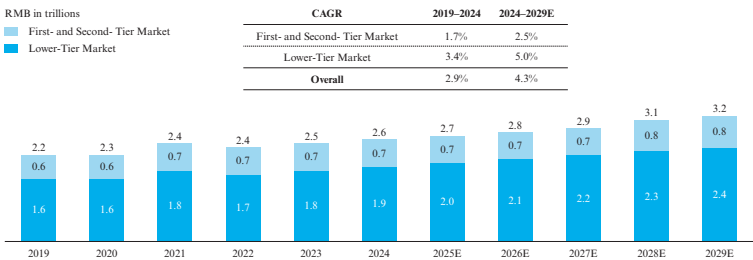
China’s family care and nutrition product industry is dominated by lower-tier market. In terms of retail sales, the market size of the family care and nutrition product industry in lower-tier market reached RMB1.9 trillion in 2024, accounting for 73.5% of the total market size. This proportion is expected to continue to rise, reaching around 75.8% in 2029.

In recent years, China’s lower-tier market has been continuously unleashing its growth potential, with continuously captured market demand and increasing penetration of major brands enabled by commerce and service platforms. The market size of China’s family care and nutrition product industry in lower-tier market in terms of retail sales increased from RMB1.6 trillion in 2019 to RMB1.9 trillion in 2024, representing a CAGR of 3.4%. Driven by economic development, rising income and consumption levels, and higher expenditure on family care and nutrition products resulting from growing health and care awareness,

INDUSTRY OVERVIEW

the market size of China’s family care and nutrition product industry in China’s lower-tier market is estimated to further increase, reaching RMB2.4 trillion in 2029, demonstrating a CAGR of 5.0% from 2024 to 2029.

Market Size of China’s Family Care and Nutrition Product Industry, by market tier in terms of retail sales, 2019–2029E



Source: National Bureau of Statistics, Frost & Sullivan

Key Drivers

The growth of China’s family care and nutrition product industry in lower-tier market in the past few years has been primarily driven by the following factors:

- **A massive consumer base:** The large population base in the lower-tier market, with 85.0% of newborns in China in 2024, provides a stable and continuously expanding base for the consumption demand of family care and nutrition products in such market.
- **“Mom economy” characteristics:** The significant characteristics of the “mom economy,” especially in categories such as infant and elderly care, where mothers pay more attention to product efficacy and professional services, have propelled the demand for trustworthy and high value-added products. Offline retail stores have enhanced decision-making trust by offering immediate experiences, professional guidance and ongoing after-sales services, thereby constructing a unique ecosystem that drives market growth.
- **Growing health awareness and spending power:** The synchronous increase in health awareness and spending power of residents in lower-tier market, with the per capita consumption expenditure of residents in such market growing at a higher CAGR of 5.5% from 2019 to 2024 compared to first- and second-tier market, continuously drive the demand and purchasing of family care and nutrition products in such market.

OVERVIEW OF CHINA’S COMMERCE AND SERVICE OF FAMILY CARE AND NUTRITION PRODUCT INDUSTRY IN LOWER-TIER MARKET

Industry Value Chain

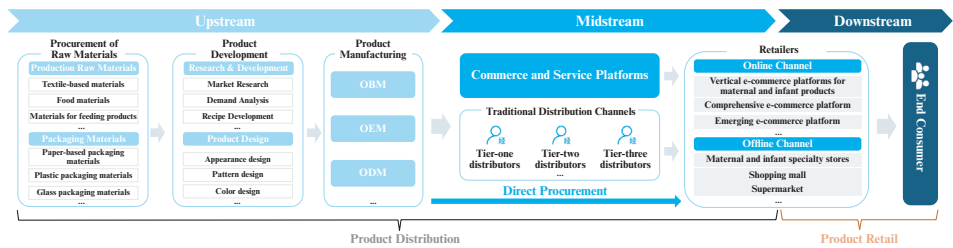
The industry value chain of China’s family care and nutrition product industry can be categorized into two major procedures, namely product distribution and retail. Product retail refers to the purchase of products by end consumers through online and offline channels, while product distribution denotes commercial activities that facilitate the flow of family care and nutrition products from brand owners or manufacturers to business customers. In the product distribution segment, retailers procure products through direct procurement, traditional distribution networks, and commerce and service platforms. Direct procurement denotes a procurement modality where retailers source products directly from manufacturers or brand owners, bypassing distributors or commerce and service platforms. Traditional distribution channels, on the other hand, are primarily based

INDUSTRY OVERVIEW

on a hierarchical distribution system, under which manufacturers or brand owners effectuate product sales through a multi-layered network of distributors, with the products ultimately reaching retailers after traversing such distribution tiers.

Notably, commerce and service platforms in China’s family care and nutrition products in lower-tier market, which serve business customers, constitute a core segment of the industry value chain. The business models of these platforms mainly include: (i) an online marketplace model, which facilitates the matching of product suppliers with buyers and levies commissions; and (ii) a self-operated business model, which involves the establishment and management of an integrated supply chain to directly sell products to downstream customers. Through these initiatives, the commerce and service platforms are able to integrate transaction information, thereby streamlining the transactional and logistical processes of family care and nutrition products in a more convenient and efficient manner. Additionally, these platforms offer value-added services to both product suppliers and buyers. These services not only enhance industry value chain efficiency but also strengthen the platforms’ role in supporting the commercialization and market reach of family care and nutrition products.

Value Chain of China’s Family Care and Nutrition Product Industry in Lower-tier Market



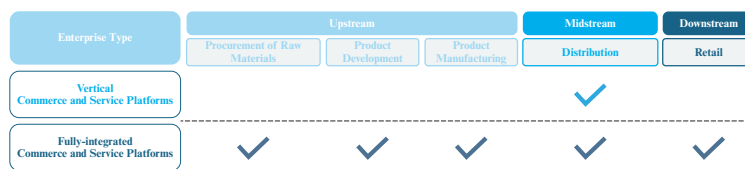
Source: Frost & Sullivan

Moreover, commerce and service platforms for family care and nutrition products are witnessing a structural shift from fragmented, channel-driven models to integrated, full-chain operational model. Vertical commerce and service platforms are primarily limited to the distribution segment of the industry value chain. Their business models focus on product circulation, channel operations, and basic sales services, often relying on multi-tiered wholesale networks to achieve regional market coverage. Vertical platforms are highly dependent on upstream suppliers for product sourcing and generally lack control over product development and quality assurance. Moreover, their access to end consumers is limited, as they depend on external retail networks for market delivery. Such structural characteristics constrain their capabilities in industrial chain integration and product differentiation, limiting their responsiveness to the increasingly diverse and rapidly evolving consumer demands.

In contrast, fully-integrated commerce and service platforms are endowed with integrated operational capabilities covering the entire industry value chain, ranging from procurement of raw materials, product development, product manufacturing to distribution and retail. These platforms adopt an integrated industrial chain model that enables comprehensive control over product quality, cost structures and market responsiveness, thereby significantly enhancing operational efficiency and resilience. Leveraging strengthened control over key upstream and downstream activities, fully-integrated commerce and service platforms can assume greater initiative in brand development, user engagement, and consumer experience optimization. This model facilitates the construction of a closed-loop product ecosystem with higher coordination across the industrial chain, driving sustainable growth and long-term competitiveness.

INDUSTRY OVERVIEW

Comparison of Main Industry Value Chain Coverage Models



Source: Frost & Sullivan

Industry Pain Points

China's family care and nutrition product industry in lower-tier market is characterized by a large market size, rapid growth and unique features. However, various stakeholders in the industry chain, including brand owners, manufactures, distributors, retail stores, and consumers, still face numerous challenges and industry pain points that need to be addressed urgently. These pain points and demands of the industry chain stakeholders present significant market opportunities and potential for the development for commerce and service platforms for family care and nutrition products.

	Brand Owners	Manufacturers	Distributors	Retail Stores	Consumers
Pain Points	- Standardized products insufficient for satisfying diversified/ localized consumer needs - Inefficient multi-layer distribution channels	- Inadequate market and consumer demand insights - Lack of product sales channels - Lack of brand-building capabilities and brand influence	- Lack of diversified procurement channels and dependent on limited brands - Lack of product sales channels	- Limited access to end consumers - Limited SKUs with quality assurance issues and non-competitive pricing	- Usually passively consume products with price premium - Unmet diversified consumer demands
Demands	- Meeting evolving, diversified and localized product demands - Establishing efficient sales networks in lower-tier market	- Meeting evolving, diversified and localized product demands - Establishing effective product distribution networks - Incubating private labels and building brand image	- Diversified and stable procurement channels, and competitive pricing for quality goods - Establishing effective product distribution channels	- Effective online and offline marketing strategies and digital solutions - Price-advantaged and stable supply channels	- Access to more diversified products - Multi-channel shopping experience

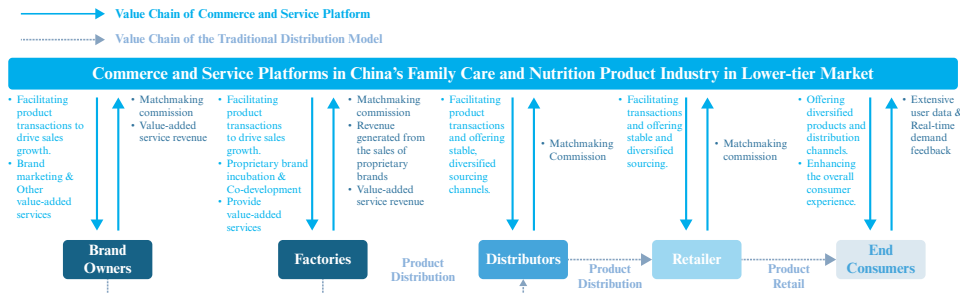
Source: Frost & Sullivan

Analysis of Business Model

The advancement of the Internet and big data has driven the increased popularity of commerce and service platform in China's family care and nutrition product industry in lower-tier market. These platforms provide diversified product distribution channels and empower stakeholders across the value chain through service offerings, thereby facilitating the more efficient circulation of family care and nutrition products in lower-tier market.

INDUSTRY OVERVIEW

Business Model of Commerce and Service Platforms in China’s Family Care and Nutrition Product Industry in Lower-tier Market



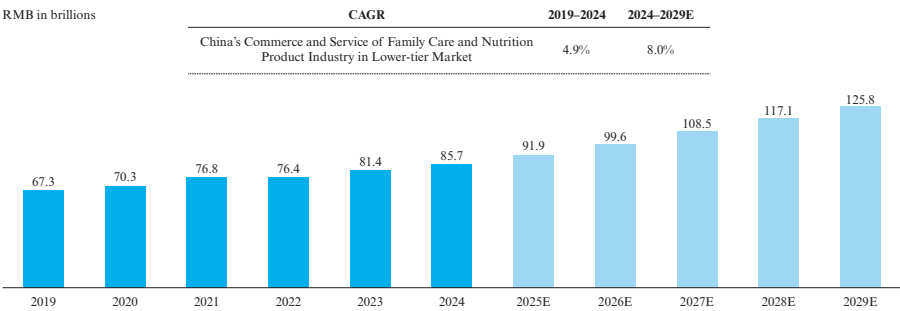
Source: Frost & Sullivan

Market Size

As the supply-demand paradigm shifts from supply-driven to demand-led, China’s family care and nutrition product industry is accelerating its response to the increasingly refined and diversified market demand in lower-tier market. On one hand, brands are actively enhancing market research and product innovation to continuously address unmet needs. On the other hand, consumer expectations for scenario-specific usage, functional segmentation, and personalized services are steadily rising, contributing to a structural increase in consumption frequency. Meanwhile, brands are deepening collaboration with commerce and service platforms, leveraging their integration capabilities across dense offline store networks to improve end-consumer accessibility in lower-tier market, thereby building a closed-loop sales model characterized by high repurchase rates.

In terms of GMV, the market size of China’s commerce and service of family care and nutrition product industry in lower-tier market grew from RMB67.3 billion in 2019 to RMB85.7 billion in 2024, representing a CAGR of 4.9%. The market size is expected to further increase to RMB125.8 billion by 2029 at a stronger CAGR of 8.0% from 2024 to 2029.

Market Size of China’s Commerce and Service of Family Care and Nutrition Product Industry in Lower-tier Market, in terms of GMV, 2019–2029E



Source: National Bureau of Statistics, Frost & Sullivan

Key Drivers

China’s commerce and service of family care and nutrition product industry in lower-tier market is largely driven by the following key growth drivers:

- **Enhancing product development to address unmet market demand:** China’s consumer industry has shifted comprehensively from being supply-driven to being demand-led, with this paradigm shift being particularly pronounced in the family care and nutrition products sector. For example, consumers are

INDUSTRY OVERVIEW

increasingly cautious when purchasing maternal and infant products due to heightened safety concerns. As a result, leading family care and nutrition product brands are intensifying market research efforts in recent years to better understand consumer preferences and unmet needs. By continuously launching targeted new products and iterating on existing offerings, brands are addressing consumption gaps while stimulating new demand, thereby contributing to the overall expansion of the market.

- ***Increasing consumption frequency through refined consumer needs:*** For family care and nutrition products, there was an emerging trend towards scenario-specific functionality that caters for different personal health conditions. This trend has driven the adoption of scientific and health-oriented lifestyle concepts, which in turn effectively promotes the purchase frequency of family care and nutrition products. Moreover, brands are expanding their engagement strategies through a “core product and value-added service” model, transforming one-off purchases into continuous service consumption, thereby enhancing customer stickiness and loyalty.
- ***Fostering brand-platform collaboration to improve distribution efficiency in lower-tier market:*** The family care and nutrition products market in China is exhibiting a clear trend toward lower-tier market penetration, with the majority of market demand originating from lower-tier market. Consumers in these regions favor offline, experience-based shopping and tend to build strong trust with local retail outlets underpinned by the “acquaintance economy,” resulting in high repeat purchase rates. Against this backdrop, effective distribution increasingly depends on the platform’s ability to aggregate and streamline fragmented terminal channels. Commerce and service platforms for family care and nutrition products with dense, high-stickiness offline networks have become strategic partners for upstream brands, enabling efficient market penetration and enhancing product distribution capabilities in lower-tier market.

Future Trends

China’s commerce and service of family care and nutrition product industry in lower-tier market is expected to be influenced by the following trends:

- ***The diverse demands of consumers are driving the incubation and development of new brands:*** Due to its vast regional coverage and complex demographic structure, China exhibits pronounced geographical differentiation in consumption patterns. Specifically, the geographical span leads to stratification of consumer cultures. For example, northern families place greater emphasis on the thermal insulation of maternal and infant products, while southern consumers focus more on breathability and moisture resistance. In addition, the economic gradient results in varying degrees of price sensitivity. Moreover, differences in living habits drive the segmentation of demand based on specific usage scenarios. Against this backdrop, constructing a geographical consumption map and a flexible supply chain, and incubating regionally customized products in response to the diverse demands of different areas, will become one of the development trends for companies within the industry.
- ***Further enhance the level of digitalization to improve the efficiency of product distribution:*** Under the traditional multi-layer distribution model, family care and nutrition products flow through a long chain consisting of manufacturer, brand owner, multiple distributors, retailers, and consumers. Fragmented operations caused by segmentally independent operations, coupled with lagging digitalization, have led to systemic inefficiencies. This “data disconnect” results

INDUSTRY OVERVIEW

in frequent mismatches between supply and demand, causing significant economic losses. The key to solving this dilemma is building digitalized operation throughout the industry chain.

- ***Value-added services become more important in competition:*** Driven by the dual factors of the continuous upgrading of consumer demand for family care and nutrition products and the intensifying industry competition, the core value of commerce and service platforms is shifting from basic product delivery to full-chain value-added service capabilities. The underlying logic is twofold: on one hand, brands and retail stores face pressure for refined user operations and urgently require value-added services such as data insights, including regional preference analysis, and flexible production support, including small-batch rapid response, to enhance competitiveness. On the other hand, shorter product iteration cycles and rising SKU complexity in the family care and nutrition industry are forcing platforms to offer solution-based services, including hit product co-development and smart inventory allocation, to build differentiated value barriers.
- ***Dietary supplements developed rapidly:*** In China’s lower-tier market, offline retail stores generally serve as trusted community health advisors, offering product recommendations and professional guidance tailored to local consumers’ needs. This positions them as effective channels for communicating the product value. Additionally, with the rise of the “mom economy,” mothers as the key decision-makers in household consumption, is increasingly attentive to the health and nutritional needs of the elderly and other family members. As such, the consumption demand of dietary supplements has been increasing in lower-tier market, driving continuous expansion of the family care and nutrition industry.

Entry Barriers

New entrants of China’s commerce and service of family care and nutrition product industry in lower-tier market primarily encounter the following entry barriers:

- ***Brand barrier:*** The inherent consumer sensitivity of the family care and nutrition industry, which is characterized by zero tolerance for safety risks and high-involvement decision-making, has led to the formation of a trust-based filtering mechanism across the entire value chain. This manifests as upstream brand owners carefully selecting supply chain partners to avoid issues such as cross-regional sales and low distribution efficiency. Similarly, downstream offline retail stores are highly cautious when purchasing products. As trusted community health advisors in county-level market, a single product issue could severely damage the store’s reputation within local word-of-mouth networks. As a result, both brand owners and retailers tend to prefer cooperating with well-established, reputable leading brands.
- ***Supply chain barrier:*** China’s family care and nutrition product industry features diversified usage scenarios, refined functional requirements and polarized consumption preferences. Commerce and service platforms must not only maintain stable partnerships and distribution rights with top-tier brands but also be highly responsive to emerging consumer needs. This requires coordinating with manufacturers to co-develop products that fill market gaps. Most importantly, platforms must ensure a stable supply chain to meet ongoing demand, all of which contribute to high barriers to entry.

INDUSTRY OVERVIEW

- **Sales network barrier:** The consumption of family care and nutrition products in China is heavily concentrated in lower-tier market, with the majority of transaction volume coming from lower-tier market. Reaching and integrating these highly fragmented retail outlets in lower-tier market demands significant time and cost investments. Once partnerships are established, they create strong barriers for new entrants attempting to penetrate the market.

Competitive Landscape

The industry concentration of China’s commerce and service of family care and nutrition product industry in lower-tier market still has a room for growth, with top five commerce and service platforms serving businesses jointly accounted for a total market share of 25.9% in 2024 in terms of GMV. Our Group ranked first among commerce and service platforms serving businesses in the family care and nutrition product industry in China in terms of GMV generated from lower-tier market in 2024, with a market share of 10.1%. The following table sets forth the top market players serving businesses in China’s commerce and service of family care and nutrition product industry in terms of GMV generated from lower-tier market in 2024:

Ranking	Company	GMV ⁽¹⁾ (RMB in billions)	Market Share ⁽²⁾ (%)
1	Our Group	8.6	10.1
2	Company A ⁽³⁾	5.1	5.9
3	Company B ⁽⁴⁾	3.5	4.1
4	Company C ⁽⁵⁾	2.6	3.0
5	Company D ⁽⁶⁾	2.4	2.8
Subtotal		22.2	25.9

Notes:

- (1) Includes GMV generated from family care and nutrition product sales in China’s lower-tier market in 2024.
- (2) The market share is calculated by the platform’s GMV over the market size of China’s commerce and service of family care and nutrition product industry in lower-tier market in 2024.
- (3) Founded in 2015 and headquartered in Guandong Province, China, Company A is a private company and has a registered capital of RMB6.8 million. Company A mainly engages in the commerce and service business of selling cosmetics, family care and nutrition products, food and beverages.
- (4) Founded in 2004 and headquartered in Shanghai, China, Company B is a private company and has a registered capital of US\$80.0 million. Company B mainly focuses on the commerce and service of selling family care and nutrition products and pet supplies.
- (5) Founded in 1997 and headquartered in Guangdong Province, China, Company C is a company listed on the Shenzhen Stock Exchange, engaging in the commerce and service of selling home appliance, family care and nutrition products and other products with total assets of RMB57.5 billion as of December 31, 2024.
- (6) Founded in 2017 and headquartered in Sichuan Province, China, Company D is a private company and has a registered capital of RMB5.0 million. Company D mainly engages in the commerce and service business of selling family care and nutrition products.

Source: Frost & Sullivan

REGULATORY OVERVIEW

This section sets out an overview of the current laws and regulations applicable to the Group in the PRC that may materially affect the Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to the Group.

This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of the Group and/or which may be important to potential investors.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The Company Law of the PRC (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People’s Congress of the PRC (全國人民代表大會常務委員會) (the “SCNPC”) on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the “**Catalogue**”), amended on October 26, 2022 and effective since January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List**”), promulgated on September 6, 2024 and effective since November 1, 2024, both of which issued by the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) (the “**NDRC**”) and the Ministry of Commerce of the PRC (中華人民共和國商務部) (the “**MOFCOM**”). The Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged”, “restricted”, and “prohibited”. Industries not listed in the Catalogue or the Negative List are generally deemed as falling into a fourth category, “permitted”, unless specifically restricted by other PRC laws and regulations.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”), promulgated by the National People’s Congress (全國人民代表大會) on March 15, 2019, effective since January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “**Implementation Regulations for FIL**”), promulgated by the State Council (國務院) on December 26, 2019, effective since January 1, 2020, are the principal existing law and regulation governing foreign investment in the PRC. The FIL and the Implementation Regulations for FIL are enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management. Pursuant to the FIL and the Implementation Regulations for FIL, the PRC adopts a system of national treatment plus the Negative List with respect to foreign investment administration. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or released upon approval by the State Council would be treated equally.

On December 30, 2019, the MOFCOM and State Administration for Market Regulation (國家市場監督管理總局) (the “**SAMR**”) promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) (the “**Reporting Measures**”), which came into effect on January 1, 2020. The Reporting Measures regulate information reporting relating to foreign investment in the PRC. Pursuant to the Reporting Measures, foreign investors and foreign-invested enterprises who directly or indirectly carry

REGULATORY OVERVIEW

out investment activities in the PRC shall report investment information to the competent departments of commerce by submitting initial reports, change reports, cancellation reports and annual reports.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Foreign investor or relevant parties in China must declare the security review prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security; and obtaining control in the target enterprise.

REGULATIONS RELATING TO OVERSEAS LISTING

On February 17, 2023, the CSRC promulgated Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and five relevant guidelines, which became effective on March 31, 2023. Meanwhile, the Special Provisions of the State Council for the Share Offerings and Listings Overseas of Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Circular of the State Council Concerning Further Strengthening the Administration of Share Issuance and Listing Overseas (《國務院關於進一步加強在境外發行股票和上市管理的通知》), which were previously the main institutional basis for overseas offering and listing by domestic enterprises, were repealed on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic enterprises which seek to issue and list securities in overseas markets by direct or indirect means are required to complete the filing procedures with and submit relevant materials to the CSRC. The Overseas Listing Trial Measures provides that an overseas offering and listing is prohibited if there is one of the following circumstances: (i) the listing is specifically prohibited for financing purposes by laws, administrative regulations, or applicable requirements imposed by the country; (ii) the overseas offering and listing might endanger national security as reviewed and determined by competent authorities under the State Council in accordance with relevant laws; (iii) the domestic enterprise or its controlling shareholder(s) and de facto controller(s) have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy in recent three years; (iv) the domestic enterprise is currently under judicial investigations for suspicion of criminal offenses or materially breaching laws or regulations, where no definitive conclusions have been reached; or (v) there are material ownership disputes with respect to equity interests held by controlling shareholder(s) or equity interests held by other shareholders controlled by controlling shareholder(s) and/or de facto controller(s).

The Overseas Listing Trial Measures also provides that if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas offering and listing by PRC domestic enterprises: (i) the amount of any of the operating revenue, total profit, total assets or net assets of the domestic enterprise represents over 50% of that of the relevant item in the issuer’s audited consolidated financial statements for the most recent fiscal year; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its principal place of

REGULATORY OVERVIEW

business is located in mainland China, or the majority of senior management in charge of its business operations and management are PRC citizens or have their usual place of residence located in mainland China. Where an issuer submits an application for an initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as a change of control or voluntary or forced delisting of the issuer who has completed an overseas offering and listing.

To enhance confidentiality and archive management for domestic enterprises’ overseas offerings and listings, CSRC, the Ministry of Finance of the PRC (財政部), National Administration of State Secrets Protection (國家保密局), and National Archives Administration (國家檔案局) promulgated the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises (CSRC Announcement [2023] No. 44) (《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》(證監會公告[2023]44號)) on February 24, 2023, which came into effect on March 31, 2023, and at the same time, replaced the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings (CSRC Announcement [2009] No. 29) (《關於加強在境外發行證券與上市相關保密和檔案管理工作的規定》(證監會公告[2009]29號)). These provisions now cover domestic joint stock companies directly listing overseas and entities indirectly listing abroad. They outline procedural requirements and specify enterprises’ confidentiality responsibilities and accounting archives administration, in alignment with the Overseas Listing Trial Measures.

REGULATIONS RELATING TO M&A RULES

On August 8, 2006, six (6) PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the M&A Rules (《關於外國投資者併購境內企業的規定》), which govern the mergers and acquisitions of domestic enterprises by foreign investors. These rules became effective on September 8, 2006, and were revised on June 22, 2009. The M&A Rules, among other things, require that if an overseas company established or controlled by PRC citizens intends to acquire equity interests or assets of any other PRC domestic company affiliated with the PRC citizens, such acquisition must be submitted to the MOFCOM for approval. The M&A Rules also require that a special purpose vehicle (SPV), established for overseas listing purposes and controlled directly or indirectly by PRC citizens, shall obtain the approval of the CSRC prior to overseas listing and trading of its securities on an overseas stock exchange.

On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China (中共中央辦公廳) 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》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by PRC-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by PRC-based overseas-listed companies.

REGULATIONS RELATING TO OFFSHORE INVESTMENT BY PRC RESIDENTS

Pursuant to the Circular of the State Administration of Foreign Exchange (國家外匯管理局) (the “SAFE”) on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (“SAFE Circular 37”), promulgated by SAFE and which

REGULATORY OVERVIEW

became effective on July 4, 2014, which replaced the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (“**SAFE Circular 75**”), (i) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (“**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the “**Telecommunications Regulations**”), which were promulgated by the State Council on September 25, 2000 and amended on July 29, 2014 and February 6, 2016, provide the regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations categorize telecommunications services in the PRC into basic telecommunications services and value-added telecommunications services, and value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. Under the Telecommunications Regulations, telecommunications services providers shall obtain operating licenses from the MIIT or its provincial counterparts prior to the commencement of operations.

The Administrative Measures for Telecommunications Business Operating License (《電信業務經營許可管理辦法》) with latest amendments becoming effective from September 1, 2017 set forth more specific provisions regarding the types of licenses required for value-added telecommunications services and the qualifications and procedures for obtaining such licenses. The value-added telecommunications services operators providing value-added services across multiple provinces are required to obtain inter-regional licenses from the MIIT, whereas value-added telecommunications services operators providing such services within a single province are required to obtain local licenses from the provincial level counterparts.

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) promulgated by the State Council on September 25, 2000 and last amended on December 6, 2024 classify internet information services into either commercial internet information services or non-commercial internet information services. Commercial internet information services refer to paid services such as provisions of information or website production to online users via the internet. Companies engaged in commercial internet information services shall obtain the licenses for internet information services from the competent telecommunications authorities.

The Catalog of Classification of Telecommunications Services (《電信業務分類目錄》), attached to the Telecommunications Regulations and last amended on June 6, 2019 by the MIIT, divides information services business into information publication platform and delivery services, information search and inquiry services, information communities platform services, instant message services, and information security and management services.

REGULATORY OVERVIEW

In addition, the provision of application information services and application distribution services in the PRC is specially regulated by the Administrative Provisions on Mobile Internet Application Information Services (《移動互聯網應用程序信息服務管理規定》) (the “**APP Provisions**”), which was promulgated by the Cyberspace Administration of China (the “CAC”) on June 28, 2016 and last amended on June 14, 2022. According to the APP Provisions, the CAC and local offices of cyberspace administration shall be responsible for the supervision and administration of nationwide or local application information respectively. The application information service providers shall acquire relevant qualifications required bylaws and regulations and implement the information security management responsibilities strictly and fulfill their obligations, including verifying user identity information, protecting users’ information, examining and managing information content.

Regulations Relating to Foreign Investment in Value-Added Telecommunications Services

Foreign direct investment in telecommunications companies in the PRC is regulated by the Regulations for Administration of Foreign-invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “**FITE Regulations**”), which were promulgated by the State Council on December 11, 2001 and amended on September 10, 2008 and February 6, 2016. The FITE Regulations require foreign-invested telecommunications enterprises in the PRC to be established as sino-foreign joint ventures. Unless otherwise stipulated by the State, the equity interest acquired by the foreign investors in such enterprises shall not exceed 50%. In addition, the foreign investors of the enterprises engaged in value-added telecommunications services must satisfy a number of stringent performance and operational experience requirements, including demonstrating a track record and experience in operating such business. The enterprises that meet these requirements shall obtain approvals from the MIIT and the MOFCOM or their authorized local branches, before launching the value-added telecommunications business in the PRC. Moreover, pursuant to the Negative List, foreign equity in enterprises providing value-added telecommunications business shall not exceed 50%, but such stipulation is not applied to e-commerce, domestic multi-party communications, store-and-forward and call centers services.

However, the State Council promulgated the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) on March 29, 2022, according to which the FITE Regulations was amended and such amendment has come into effect on May 1, 2022 (the “**New FITE Regulations**”). The New FITE Regulations, except as otherwise provided, no longer require stringent performance and operational experience of the foreign investors in the enterprises providing value-added telecommunications services. The foreign-invested telecommunications enterprises shall obtain approvals from the MIIT or its authorized local branches prior to the commencement of the value-added telecommunications business in the PRC. In addition, the New FITE Regulations simplify the application process for telecommunication business operation licenses and shorten the review period.

The Notice of the Ministry of Information Industry of the PRC (which is the predecessor of the “**MIIT**”) on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) issued on July 13, 2006 requires foreign investors investing in and operating value-added telecommunications services in the PRC to set up foreign-invested enterprises and obtain licenses for such services. It prohibits domestic companies holding value-added telecommunications services licenses from leasing, transferring or selling their licenses in any form, or providing any resource, sites or facilities, to any foreign investors for their illegal operation of any telecommunications

REGULATORY OVERVIEW

business in the PRC. In addition to restricting dealings with foreign investors, it contains a number of detailed requirements applicable to the operators of value-added telecommunications services, including that operators or their shareholders shall legally own the domain names and trademarks used in their daily operations and each operator must possess the necessary facilities for its approved business operations and maintain its facilities in the regions covered by its license.

According to the Notice of the MIIT regarding the Strengthening of Ongoing and Post Administration of Foreign-Invested Telecommunications Enterprises (《工業和信息化部關於加強外商投資電信企業事中事後監管的通知》) issued on October 15, 2020, the MIIT will no longer issue Examination Letter for Foreign Investment and Operation in Telecommunications Business (《外商投資經營電信業務審定意見書》). Foreign-invested enterprises would need to submit relevant foreign investment materials to the MIIT for obtainment or change of the licenses for operation of telecommunications business.

REGULATIONS RELATING TO ANTI-MONOPOLY AND ANTI-UNFAIR COMPETITION

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), which was adopted by the SCNPC on September 2, 1993, came into effect as of December 1, 1993, and last amended on April 23, 2019, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the PRC Anti-Unfair Competition Law in the production and operating activities. Pursuant to the PRC Anti-Unfair Competition Law, operators must abide by the principle of voluntariness, equality, impartiality, integrity and adhere to laws and business ethics during market transactions. Operators in violation of the PRC Anti-Unfair Competition Law should bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

In February 2021, the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) were promulgated by the Anti-Monopoly Commission of the State Council. These guidelines outline certain practices that may, if without justifiable reasons, constitute abuse of dominant position. The guidelines also expressly state that concentration involving variable interest entities will also be subject to antitrust filing requirements.

On August 17, 2021, the SAMR issued the Provisions on Preventing Unfair Online Competition (Draft for Comments) (《禁止網絡不正當競爭行為規定(公開徵求意見稿)》), which detailed the implementation of the PRC Anti-Unfair Competition Law, including specifying certain online unfair competition behaviors that should be prohibited. As of the date of this document, the draft has not been formally adopted.

On June 24, 2022, the SCNPC adopted an amendment to the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》), which introduced a “safe harbor” for vertical monopoly agreements entered into by operators whose market share falls below a specific threshold to be set by the SAMR, granted the SAMR the power to suspend the review period in merger investigations under specified circumstances, allowed public prosecutors to bring a civil public interest lawsuit based on monopolistic behaviors, and significantly increased the penalties for violation of PRC Anti-Monopoly Law, among others. This amendment emphasized the enforcement of PRC Anti-Monopoly Law in the internet and other key industries.

REGULATORY OVERVIEW

The Provisions on the Review of Concentrations of Undertakings (《關於經營者集中申報標準的規定》) issued by the State Council on January 22, 2024 further clarified the factors that should be considered to determine whether an undertaking acquires control over, or may exercise decisive influence on, other undertakings.

According to the Price Law of the PRC (《中華人民共和國價格法》), or the Price Law, which was promulgated by the SCNPC on December 29, 1997 and effective on May 1, 1998, business operators are prohibited from engaging in unfair pricing activities, including manipulating market prices, dumping commodities at a price lower than cost, manipulation of prices, deception of consumers or other business operators by using false or misleading prices, and price discrimination. If a business operator violates the Price Law, he/she shall be subject to administrative penalties, such as warning, cessation of illegal activities, confiscation of illegal gains, being fined not more than five times the illegal gains thereof, and the business operator may be ordered to suspend business for rectification or the business license may be revoked in severe circumstances.

REGULATIONS RELATING TO E-COMMERCE

The Measures for the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》) promulgated by the SAMR in March 2021 and last amended in March 2025, stipulate the obligations of online trading operators. Social networking, live streaming, or other network services providers who provide online trading platform services for operators must perform the obligations in accordance with the laws and regulations. On December 24, 2014, the MOFCOM promulgated the Provisions on the Procedures for Formulating Transaction Rules of Third-Party Online Retail Platforms (Trial) (《網絡零售第三方平台交易規則制定程序規定(試行)》) which came into effect on April 1, 2015 to regulate the formulation, revision, and enforcement of transaction rules for online retail marketplace platforms.

On August 31, 2018, the SCNPC promulgated the E-Commerce Law of the PRC (《中華人民共和國電子商務法》), which came into effect on January 1, 2019. The E-commerce Law of the PRC imposes a series of requirements on e-commerce operators including e-commerce platform operators, merchants operating on the platform and the individuals and entities carrying out business online. According to the E-commerce Law of the PRC, e-commerce operators who provide search results based on consumers’ characteristics, such as hobbies and consumption habits, must also provide consumers with options that are not targeted at their personal characteristics at the same time, respect and fairly protect the legitimate interests of the consumers. In addition, e-commerce platform operators are not allowed to impose unreasonable restrictions over or add unjustified conditions to transactions concluded on their platforms by merchants, or charge merchants operating on its platform any unreasonable fees.

An e-commerce platform operator must obtain a license for value-added telecommunications services with the specification of online data processing and transaction processing business from appropriate telecommunications authorities, pursuant to the Telecommunications Regulations and the Catalog of Classification of Telecommunications Services.

REGULATIONS RELATING TO ADVERTISING SERVICES

The Advertisement Law of the PRC (《中華人民共和國廣告法》), which was promulgated by the SCNPC on October 27, 1994 and last amended on April 29, 2021, requires advertisers to ensure that the content of the advertisements are true. The content of advertisements cannot contain prohibited information, including but not limited to: (i) information that harms the dignity or interests of the nation or divulges the secrets of the nation, (ii) information that contains wordings such as “national level,” “highest level,” or

REGULATORY OVERVIEW

“best,” and (iii) information that contains ethnic, racial, religious, or sexual discrimination. Advertisements posted or published through the internet cannot affect normal usage of network by users. Advertisements published in the form of pop-up window on the internet must display the close button in a clear manner to make sure that the viewers can close the advertisement by one click.

On February 25, 2023, the SAMR promulgated the Measures for Administration of Internet Advertising (《互聯網廣告管理辦法》), which stipulate the obligations of the advertisers, the internet advertising operators, and the internet information service providers. According to these measures, the product seller or the service provider who markets any product or service through live streaming on the internet, which constitutes a commercial advertisement, must take the corresponding responsibilities and perform obligations of advertisers in accordance with the laws and regulations, and the live streaming operators and marketers should also take corresponding responsibilities and perform obligations if they provide advertising design, production, agency, or publishing services or constitutes an advertising endorsement.

REGULATIONS RELATING TO THE PAYMENT SERVICES AND PREPAID CARDS

Pursuant to the Administrative Measures for the Payment Services Provided by Non-financial Institutions (《非金融機構支付服務管理辦法》) promulgated by the People’s Bank Of China (the “PBOC”) on 14 June 2010, last amended with immediate effect on 29 April 2020 and was replaced by the Implementation Rules for the Supervision and Administration of Non-Bank Payment Institutions (《非銀行支付機構監督管理條例實施細則》) issued in 9 July 2024, and the Regulations on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) issued by the State Council on 9 December 2023, which became effective on 1 May 2024, a non-financial institution which provides payment services as intermediary agencies between payers and payees, including online payment, issuance and acceptance of prepaid cards, bankcard acquiring and other payment services as determined by the PBOC must obtain a “Payment Business License” to provide payment services and qualifies as a paying institution. Without the approval of the PBOC, any non-financial institution or individual shall not engage in payment business whether directly or in a disguised form. Non-bank payment institutions illegally established without approval, or those engaging in payment business directly or under any pretext shall be banned by the PBC pursuant to the law ; illegal income shall be confiscated; where the amount of illegal income is 500,000 yuan or more, a fine ranging from one to five times the amount of illegal income shall be imposed on them; where there is no illegal income or the amount of illegal income is less than 500,000 yuan, a fine ranging from 500,000 yuan to 2 million yuan shall be imposed on them separately or concurrently. The legal representative or principal, person directly in charge and other directly accountable personnel shall be subject to a warning and a fine ranging from 100,000 yuan to 500,000 yuan.

Pursuant to 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)》), or the Administrative Measures on Single purpose Prepaid Cards, which was promulgated by the MOFCOM in 2012 and was amended in 2016, single-purpose commercial prepaid cards are prepaid certificates issued by an enterprise 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 various forms such as magnetic stripe cards, chip cards, and paper coupons as well as virtual cards. Card-issuers shall complete filing formalities within 30 days from the date of carrying out single purpose

REGULATORY OVERVIEW

card businesses. Violation of the aforementioned regulations may result in an order of rectification. Where the card issuer fails to rectify within a stipulated period, a fine ranging from RMB10,000 to RMB30,000 may be imposed.

REGULATIONS RELATING TO FOREIGN TRADE

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), or the Foreign Trade Law, promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022, since December 30, 2022, no registration of foreign trade operators is required. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations. Before December 30, 2022, pursuant to the pre-amendment Foreign Trade Law, a foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the foreign trade authority under the State Council or its entrusted agencies, unless otherwise provided by the laws, administrative regulations and requirements of the foreign trade authority under the State Council. Where a foreign trade operator fails to do so, Customs shall not handle the formalities for declaration and clearance of the goods imported or exported by the operator.

Customs Law

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

According to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), adopted by the General Administration of Customs on November 19, 2021 and effective on January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. If the consignees and consignors of import and export goods and customs declaration enterprises apply for recordation, they shall obtain the qualification of market entities; among them, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators. The recordation of the customs declaration entities is valid for a long period of time, while the temporary recordation is valid-for one year, after the expiry reapplication of recordation can be made.

REGULATIONS RELATING TO FOOD SAFETY AND FOOD OPERATION LICENSING

Under the Food Safety Law (《中華人民共和國食品安全法》), which came into effect on June 1, 2009 and was most recently amended on April 29, 2021, as well as the Implementing Rules on the Food Safety Law (《中華人民共和國食品安全法實施條例》), which came into effect on July 20, 2009 and were last amended on October 11, 2019, the imported food, food additives and food-related products shall be consistent with the national food safety standards of China. A food importer shall apply for inspection with the import and export inspection and quarantine authority for the imported food and food additives, make truthful reports on the relevant information of products, and attach qualified documents as provided by the laws and administrative regulations. The imported food, after arrival at the port, shall be stored in the place designated or approved by the import and export inspection and quarantine authority; where relocation is required, necessary safety

REGULATORY OVERVIEW

protection measures shall be taken in accordance with the requirements of the import and export inspection and quarantine authority. Bulk imported food shall be subject to inspection at the port of discharge. The Administrative Department of Health under the State Council shall, in compliance with the provisions of Article 93 of the Food Safety Law, review the relevant national (regional) standards or international standards submitted by overseas exporters, overseas production enterprises or their entrusted importers, and then decide to tentatively apply and publish such standards as found in line with food safety requirements. Before the publication of such tentative applicable standards, no import shall be conducted regarding food without national food safety standards.

Pursuant to the Food Safety Law, the State implements a licensing system for food production and trading. A person who engages in food production, food selling or catering services must obtain a license in accordance with the law. On June 15, 2023 the State Administration for Market Regulation promulgated the Administrative Measures for Food Operation Licensing and Record-filing (《食品經營許可和備案管理辦法》), and came into effect on December 1, 2023. According to the Administrative Measures for Food Operation Licensing and Record-filing, a food operation license must be obtained in accordance with the law to engage in food selling and catering services within the territory of the PRC. A food operator shall obtain a food operation license or make record-filing to engage in food operation activities at one operation site. Applications for food operation licensing shall be filed according to food operators’ types of operation and operation items classification.

The Measures for Investigation and Punishment of Illegal Acts concerning the Safety of Food Sold Online (《網絡食品安全違法行為查處辦法》), which were promulgated by China Food and Drug Administration (now merged into SAMR) on July 13, 2016 and last amended on March 18, 2025, stipulate the rules for investigation and punishment of violations of food safety laws, regulations or rules or food safety standards committed by the providers of third-party online food trading platforms and the food producers and traders engaging in trade through the third-party platforms or self-built websites within the territory of the PRC.

REGULATIONS RELATING TO CONSUMER PROTECTION

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**”) was first promulgated by the SCNPC on October 31, 1993 and was last amended on October 25, 2013, effective on March 15, 2014. The Consumer Protection Law sets out the obligations of business operators and the rights and interests of consumers. Business operators must guarantee the quality, function, usage and term of validity of the goods or services they sell or provide, if these goods and services are consumed under normal standards. The consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online platforms may claim damages from the sellers or service providers. Online platform operators may be subject to liabilities if the lawful rights and interests of consumers are infringed in connection with consumers’ purchase of goods or acceptance of services on online platforms if the platform operators fail to provide consumers with authentic contact information of the sellers or service providers. The Implementation Rules of the Consumer Protection Law of the PRC (《中華人民共和國消費者權益保護法實施條例》) was promulgated by the State Council on March 15, 2024 and came into effect on July 1, 2024, according to which, if the business operators adopt automatic extension, automatic renewal, or other similar mechanisms in connection with the provisions of their services, the business operators must prominently draw the attention of the consumers before they accept the service and before the dates of automatic extension, automatic renewal, or effectiveness of other mechanisms. The business operators cannot send commercial information to consumers or make commercial telephone calls without the consent of the consumers. In the event that a consumer consents to receiving

REGULATORY OVERVIEW

commercial information and/or commercial telephone calls, the business operators must provide clear and convenient means of cancellation and must immediately stop these behaviors if the consumer chooses to cancel.

REGULATIONS RELATING TO PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and most recently amended on December 29, 2018 by the SCNPC, the seller shall be responsible for the repair, replacement or return of the product sold if (i) the product does not possess the functionality it should inherently possess, and no prior and clear indication is given of such a situation; (ii) the product does not conform to the applicable product standard stated on the product or its packaging; or (iii) the product does not conform to the quality specified through a product description or physical sample. If a consumer incurs losses due to the purchased product, the seller shall compensate for such losses.

On May 28, 2020, the PRC Civil Code (《中華人民共和國民法典》), was adopted by the SCNPC and came into force on January 1, 2021. Under the PRC Civil Code, a manufacturer or a commercial seller is liable for harm caused to persons or property due to product defects. The aggrieved party may claim compensation from either the manufacturer or the seller. If compensation is sought from the seller, the seller is entitled to recover from the responsible manufacturer after fulfilling the compensation obligation.

REGULATIONS RELATING TO CYBERSECURITY AND DATA PROTECTION

On June 22, 2007, the MPS, National Administration of State Secrets Protection (國家保密局), State Council Information Office (abolished) and State Cryptography Administration (國家密碼管理局) issued the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》), which regulate that the security protection of an information system may be graded into five levels. As for an information system of Grade II or above which has been put into operation, its operator or user shall, within 30 days since the date when its security protection grade is determined, complete the record-filing procedures at the local public security organ at the level of city divided into districts or above. For an information system of Grade II or above newly built, its operator or user shall, within 30 days after it is put into operation, complete the record-filing procedures at the local public security organ at the level of municipality divided into districts or above.

On November 7, 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》, the “**Cybersecurity Law**”), which became effective on June 1, 2017, pursuant to which, the state shall implement rules for graded protection of cybersecurity and the network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant 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.

On December 28, 2021, the CAC together with 12 other authorities, jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**CAC Measures**”), which took effect on February 15, 2022 and replaced its previous version promulgated on April 13, 2020. The CAC Measures provide that: (i) a critical information infrastructure operator (the “**CIIO**”) procuring network products or services, which affects or may affect national security shall be obliged to apply for the cybersecurity review with the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible

REGULATORY OVERVIEW

for the implementation of cybersecurity review under the CAC; (ii) the network platform operators that possess personal information data of more than one million users that seek for a listing abroad are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) if the competent governmental authorities believe that the network products or services or data processing activities affects or may affect national security, the Cybersecurity Review Office (網絡安全審查辦公室) shall be entitled to conduct a cybersecurity review against those data processing activities in accordance with the CAC Measures.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》, the “**Data Security Law**”), which took effect in September 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and establish a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities.

On July 7, 2022, the CAC officially issued the Measures for the Security Assessment of Cross-border Data Transmission (《數據出境安全評估辦法》), which became effective and was implemented on September 1, 2022. Based on the Measures, data processors shall apply for the security assessment of data cross-border transfer to the national cyberspace administration through the provincial cyberspace administration in the place where they operate if they provide data outside China and fall into one of the following conditions: (1) data processors provide important data outside China; (2) operators of critical information infrastructure and data processors who process personal information of over 1 million users provide personal information outside China; (3) data processors who provide accumulative personal information of over 100,000 users or accumulative sensitive personal information of over 10,000 users outside China from January 1 of previous year provide personal information outside China; (4) other situations required to apply for the security assessment for data cross-border transfer as stipulated by the national cyberspace administration. On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Flow of Data (《促進和規範數據跨境流動規定》, “**New Cross-border Data Flow Provisions**”). The New Cross-border Data Flow Provisions, which took effect on the same day. The New Cross-border Data Flow Provisions state that if there is any conflict with the Measures for the Security Assessment of Cross-border Data Transmission, the New Cross-border Data Flow Provisions shall prevail. The New Cross-border Data Flow Provisions set out scenarios under which certain obligations for the cross-border data transfer are waived, which include, among others, passing the security assessment of cross-border data transfer, concluding a standard contract for the cross-border transfer of personal information or passing the personal information protection certification.

On September 24, 2024, the Cyber Data Security Regulations (《網絡數據安全管理條例》) was promulgated by the State Council and has come into effect on January 1, 2025. The Cyber Data Security Regulations is to implement general requirements on data security management from the Cybersecurity Law, the Data Security Law, as well as the Personal Information Protection Law, reiterating the general regulations for data processing activities and rules of personal information protection, important data security protection, network data cross-border transfer management, and internet platform service providers’ obligations. The Cyber Data Security Regulations do not include

REGULATORY OVERVIEW

detailed content related to cybersecurity review standards for listing abroad, as mentioned previously in the Administration Governing the Cyber Data Security (Draft for Comments), published on November 14, 2021.

On December 8, 2022, the MIIT promulgated the Measures for the Administration of Data Security in the Field of Industry and Information Technology (Trial) (《工業和信息化領域數據安全管理辦法(試行)》), which came into effect on January 1, 2023. Data processors in the field of industry and information technology shall take the main responsibility for the security of data processing activities, implement hierarchical protection for various types of data, and where different levels of data are being processed at the same time and it is difficult to take separate protection measures, the protection shall be implemented in accordance with the requirements of the highest levels, to ensure that the data continues to be effectively protected and legally utilized.

REGULATIONS ON PERSONAL INFORMATION PROTECTION

According to the Cybersecurity Law, the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》) promulgated by the MIIT on December 29, 2011, and effective on March 15, 2012, the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》) promulgated by the SCNPC and implemented on December 28, 2012, the Order for the Protection of Telecommunications and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT on July 16, 2013 and effective on September 1, 2013, any collection and use of a user’s personal information must follow the principles of lawfulness, legitimacy, and necessity, and when the information is collected, the user should be clearly notified the purposes, methods, and scopes of collecting and using the information, channels for enquiring and correcting the information, and the consequences of refusal to provide the information, etc. Any violation of these laws and regulations may subject to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites, or even criminal liabilities.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) adopted by the National People’s Congress on May 28, 2020, and effective on January 1, 2021, personal information of natural persons is protected by law. Any organization or individual must legally obtain the relevant personal information of others and must ensure the security of the relevant information, and must not illegally collect, use, process, or transmit the personal information of others, nor illegally trade, provide, or disclose the personal information of others.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》, the “**Personal Information Protection Law**”), which took effect on 1 November 2021. The Personal Information Protection Law requires, among others, that (i) the processing (including the collection, storage, use, processing, transmission, provision, disclosure and deletion) of personal information shall be processed following the principles of lawfulness, legitimacy, necessity and good faith, and shall not be processed through misleading, fraudulent, coercive and other means, (ii) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Entities processing personal information bear responsibilities for their activities of processing personal information, and shall adopt necessary measures to safeguard the security of the personal information that they process.

REGULATORY OVERVIEW

On 31 December 2021, the CAC, the MIIT, the MPS, the SAMR jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which came into effect on 1 March 2022. The Administrative Provisions on Internet Information Service Algorithm-Based Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on various criteria. Moreover, it requires algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation service, the algorithm recommendation service provider must immediately stop providing relevant services. Algorithmic recommendation service providers must also provide users with the function to select or delete user labels that are based on personal characteristics and used for algorithmic recommendation services.

The Administrative Provisions on the Account Information of Internet Users (《互聯網用戶賬號信息管理規定》), which was promulgated by the CAC on June 27, 2022 and became effective on August 1, 2022, sets out guidelines on the provision of the account information of Internet users. Internet-based information service providers shall perform their responsibilities as the administrative subjects of the account information of Internet users, have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) govern trademark registration, protection, and usage in China. Enacted on August 23, 1982, and last amended on April 23, 2019, the Trademark Law, effective from November 1, 2019, follows the “first-to-file” principle. It grants exclusive rights to trademark registrants, administered by the Trademark Office of the China National Intellectual Property Administration (國家知識產權局) (the “NIPA”).

Registered trademarks are valid for ten years, renewable in ten-year increments. Renewal procedures must be completed within twelve months before expiry, with a possible six-month extension. The Trademark Office announces trademarks eligible for renewal. Trademark registrants can authorize others via licensing contracts, but licensing details must be filed with the Trademark Office. Failure to file won’t affect bona fide third parties. Quality supervision is the licensor’s responsibility, and licensees must maintain product quality when using the registered trademark.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) govern patent activities in China. Enacted on March 12, 1984, and last amended on October 17, 2020, the Patent Law became effective on June 1, 2021. The Patent Office of the NIPA oversees national patent work. Provincial, autonomous region, or municipal patent administration departments handle local jurisdictions.

REGULATORY OVERVIEW

The Patent Law and its Implementation Rules recognize three patent types: “invention,” “utility model” and “design.” Invention patents cover new technical solutions for products, methods, or their improvements. Utility model patents apply to practical technical solutions for product shapes, structures, or combinations. Design patents protect new aesthetic designs for products, including shape, pattern, and color combinations. Invention patents are valid for twenty years, design patents for fifteen years, and utility model patents for ten years from the application date.

China follows the “first to file” principle, granting patents to the earliest applicant for the same invention. Patentable inventions or utility models must be novel, inventive, and practical. Patent holders’ rights are legally protected, allowing others to use the patent only with proper authorization. Unauthorized use constitutes patent infringement unless specified by law.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, lastly amended on November 11, 2020 and effective on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002, last amended on January 30, 2013 and effective on March 1, 2013, works of PRC citizens, legal entities or unincorporated organizations, whether published or not, shall enjoy copyright. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, including written works, oral works, photographic works, video and audio works, and computer software. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction.

Domain Name

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) issued by the MIIT on August 24, 2017 (effective from November 1, 2017), and the Implementation Rules for National Top-Level Domain Name Registration (《國家頂級域名註冊實施細則》) released by the China Internet Network Information Center on June 18, 2019 (effective on the same day), domain name owners must register their domain names. The MIIT oversees China’s Internet domain names, while provincial, autonomous region, and municipal telecommunications management bureaus are responsible for domain name services within their respective regions. Registration operates on a “first come, first file” basis. Applicants must provide accurate information and enter registration agreements with domain name registration service providers. Upon completing the registration process, applicants become the domain name holders.

REGULATIONS RELATING TO PROPERTY LEASING

Pursuant to the PRC Civil Code, a lessee may, upon the lessor’s consent, sublease the leased object to a third person. The lease contract between the lessee and the lessor shall continue to be valid despite the sublease by the lessee, and if the third person causes loss to the leased object, the lessee shall bear the liability for compensation. A change in the ownership of a leased object during the period that a lessee possesses the leased object in accordance with the lease contract shall not affect the validity of the lease contract. Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994 and was last amended on August 26, 2019, and the Management Measures for the Lease of Commercial Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and effective on February 1, 2011, the parties to a housing lease shall enter into a lease contract in accordance with the law. Within

REGULATORY OVERVIEW

30 days after the conclusion of the housing lease contract, the parties to the lease shall go to the competent department of construction (real estate) of the people’s government of the municipality, city or county where the leased housing is located to register and file the housing lease. In violation of the foregoing provisions, the competent construction (real estate) departments of the people’s governments of the municipalities directly under the central government, cities and counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed. According to the PRC Civil Code, the parties’ failure to register the lease contract in accordance with the provisions of laws and administrative regulations does not affect the validity of the contract.

REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994 and amended on August 27, 2009 and December 29, 2018, enterprises shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employees training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on September 18, 2008 set out specific provisions in relation to the execution, the terms and the termination of a labor contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010 and with effect from July 1, 2011 and last amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and last amended on March 24, 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Program of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發〈生育保險和職工基本醫療保險合併實施試點方案〉的通知》) and Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) promulgated on January 19, 2017 and March 6, 2019, the maternity insurance and basic medical insurance for employees shall be consolidated. According to the Social Insurance Law of

REGULATORY OVERVIEW

PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the competent administrative department.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payment and deposit registration in the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration of provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People’s Court for mandatory enforcement.

REGULATIONS ON EMPLOYEE STOCK INCENTIVE PLAN

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知》), which was issued by the SAFE on February 15, 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of a publicly-listed overseas company and who are PRC individuals or non-PRC individuals residing in China for a continuous period of no less than one (1) year, subject to a few exceptions, are required to register with the SAFE through a qualified domestic agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures.

In addition, the State Administration of Taxation (the “SAT”), has issued certain circulars concerning employee stock options and restricted shares. Under these circulars, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their stock options or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

REGULATORY OVERVIEW

REGULATIONS RELATING TO THE PRC TAX

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the National People’s Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on April 23, 2019 and effective from the same date, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC’s government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

Income Tax Relating to Dividend Distribution

Pursuant to the Arrangement Between the Mainland of 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》) and relevant protocols, which were promulgated by the SAT on August 21, 2006, came into effect on December 8, 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in a PRC company, otherwise the 10% withholding tax rate applies.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the SAT on October 14, 2019, came into effect on January 1, 2020, non resident taxpayers are entitled to preferential treatment under tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and subject to subsequent administration by tax authorities.

Value-added Tax

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》), which was promulgated by the State Council on December 13, 1993 and most recently amended on November 19, 2017 effective from the same date, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993 and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services,

REGULATORY OVERVIEW

sales of intangible assets, real estate and importation of goods are required to pay value-added tax (VAT). Unless otherwise provided, taxpayers engaged in provision of services and sales of intangible assets are subject to a tax rate of 6%.

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]第36號)) promulgated by the MOF and the SAT promulgated on March 23, 2016 and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT. According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (Cai Shui [2017] No. 37) (《關於簡併增值稅稅率有關政策的通知》(財稅[2017]37號)), announced by the MOF and the SAT on April 28, 2017, and effective from July 1, 2017, the structure of value-added tax rates will be simplified from July 1, 2017, and the 13% VAT rate will be cancelled. The scope of goods with 11% tax rate and the provisions for deducting input tax are specified.

According to the Circular on Adjusting Value-added Tax Rates of Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》(財稅[2018]32號)) announced by the MOF and the SAT on April 4, 2018 and effective on May 1, 2018, from May 1, 2018, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39) (《關於深化增值稅改革有關政策的公告》(財政部、稅務總局、海關總署公告2019年第39號)) announced by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, 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%; the originally applicable VAT rate of 10% shall be adjusted to 9%.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal regulations governing the distribution of dividends of foreign-invested enterprises include the Foreign Investment Law and the PRC Company Law, as regulated by SAMR, MOFCOM, and their local counterparts. Under these laws, wholly foreign-owned enterprises and Sino-foreign equity joint ventures in the PRC may only pay dividends out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, these foreign-invested enterprises may not pay dividends unless they set aside at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds, until such time as the accumulative amount of such fund reaches 50% of the enterprise's registered capital. In addition, these companies also may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

REGULATORY OVERVIEW

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulation 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》) which was promulgated by the State Council on January 29, 1996 and was last amended on August 5, 2008. Pursuant to this regulation and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of SAFE or its local counterpart is obtained.

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

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders’ meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

The Notice on Simplifying Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by SAFE on February 13, 2015 and was amended on December 30, 2019, allowing entities and individuals to apply for foreign exchange registrations through qualified banks. Under SAFE’s supervision, these banks can directly review applications. On March 30, 2015, SAFE released the Circular on Reforming Settlement Management of Foreign Capital in Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》). This circular mandates Discretionary Foreign Exchange Settlement for foreign-invested enterprises, enabling them to settle foreign exchange capital based on operational needs, subject to document verification. The circular emphasizes authentic and self-use principles within the enterprise’s scope, barring use for payments beyond business scope, securities investment (unless specified), Renminbi entrust loans, inter-enterprise borrowings, or real estate expenses (except for self-use by foreign-invested real estate enterprises).

The Circular of Further Improving and Adjusting the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the “SAFE Circular 13”), which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the

REGULATORY OVERVIEW

procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the “**SAFE Circular 16**”), was promulgated by SAFE on June 9, 2016 and was amended on December 4, 2023. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years’ losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

The Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which was promulgated by the SAFE on October 23, 2019, and was amended on December 4 2023. Among other things, it allows all FIEs to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated with effect from April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2015 when Hangzhou Yangtuo Internet, one of our major subsidiaries and our onshore holding company prior to the Reorganization, was incorporated in the PRC on February 28, 2015 and transferred to Mr. Zhao on April 15, 2015. For details of the shareholding transfer and the background and experience of Mr. Zhao, see “— Our Major Corporate Development” and “Directors and Senior Management” in this document, respectively. Since then, we have emerged to become a leading commerce and service platform in China, specializing in family care and nutrition products.

Our Company was incorporated in the Cayman Islands on April 28, 2015 as an exempted company with limited liability, following which we implemented a series of corporate restructuring and our Company becomes the offshore holding company of our current business. For details of our corporate restructurings, see “— Reorganization” in this section.

OUR MILESTONES

The following table sets forth the business milestones of our Group:

Year	Milestone
2015	We established Hangzhou Yangtuo Internet, one of our major subsidiaries and our onshore holding company prior to the Reorganization. We launched our <i>Hipac</i> platform (v1.0).
2016	The annual GMV of <i>Hipac</i> platform reached RMB1.0 billion.
2018	We became the designated channel of certain brands and series, such as disposable diapers, infant formula and nutrition products.
2019	We started our self-operated business. The annual GMV of <i>Hipac</i> platform reached RMB10.0 billion.
2021	We launched our proprietary brand, <i>Wonder Miao</i> (喵小侠).
2024	<i>Hipac</i> platform has become the largest commerce and service platform in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024.

OUR MAJOR SUBSIDIARIES

The date of establishment and commencement of business and principal business activities of our major subsidiaries that made a material contribution to our results of operations during the Track Record Period are set forth below:

Name of the major subsidiary	Date of establishment and commencement of business	Principal business activities
Hangzhou Yangtuo Internet	February 28, 2015	Digital marketplace business
Yangtuo Technology (HK)	May 7, 2015	Self-operated business
Hangzhou HIPAC Internet	June 18, 2015	Investment holding
Hangzhou Yangtuo Trading	January 18, 2016	Self-operated business
Hangzhou Hitun	September 20, 2018	Self-operated business

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of the major subsidiary	Date of establishment and commencement of business	Principal business activities
Hongkong Hiyang	August 12, 2020	Self-operated business

OUR MAJOR CORPORATE DEVELOPMENT

(1) Establishment and the Initial Shareholding Changes of Hangzhou Yangtuo Internet

Hangzhou Yangtuo Internet was established in the PRC in February 2015 with registered share capital of RMB1 million by Mr. Wu Tao, one of our non-executive Directors and Mr. Lei Jianmin (雷建敏), as to 80% and 20%, respectively. On April 15, 2015, Mr. Lei transferred his shareholdings in Hangzhou Yangtuo Internet to Mr. Zhang Meigen, Mr. Ni Huan and Mr. Xiao Jiantao. On the even date, Mr. Wu Tao transferred a portion of his equity interests in Hangzhou Yangtuo Internet to Mr. Zhao. Upon the aforesaid equity transfers, the equity structure of Hangzhou Yangtuo Internet was as below:

Name of shareholder	Registered share capital	Percentage of registered share capital
Mr. Zhao	485,000	48.5%
Mr. Wu Tao	291,000	29.1%
Mr. Ni Huan	97,000	9.7%
Mr. Xiao Jiantao	97,000	9.7%
Mr. Zhang Meigen	30,000	3.0%
Total	1,000,000	100.0%

(2) Establishment of our Company, Onshore and Offshore Subsidiaries

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on April 28, 2015, and was held as to 48.5%, 29.1%, 9.7%, 9.7% and 3.0% by Cross Maze, Fun Can, Glamorous Serenade, Dear Hero and White Bone, respectively.

Yangtuo Technology (HK) was incorporated in Hong Kong on May 7, 2015 as a wholly-owned subsidiary of our Company.

Hangzhou HIPAC Internet was incorporated in the PRC on June 18, 2015 as a wholly-owned subsidiary of Yangtuo Technology (HK).

(3) Adoption of the Contractual Arrangements

In July 2015 and February 2020, as part of our strategy to explore potential business expansion opportunities, we entered into a series of contractual arrangements to exercise control over and consolidate the economic benefits from the operations of (i) Hangzhou Yangtuo Internet and its subsidiaries, and (ii) Hangzhou Hitun and its subsidiaries. These contractual arrangements were terminated as of the Latest Practicable Date. For details, see “— Reorganization” in this section.

(4) [REDACTED] Investments

(i) Series A Investment

Pursuant to the Series A Preferred Share subscription agreement dated July 9, 2015, 17,647,059, 14,705,882 and 705,882 Series A Preferred Shares were issued and allotted to Shunwei Angels II Limited, Lighthouse Capital Group Limited and China Renaissance Corporation for a consideration of US\$1,800,000, US\$1,500,000 and US\$72,000, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

As a condition precedent for the closing of series A investment, our Company repurchased 705,882 ordinary Shares held by Cross Maze on July 9, 2015 for nil consideration.

Upon completion of the series A investment and share repurchase, our shareholding structure was as follows:

Name of Shareholder	Class of Shares	Number of Shares held	Shareholding percentage
Cross Maze	ordinary Shares	47,794,118	36.11%
Fun Can	ordinary Shares	29,100,000	21.99%
Glamorous Serenade	ordinary Shares	9,700,000	7.33%
Dear Hero	ordinary Shares	9,700,000	7.33%
White Bone	ordinary Shares	3,000,000	2.27%
Shunwei Angels II Limited	Series A Preferred Shares	17,647,059	13.33%
Lighthouse Capital Group Limited	Series A Preferred Shares	14,705,882	11.11%
China Renaissance Corporation	Series A Preferred Shares	705,882	0.53%
Total		132,352,941	100.00%

(ii) Series B and B+ Investments

Series B Investment

Pursuant to the Series B Preferred Share subscription agreement dated January 19, 2016, 5,882,353 and 7,486,631 Series B Preferred Shares were issued and allotted to Shunwei Angels II Limited and LH CAPITAL II LIMITED for a consideration of US\$2,200,000 and US\$2,800,000, respectively.

Series B+ Investment

Pursuant to the Series B+ Preferred Share subscription agreement dated January 20, 2017, 4,706,134, 16,043,638 and 16,043,638 Series B+ Preferred Shares were issued and allotted to Shunwei Angels II Limited, Fosun Starlight (BVI) Limited and Jointown for a consideration of US\$2,933,333, US\$10,000,000 and US\$10,000,000, respectively. The investment from Jointown was completed on November 14, 2019, upon obtaining the necessary outbound direct investment approval.

As conditions precedent for the closing of series B+ investment, on February 6, 2017, the Company repurchased (i) 4,294,118 ordinary Shares held by Cross Maze, (ii) 3,000,000 ordinary Shares held by Fun Can and (iii) 4,706,134 Series A Preferred Shares held by Lighthouse Capital Group Limited for a consideration of US\$429.4118, US\$300.00 and US\$2,933,333.32, respectively. The considerations were fully settled on February 23, 2017.

Upon completion of the Series B and B+ Investments (except Jointown) and share repurchase, our shareholding structure was as follows:

Name of Shareholder	Class of Shares	Number of Shares held	Shareholding percentage
Cross Maze	ordinary Shares	43,500,000	28.16%
Fun Can	ordinary Shares	26,100,000	16.90%
Glamorous Serenade	ordinary Shares	9,700,000	6.28%
Dear Hero	ordinary Shares	9,700,000	6.28%
White Bone	ordinary Shares	3,000,000	1.94%
Shunwei Angels II Limited	Series A Preferred Shares	17,647,059	11.42%
	Series B Preferred Shares	5,882,353	3.81%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of Shareholder	Class of Shares	Number of Shares held	Shareholding percentage
	Series B+ Preferred Shares	4,706,134	3.05%
Lighthouse Capital Group Limited	Series A Preferred Shares	9,999,748	6.47%
China Renaissance Corporation	Series A Preferred Shares	705,882	0.46%
LH CAPITAL II LIMITED	Series B Preferred Shares	7,486,631	4.85%
Fosun Starlight (BVI) Limited	Series B+ Preferred Shares	16,043,638	10.39%
Total		154,471,445	100.00%

(iii) Series C and C+ Investments

Series C Investment

Pursuant to the Series C Preferred Share subscription agreement dated March 31, 2018, 6,826,776, 682,677, 1,228,820 and 6,826,776 Series C Preferred Shares were issued and allotted to Shunwei Angels II Limited, Lighthouse Capital Group Limited, Fosun Starlight (BVI) Limited and Jointown for a consideration of US\$10,000,000, US\$1,000,000, US\$1,800,000, and US\$10,000,000, respectively. The investment from Jointown was completed on November 14, 2019, upon obtaining the necessary outbound direct investment approval.

Series C+ Investment

Pursuant to the Series C+ Preferred Share subscription agreement dated June 27, 2018, 12,242,685 Series C+ Preferred Shares were issued and allotted to HH HPK Holdings Limited for a consideration of US\$20,000,000.

Upon completion of the Series C and C+ Investments (except Jointown), our shareholding structure was as follows:

Name of Shareholder	Class of Shares	Number of Shares held	Shareholding percentage
Cross Maze	ordinary Shares	43,500,000	24.79%
Fun Can	ordinary Shares	26,100,000	14.88%
Glamorous Serenade	ordinary Shares	9,700,000	5.53%
Dear Hero	ordinary Shares	9,700,000	5.53%
White Bone	ordinary Shares	3,000,000	1.71%
Shunwei Angels II Limited	Series A Preferred Shares	17,647,059	10.06%
	Series B Preferred Shares	5,882,353	3.35%
	Series B+ Preferred Shares	4,706,134	2.68%
	Series C Preferred Shares	6,826,776	3.89%
Lighthouse Capital Group Limited	Series A Preferred Shares	9,999,748	5.70%
	Series C Preferred Shares	682,677	0.39%
China Renaissance Corporation	Series A Preferred Shares	705,882	0.40%
LH CAPITAL II LIMITED	Series B Preferred Shares	7,486,631	4.27%
Fosun Starlight (BVI) Limited	Series B+ Preferred Shares	16,043,638	9.14%
	Series C Preferred Shares	1,228,820	0.70%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Name of Shareholder	Class of Shares	Number of Shares held	Shareholding percentage
HH HPK Holdings Limited	Series C+ Preferred Shares	12,242,685	6.98%
Total		175,452,403	100.00%

(iv) Exit of China Renaissance Corporation and the Completion of Investment from Jointown

Pursuant to the share transfer agreement dated May 30, 2019, China Renaissance Corporation transferred 705,882 Series A Preferred Shares to Cross Maze for a consideration of US\$804,705, which was determined after arm’s length negotiations, taking into account the historical price of investment and the development of our Company at the time of negotiation. The consideration was fully settled on May 30, 2019.

On November 14, 2019, the series B+ investment and series C investment from Jointown was completed after obtaining the necessary outbound direct investment approval.

Upon completion of the aforementioned share transfer and investment from Jointown, our shareholding structure was as follows:

Name of Shareholder	Class of Shares	Number of Shares held	Shareholding percentage
Cross Maze	ordinary Shares	43,500,000	21.93%
	Series A Preferred Shares	705,882	0.36%
Fun Can	ordinary Shares	26,100,000	13.16%
Glamorous Serenade	ordinary Shares	9,700,000	4.89%
Dear Hero	ordinary Shares	9,700,000	4.89%
White Bone	ordinary Shares	3,000,000	1.51%
Shunwei Angels II Limited	Series A Preferred Shares	17,647,059	8.90%
	Series B Preferred Shares	5,882,353	2.97%
	Series B+ Preferred Shares	4,706,134	2.37%
	Series C Preferred Shares	6,826,776	3.44%
Lighthouse Capital Group Limited	Series A Preferred Shares	9,999,748	5.04%
	Series C Preferred Shares	682,677	0.34%
LH CAPITAL II LIMITED	Series B Preferred Shares	7,486,631	3.77%
Fosun Starlight (BVI) Limited	Series B+ Preferred Shares	16,043,638	8.09%
	Series C Preferred Shares	1,228,820	0.62%
Jointown	Series B+ Preferred Shares	16,043,638	8.09%
	Series C Preferred Shares	6,826,776	3.44%
HH HPK Holdings Limited	Series C+ Preferred Shares	12,242,685	6.17%
Total		198,322,817	100.00%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

(v) *Series D Investment*

Pursuant to the Series D Preferred Share subscription agreements dated November 28, 2019, 25,655,627 and 1,425,431 Series D Preferred Shares were issued and allotted to Anchor and HH HPK Holdings Limited for a consideration of US\$75,000,000 and US\$4,167,014, respectively.

Further, pursuant to the Series D Preferred Share subscription agreement dated March 31, 2020, 5,242,300 Series D Preferred Shares were issued and allotted to PVG for a consideration of US\$15,325,000.

Pursuant to the Series D Preferred Share subscription agreements dated May 15, 2020, 4,446,975 and 3,420,750 Series D Preferred Shares were issued and allotted to HH HPK Holdings Limited and Shunwei Growth Limited for a consideration of US\$13,000,000 and US\$10,000,000, respectively.

Upon completion of the series D investment, our shareholding structure was as follows:

Name of Shareholder	Class of Shares	Number of Shares held	Shareholding percentage
Cross Maze	ordinary Shares	43,500,000	18.71%
	Series A Preferred Shares	705,882	0.30%
Fun Can	ordinary Shares	17,548,124	7.55%
Glamorous Serenade	ordinary Shares	9,700,000	4.17%
Dear Hero	ordinary Shares	9,700,000	4.17%
White Bone	ordinary Shares	3,000,000	1.29%
Echo Plus	ordinary Shares	10,200,000	4.39%
Shunwei Angels II Limited	Series A Preferred Shares	17,647,059	7.59%
	Series B Preferred Shares	5,882,353	2.53%
	Series B+ Preferred Shares	4,706,134	2.02%
	Series C Preferred Shares	6,826,776	2.94%
Lighthouse Capital Group Limited	Series A Preferred Shares	9,999,748	4.30%
	Series C Preferred Shares	41,286	0.02%
LH CAPITAL II LIMITED	Series B Preferred Shares	5,348,662	2.30%
Fosun Starlight (BVI) Limited	Series B+ Preferred Shares	13,905,669	5.98%
	Series C Preferred Shares	1,228,820	0.53%
HH HPK Holdings Limited	Series C+ Preferred Shares	12,242,685	5.27%
	Series D Preferred Shares	5,872,406	2.53%
Jointown	Series B+ Preferred Shares	13,264,278	5.71%
	Series C Preferred Shares	6,826,776	2.94%
Anchor	Series D Preferred Shares	25,655,627	11.04%
PVG	Series D Preferred Shares	5,242,300	2.26%
Shunwei Growth Limited	Series D Preferred Shares	3,420,750	1.47%
Total		232,465,335	100.00%

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

(5) Shareholder Divestments

(i) 2020 Divestment

On April 17, 2020, our Company agreed to repurchase:

- (i) 8,551,876 ordinary Shares held by Fun Can for a consideration of US\$20,000,000, which was fully settled on August 20, 2020;
- (ii) 2,137,969 Series B+ Preferred Shares held by Fosun Starlight (BVI) Limited for a consideration of US\$5,000,000, which was fully settled on April 17, 2020; and
- (iii) 2,137,969 Series B Preferred Shares held by LH Capital II Limited and 641,391 Series C Preferred Shares held by Lighthouse Capital Group Limited for a consideration of US\$5,000,000 and US\$1,500,000, respectively, which were fully settled on April 20, 2020 and April 17, 2020, respectively.

On May 6, 2020, our Company further agreed to repurchase 2,779,360 Series B+ Preferred Shares held by Jointown for a consideration of US\$6,500,000. The consideration was fully settled on June 23, 2020.

(ii) 2024 Divestment

As the Company did not complete a [REDACTED] by December 31, 2023, as stipulated in agreements with certain [REDACTED] Investors, our Company resolved to repurchase the following Series D Preferred Shares from such investors on May 14, 2024:

- (a) on May 16, 2024, the Company repurchased (i) 607,390 Series D Preferred Shares held by Anchor for a consideration of US\$2,599,628.54; (ii) 139,028 Series D Preferred Shares held by HH HPK Holdings Limited for a consideration of US\$554,074.20; (iii) 124,110 Series D Preferred Shares held by PVG for a consideration of US\$531,190.79; and (iv) 80,985 Series D Preferred Shares held by Shunwei Growth Limited for a consideration of US\$315,106.47, respectively. The considerations were fully settled on May 17, 2024; and
- (b) on May 21, 2024, the Company further repurchased (i) 1,062,932 Series D Preferred Shares held by Anchor for a consideration of US\$4,549,394.94; (ii) 243,299 Series D Preferred Shares held by HH HPK Holdings Limited for a consideration of US\$969,629.87; (iii) 217,192 Series D Preferred Shares held by PVG for a consideration of US\$929,583.88; and (iv) 141,725 Series D Preferred Shares held by Shunwei Growth Limited for a consideration of US\$551,436.31, respectively. The considerations were fully settled on May 21, 2024.

On May 16, 2024, our Company issued promissory notes to (i) Anchor for the total redemption price of US\$102,657,105.40 for the remaining 23,985,306 Series D Preferred Shares, (ii) PVG for the total redemption price of US\$20,976,271.44 for the remaining 4,900,998 Series D Preferred Shares, (iii) HH HPK Holdings Limited for the total redemption price of US\$21,879,877.83 for the remaining 5,490,079 Series D Preferred Shares, and (iv) Shunwei Growth Limited for the total redemption price of US\$12,443,253.84 for the remaining 3,198,040 Series D Preferred Shares, respectively (the “Old PNs”).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

(iii) 2025 Divestment

Pursuant to a framework contract dated May 30, 2025 entered into between, among others, the Company, Mr. Zhao and Series D Investors:

- (a) our Company repurchased a total of 2,027,344 Series D Preferred Shares from PVG (264,435 Series D Preferred Shares), HH HPK Holdings Limited (296,220 Series D Preferred Shares), Shunwei Growth Limited (172,552 Series D Preferred Shares), and Anchor (1,294,137 Series D Preferred Shares) for an aggregate consideration of US\$18.0 million on June 13, 2025 and the considerations were fully settled on June 9, 2025;
- (b) our Company repurchased a total of 1,427,269 Series D Preferred Shares from PVG (186,165 Series D Preferred Shares), HH HPK Holdings Limited (208,541 Series D Preferred Shares), Shunwei Growth Limited (121,478 Series D Preferred Shares), and Anchor (911,085 Series D Preferred Shares) for an aggregate consideration of US\$6.0 million on June 26, 2025 and the considerations were fully settled on June 18, 2025;
- (c) the Old PNs shall be terminated immediately prior to the Company’s initial submission of its [REDACTED]. In the event that the [REDACTED] has not been completed by December 31, 2026, the Company shall issue new promissory notes to the Series D Investors on January 1, 2027 (the “New PNs”); and
- (d) to secure the Company’s obligation to issue the New PNs, Cross Maze shall charge 15,367,381 ordinary Shares in favor of the relevant Series D Investors on a pro rata basis. The share charge shall become enforceable only if (i) the Company fails to complete the [REDACTED] by the relevant deadline (i.e. December 31, 2026) and (ii) the Company fails to issue New PNs to the Series D Investors. Further, each of the Series D Investor has undertaken that (a) it will not take any action to enforce the share charge and (b) it shall not be entitled to exercise or direct the exercise of the voting rights and other rights attached to the Shares that are subject to the share charge until the relevant deadline.

[REDACTED] SHARE INCENTIVE SCHEMES

In order to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors and business partners and to promote the success of the Company’s business, our Company adopted the 2015 Share Incentive Scheme and 2023 Share Incentive Scheme.

(1) 2015 Share Incentive Scheme

We adopted the 2015 Share Incentive Scheme on September 1, 2015, which was further amended on November 19, 2020 and June 12, 2025, respectively. The 2015 Share Incentive Scheme consists of (i) 22,227,574 restricted shares, and (ii) 17,701,383 share options.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

(2) 2023 Share Incentive Scheme

We adopted the 2023 Share Incentive Scheme on August 1, 2023, which was further amended on June 12, 2025, pursuant to which the Company repurchased 32,200,000 ordinary Shares from various shareholders and re-issued and re-allotted 32,200,000 ordinary Shares to HIPAC Incentive, a company established in the BVI for the purpose of holding Shares for grant under the 2023 Share Incentive Scheme. On August 9, 2023, our Company entered into a trust deed (the “**Trust Deed**”) with Trident Trust Company (HK) Limited (the “**Trustee**”), pursuant to which the Trustee has agreed to act as the trustee, with Mr. Zhao as the sole member of the advisory committee to control the exercise of the voting rights underlying restricted shares held through HIPAC Incentive.

For further details, see “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes” for the principal terms of the [REDACTED] Share Incentive Schemes.

VOTING RIGHTS ENTRUSTMENT ARRANGEMENTS

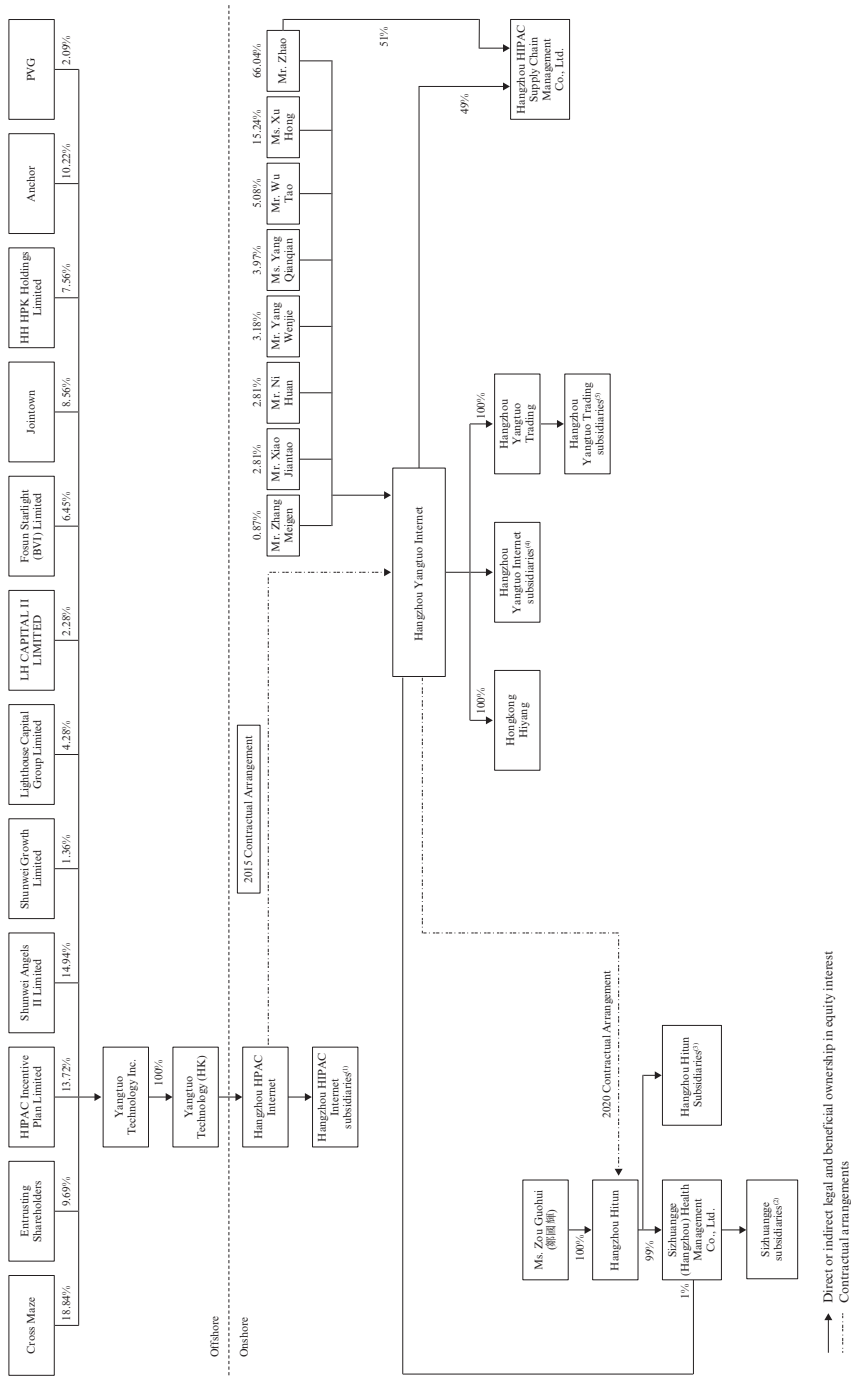
Pursuant to an acting-in-concert agreement dated September 15, 2022, Mr. Wu Tao, Mr. Ni Huan, Mr. Xiao Jiantao, Mr. Zhang Meigen, Ms. Xu Hong, Ms. Yang Qianqian and Mr. Yang Wenjie confirmed that they had and will continue to act in concert by aligning their votes and generally following Mr. Zhao’s directions when exercising their voting rights at the shareholders’ meetings in our Group and Mr. Zhao is irrevocably appointed as a proxy to exercise such voting rights.

REORGANIZATION

In preparation for the [REDACTED] and in order to streamline our corporate structure, we underwent the Reorganization and terminated the contractual arrangements.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set out below is the corporate structure of our Group immediately prior to the Reorganization:



Notes:

- (1) Hangzhou HIPAC Internet subsidiaries included 3 wholly-owned subsidiaries, namely, Haikou HIPAC Internet Technology Co., Ltd. (海口海拍客网络科技有限公司), Shanghai Yangtuo Internet Technology Co., Ltd. (上海洋駝網絡科技有限公司) and Hangzhou HIPAC Commercial Management Co., Ltd. (杭州海拍客商業管理有限公司).

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- (2) Sizhuangge subsidiaries included 18 wholly-owned subsidiaries, namely Hangzhou Hijinlong Trading Co., Ltd. (杭州晦錦龍貿易有限公司), Hangzhou Leqiang Trading Co., Ltd. (杭州樂薑貿易有限公司), Hangzhou Hijing Trading Co., Ltd. (杭州晦經貿易有限公司), Hangzhou Ketu Trading Co., Ltd. (杭州珂兔貿易有限公司), Hangzhou Hijing Trading Co., Ltd. (杭州晦經貿易有限公司), Hangzhou Letang Trading Co., Ltd. (杭州樂棠貿易有限公司), Hangzhou Yingshi Trading Co., Ltd. (杭州嬰擎貿易有限公司), Hangzhou Kehu Trading Co., Ltd. (杭州珂虎貿易有限公司), Hangzhou Hiyong Trading Co., Ltd. (杭州海勇貿易有限公司), Hangzhou Paileixiang Trading Co., Ltd. (杭州派樂享貿易有限公司), Hangzhou Haiduo Trading Co., Ltd. (杭州海朵貿易有限公司), Hangzhou Kelong Trading Co., Ltd. (杭州珂龍貿易有限公司), Hangzhou Hijintu Trading Co., Ltd. (杭州晦錦兔貿易有限公司), Hangzhou Quanyuquan Trading Co., Ltd. (杭州泉鈺泉貿易有限公司), Hangzhou Quanyiquan Trading Co., Ltd. (杭州泉奕泉貿易有限公司), Hangzhou Haiyingle Trading Co., Ltd. (杭州海嬰樂貿易有限公司), Hangzhou Hiquyou Trading Co., Ltd. (杭州晦趣游貿易有限公司) and Hangzhou Hi Ying Bao Trading Co., Ltd. (杭州晦嬰寶貿易有限公司).
- (3) Hangzhou Hitun subsidiaries included 9 wholly-owned subsidiaries, namely Hangzhou Hishan Trading Co., Ltd. (杭州晦善貿易有限公司), Hangzhou Hishi Trading Co., Ltd. (杭州晦蜚貿易有限公司), Hangzhou Hailiu Trading Co., Ltd. (杭州晦琉貿易有限公司), Hangzhou Hiwu Trading Co., Ltd. (杭州晦蕪貿易有限公司), Hangzhou Hijie Internet Technology Co., Ltd. (杭州晦杰網絡科技有限公司), Hangzhou Hiying Internet Technology Co., Ltd. (杭州晦映網絡科技有限公司), Hangzhou Hihou Internet Technology Co., Ltd. (杭州晦後網絡科技有限公司), Hangzhou Hiyou Internet Technology Co., Ltd. (杭州晦優網絡科技有限公司), Hangzhou Hiyi Internet Technology Co., Ltd. (杭州晦伊網絡科技有限公司), Hangzhou Hihou Internet Technology Co., Ltd. (杭州晦猴網絡科技有限公司) and Hangzhou Haiman Internet Technology Co., Ltd. (杭州晦滿網絡科技有限公司).
- (4) Hangzhou Yangtuo Internet subsidiaries included (i) 8 wholly-owned subsidiaries, namely, Hangzhou Yimucao Supply Chain Management Co., Ltd. (杭州一畝草供應鏈管理有限公司), Hangzhou Hima Network Technology Co., Ltd. (杭州晦馬網絡科技有限公司), Ningbo HIPAC Internet Technology Co., Ltd. (寧波海拍客網絡科技有限公司), Hangzhou Himei Network Technology Co., Ltd. (杭州晦美網絡科技有限公司), Hangzhou Shirui Internet Technology Co., Ltd. (杭州是睿網絡科技有限公司), Hangzhou Hijin Internet Technology Co., Ltd. (杭州晦金網絡技術有限公司), Shenzhen Ruihu Supply Chain Management Co., Ltd. (深圳銳虎供應鏈管理有限公司), HongKong Hituo Trade Limited (香港晦駝有限公司), and (ii) 1 non-wholly-owned subsidiary, namely Hangzhou Yangmei Enterprise Management Consulting Partnership (L.P.) (杭州洋鎂企業管理諮詢合夥企業 (有限合夥)), the remaining 1% equity interest of which is held by Mr. Wu Tao, our non-executive Director.
- (5) Hangzhou Yangtuo Trading subsidiaries included (i) 11 wholly-owned subsidiaries, Hangzhou Juke Brand Operation Co., Ltd. (杭州桔可品牌運營有限公司), Hangzhou Jinwen Technology Co., Ltd. (杭州金聞科技有限公司), Hangzhou Haituo Information Technology Service Co., Ltd. (杭州海駝信息技術服務有限公司), Hangzhou Hi Er Trading Co., Ltd. (杭州晦貳貿易有限公司), Hangzhou Avocado Brand Management Co., Ltd. (杭州牛油果品牌管理有限公司), Hangzhou Tongyue Infant and Child Products Co., Ltd. (杭州彤悅嬰童用品有限公司), Hangzhou Laisu Trading Co., Ltd. (杭州來蘇貿易有限公司), Hangzhou Babi Brand Operation Co., Ltd. (杭州巴貳品牌運營有限公司), Hangzhou Hi Hu Trading Co., Ltd. (杭州晦虎貿易有限公司), Hangzhou Hi Yi Trading Co., Ltd. (杭州晦軼貿易有限公司), Nanchang Yingfeng Supply Chain Management Co., Ltd. (南昌榮風供應鏈有限公司) and (ii) 4 non-wholly-owned subsidiaries, namely (a) Shanghai Tongguan Food Sales Co., Ltd. (上海童冠食品銷售有限公司), which was held by Hangzhou Yangtuo Trading and Mr. Ye Feng (叶峰), an Independent Third Party as to 70% and 30%, respectively; (b) Hangzhou Boshu Trading Co., Ltd. (杭州帛殊貿易有限公司), which was held by Hangzhou Yangtuo Trading and Hunan Kangshi Diaper Co., Ltd. (湖南康氏衛生用品有限公司), an Independent Third Party as to 90% and 10%, respectively; (c) Hangzhou Borou Trading Co., Ltd. (杭州帛柔貿易有限公司), which was held by Hangzhou Yangtuo Trading and Guangdong Winsun Personal Care Products Co., Ltd. (廣東昱升個人護理用品股份有限公司), an Independent Third Party as to 80% and 20%, respectively; and (d) Fengyun Qidi (Hangzhou) Technology Co., Ltd. (峰云啟迪(杭州)科技有限公司), which was held by Hangzhou Yangtuo Trading and Fengyun Qidi Technology Co., Ltd. (峰云啟迪科技有限公司), an Independent Third Party as to 67% and 33%, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

We list our below the main steps in effecting the Reorganization:

(1) Equity Transfer of Hangzhou Hitun and Termination of 2020 Contractual Arrangements

To streamline our corporate structure, we terminated the 2020 Contractual Arrangements. Pursuant to a share transfer agreement dated June 10, 2025, Ms. Zou Guohui transferred 100% of equity interests in Hangzhou Hitun to Hangzhou Yangtuo Internet for nil consideration, upon completion of which on June 13, 2025, Hangzhou Hitun was wholly owned by Hangzhou Yangtuo Internet.

(2) Equity Transfer of Hangzhou Yangtuo Internet and Termination of 2015 Contractual Arrangements

In light of the fact that our Group did not engage business involving foreign investment restrictions, and in anticipation of the proposed [REDACTED], we terminated the 2015 Contractual Arrangements.

Pursuant to a share transfer agreement dated June 17, 2025, Mr. Zhao, Ms. Xu Hong, Mr. Wu Tao, Ms. Yang Qianqian, Mr. Yang Wenjie, Mr. Xiao Jiantao, Mr. Ni Huan and Mr. Zhang Meigen transferred 66.04%, 15.24%, 5.08%, 3.97%, 3.18%, 2.81%, 2.81% and 0.87% of equity interests in Hangzhou Yangtuo Internet to Hangzhou HIPAC Internet, respectively, for nil consideration, upon completion of which on June 19, 2025, Hangzhou Yangtuo Internet was wholly owned by Hangzhou HIPAC Internet.

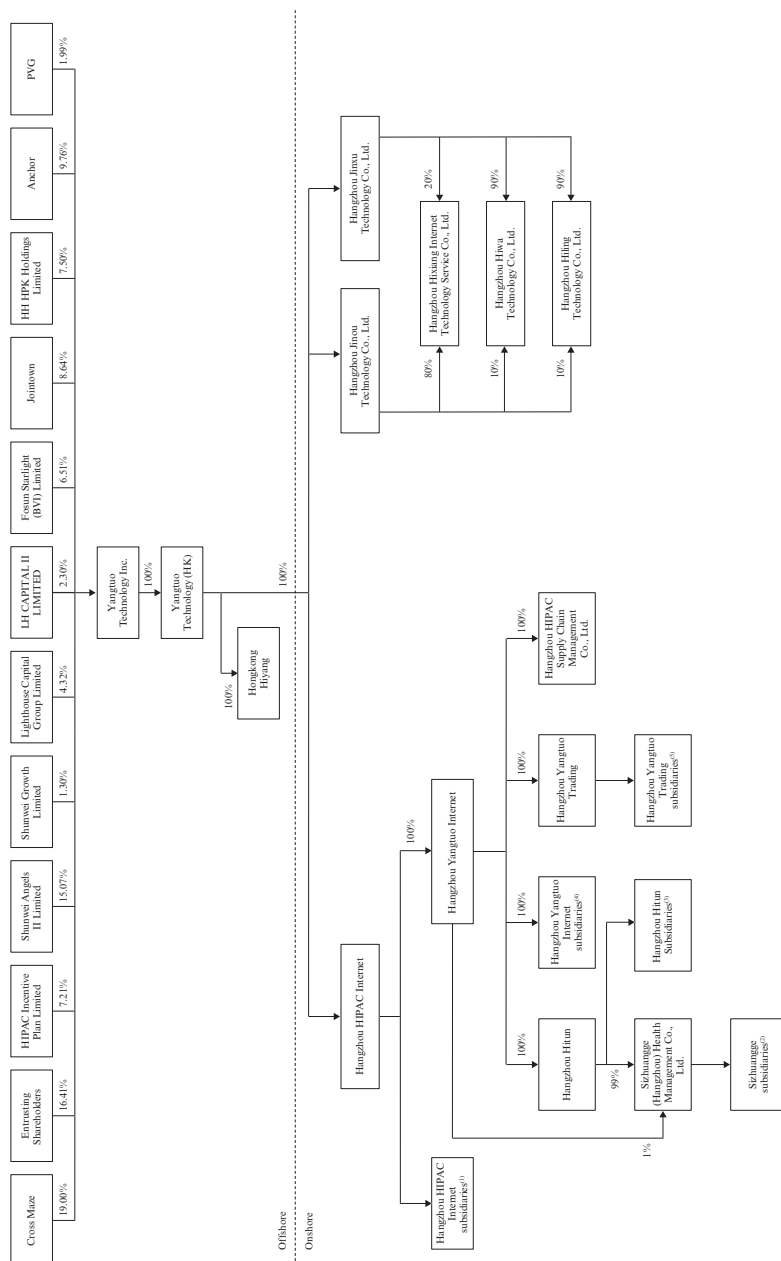
Prior to the Reorganization, the business of our Group was mainly carried out by Hangzhou Yangtuo Internet, Hangzhou Hitun and their subsidiaries. The Reorganization is merely a recapitalization of our Group’s business with no substantive change in the economic substance of the ownership and our Group’s business before and after the Reorganization. Accordingly, the historical financial information has been prepared and presented as a continuation of the financial information of our Group’s business prior to the Reorganization.

(3) Termination of Nominee Shareholding Arrangements

Historically, certain of our insignificant subsidiaries were held under nominee shareholding arrangements. As part of our corporate restructuring efforts in preparation for the [REDACTED], we terminated these arrangements on June 6, 2025, and June 24, 2025, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set out below is the corporate structure of our Group immediately after the Reorganization:



Notes:

(1), (3), (4) and (5), Please refer to the corresponding notes to the corporate structure of our Group immediately prior to the Reorganization.

(2) Except for the subsidiaries listed in note 2 to the corporate structure of our Group immediately prior to the Reorganization, the Sizhuangge subsidiaries also include Hangzhou Hi Jinque Trading Co., Ltd. (杭州海湃錦貿易有限公司), Hangzhou Haipaike Trading Co., Ltd. (杭州海湃科貿易有限公司) and Hangzhou Hiyinghe Trading Co., Ltd. (杭州海嬰禾貿易有限公司) after the Reorganization. Hangzhou Hijinhu Trading Co., Ltd. (杭州晦錦虎貿易有限公司) was de-registered on June 26, 2025.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

ACQUISITIONS, MERGERS AND DISPOSALS

Save as disclosed above and in the paragraph headed “— Reorganization” in this section, we had no other major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

DEREGISTERED SUBSIDIARIES IN THE PRC

During the Track Record Period and up to the Latest Practicable Date, we deregistered certain of our indirect wholly-owned subsidiaries in the PRC, including Qingdao Ruihu Supply Chain Management Co., Ltd. (青島銳虎供應鏈管理有限公司), Luoyang HIPAC Network Technology Co., Ltd. (洛陽海拍客網絡科技有限公司), Hangzhou HIPAC Trading Co., Ltd. (杭州海拍客貿易有限公司) and Hangzhou Fanshi Supply Chain Management Co., Ltd. (杭州凡勢供應鏈管理有限公司), because these entities had no actual business operation since establishment or had ceased business operation before their deregistration in accordance with Group’s overall business strategy and business plan.

[REDACTED] INVESTMENTS

(1) Overview

From 2015 to 2020, our Group has completed several rounds of [REDACTED] Investments. Details of the [REDACTED] Investments by our [REDACTED] Investors through subscription of new shares and/or acquisition of existing shares of our Group are summarized below.

	Series A Investment	Series B Investment	Series B+ Investment	Series C Investment	Series C+ Investment	Series D Investment
Date of [REDACTED] Investment agreements	July 9, 2015	January 19, 2016	January 20, 2017	March 31, 2018	June 27, 2018	(i) November 28, 2019, (ii) March 31, 2020, and (iii) May 15, 2020
Name of investors or Shareholders involved in each round of investments	- Shunwei Angels II Limited - Lighthouse Capital Group Limited - China Renaissance Corporation	- Shunwei Angels II Limited - LH CAPITAL II LIMITED	- Shunwei Angels II Limited - Fosun Starlight (BVI) Limited - Jointown	- Shunwei Angels II Limited - Lighthouse Capital Group Limited - Fosun Starlight (BVI) Limited - Jointown	HH HPK Holdings Limited	- Anchor - HH HPK Holdings Limited - PVG - Shunwei Growth Limited
Date when consideration was fully settled	September 22, 2015	January 29, 2016	(i) February 17, 2017; and (ii) October 30, 2019	(i) April 19, 2018; and (ii) November 12, 2019	June 29, 2018	May 26, 2020
Amount of initial investment	US\$3.37 million	US\$5.00 million	US\$22.93 million	US\$22.80 million	US\$20.00 million	US\$117.49 million
Number of Shares initially acquired	33,058,823	13,368,984	36,793,410	15,565,049	12,242,685	40,191,083
Cost per share⁽¹⁾	US\$0.063	US\$0.403	US\$0.580	US\$0.967	US\$0.774	US\$1.209
Discount to the [REDACTED]⁽²⁾	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Basis of consideration	The consideration for each of the [REDACTED] Investments was determined based on arm’s length negotiations with the [REDACTED] Investors after taking into consideration of various factors, including the timing of the subscription (i.e., the market condition at the time the respective [REDACTED] Investors invested in our Company), the liquidity of the shares of our Company as a private company, the status of our business operation and growth (i.e., business scale of our Group), strategic value-add which the relevant [REDACTED] Investors might potentially bring to our Company and the reasonableness of the corresponding valuation of our Company when the [REDACTED] Investments were made.					
Use of proceeds from the [REDACTED] Investments	We utilized the proceeds from the [REDACTED] Investments primarily for promoting the growth and expansion of our principal business and for general working capital purpose. As of the Latest Practicable Date, approximately 76.6% had been utilized.					
Lock-up	All the Shares of the Company held by the [REDACTED] Investors are subject to a lock-up period of [REDACTED] from the [REDACTED].					
Strategic benefits of the investors brought to our Company	At the time of the [REDACTED] Investments, our Directors were of the view that our Group could benefit from the additional capital provided by the [REDACTED] Investors and their knowledge and experience. Moreover, the investments by the [REDACTED] Investors demonstrated their confidence in the business operations of our Group and served as an endorsement of our performance and prospects.					

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Notes:

- (1) The cost per share paid by [REDACTED] Investors is calculated by dividing the initial investment amount made by the relevant [REDACTED] Investors less the reduced initial investment cost due to share repurchases by the number of shares allocated to them upon the completion of the relevant round of [REDACTED] investments less the reduced number of shares due to share repurchases, and taking into account the conversion of such Preferred Shares into ordinary Shares.
- (2) Assuming the [REDACTED] is fixed at HK\$[REDACTED], being the mid-point of the indicative [REDACTED] range.

(2) Special Rights

All special rights granted to the [REDACTED] Investors, including, among others, information and inspection rights, director nomination rights, registration rights, right of participation, right of first refusal, right of co-sale, drag along rights and put option will be terminated automatically upon the [REDACTED]. Further, save and except for the redemption rights which shall be exercisable when the [REDACTED] does not take place shall be terminated upon the [REDACTED], all other redemption rights will be terminated automatically prior to the first submission of the [REDACTED] to the Stock Exchange.

(3) Information about the [REDACTED] Investors

The following sets forth the information of our [REDACTED] Investors.

(i) Anchor

Anchor is an exempted company with limited liability incorporated in the Cayman Islands with effect from November 4, 2019. Anchor is controlled by Anchor Equity Partners Fund II, L.P., which is managed by Anchor Equity Partners (Asia) Limited (“**Anchor Equity Partners**”). Anchor Equity Partners is a private equity firm that manages over RMB35,801 million of assets, focusing primarily on consolidation and growth opportunities predominantly in the Asia-Pacific region.

(ii) Fosun Starlight (BVI) Limited

Fosun Starlight (BVI) Limited is a BVI business company incorporated in British Virgin Islands and is wholly owned by Fosun Starlight (HK) Limited, a wholly-owned subsidiary of Fosun Industrial Holdings Limited, which is in turn wholly-owned by Fosun International Limited, a company listed on Hong Kong Stock Exchange (stock code: 0656) (“**Fosun International**”). Fosun International and its subsidiaries are a global innovation-driven consumer group and have established an industrial ecosystem covering the three core segments of health, happiness and wealth.

(iii) HH HPK Holdings Limited

HH HPK Holdings Limited is a limited liability company established in the Cayman Islands on June 7, 2018. HH HPK Holdings Limited is ultimately managed and controlled by Hillhouse Investment Management, Ltd. (“**Hillhouse**”), an exempted company incorporated under the laws of the Cayman Islands. Hillhouse collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across business services, healthcare, consumer, and industrial sectors. The firm manages capital for global institutions, including non-profit foundations, endowments, and pensions.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

(iv) Jointown

Jointown is a joint stock company established in the PRC on March 9, 1999 and has been listed on Shanghai Stock Exchange since November 2010 (stock code: 600998). Jointown is a technology-driven comprehensive service provider for the entire chain of the pharmaceutical industry with its revenue amounted to RMB151.8 billion for the year ended December 31, 2024.

(v) Lighthouse Capital Group Limited and LH CAPITAL II LIMITED

Lighthouse Capital Group Limited is a BVI business company established in BVI, and is wholly-owned by Ningbo Yuanzhan Fengyuan Equity Foundation Partnership (寧波遠瞻豐源股權投資基金合夥企業(有限合夥)), the general partner of which is Lighthouse Equity Investment Management (Shanghai) Co., Ltd. (遠瞻股權投資管理(上海)有限公司) (“**Lighthouse Equity Investment Management**”). LH CAPITAL II LIMITED is a BVI business company established in BVI, and is wholly-owned by Hangzhou Yuanzhan Huayao Venture Capital Partnership (L.P.) (杭州遠瞻華曜創業投資合夥企業(有限合夥)), the general partner of which is also Lighthouse Equity Investment Management. Lighthouse Equity Investment Management is a venture capital fund focusing on early-stage investment in Hi-Tech early stage venture investment in China and U.S. with approximately RMB400.0 million of assets under management.

(vi) Princeville Global MIC Investments Limited

Princeville Global MIC Investments Limited is a BVI business company established in BVI on March 13, 2020. Princeville Global MIC Investments Limited is controlled by Princeville Global Partners Ltd, which is in turn controlled by Joaquin Alberto Rodriguez Torres Perrier and Emmanuel Real Barroso De Sousa, both Independent Third Parties, as to 50% and 50%, respectively. PVG has decades of experience in the technology sector, global network of relationships, and capital markets expertise.

(vii) Shunwei Angels II Limited and Shunwei Growth Limited

Shunwei Angels II Limited is a BVI business company incorporated in the British Virgin Islands and is wholly owned by Shunwei China Internet Fund II, L.P., which is ultimately controlled by Mr. Tuck Lye KOH. Shunwei Growth Limited is a BVI business company incorporated in the British Virgin Islands and is wholly owned by Shunwei China Internet Opportunity Fund, L.P., which is ultimately controlled by Mr. Tuck Lye KOH. Mr. Tuck Lye KOH is co-founder of Shunwei Capital since 2011, an early to growth stage venture capital firm focusing on deep technology, smart manufacturing, Internet+, consumer IoT, consumption, enterprise services and electric vehicle ecosystem sectors.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

(4) Compliance with the [REDACTED] Investment Guidance

On the basis that (i) the [REDACTED] Investments were completed no less than 28 clear days before the first submission to the Stock Exchange of the first application form for [REDACTED] and (ii) all special rights granted to the [REDACTED] Investors have terminated or will terminate as described in “— [REDACTED] Investments — (2) Special Rights” above, the Sole Sponsor confirms that the [REDACTED] Investments are in compliance with the guidance in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

PUBLIC FLOAT

The Shares held by the Single Largest Shareholder Group, HIPAC Incentive, Shunwei Angels II Limited, Shunwei Growth Limited, HH HPK Holdings Limited and Anchor and the Shares controlled by Mr. Zhao through voting rights entrustment arrangement will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [REDACTED]. Save as listed above, none of the other [REDACTED] Investors (i) is a core connected person of our Group; (ii) has been financed directly or indirectly by a core connected person of our Group for the subscription of Shares; or (iii) is accustomed to take instructions from a core connected person of our Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it, the Shares held by other [REDACTED] Investors will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [REDACTED].

As a result, a total of [REDACTED] Shares, representing [REDACTED]% of our issued share capital upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme) held by our existing Shareholders will be counted towards the public float. Assuming the [REDACTED] are allotted and issued to [REDACTED] shareholders, [REDACTED]% of our Company’s total issued Shares will be held by the public upon completion of the [REDACTED].

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CAPITALIZATION OF OUR COMPANY

The following table sets out our shareholding structure as of (a) the Latest Practicable Date, (b) the date of this document, (c) immediately after the Preferred Shares have been converted into ordinary shares but before the [REDACTED] and (d) immediately upon completion of the [REDACTED] (assuming (i) the Preferred Shares have been converted into ordinary Shares pursuant to the agreed conversion mechanism; (ii) the [REDACTED] is not exercised and (iii) no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme):

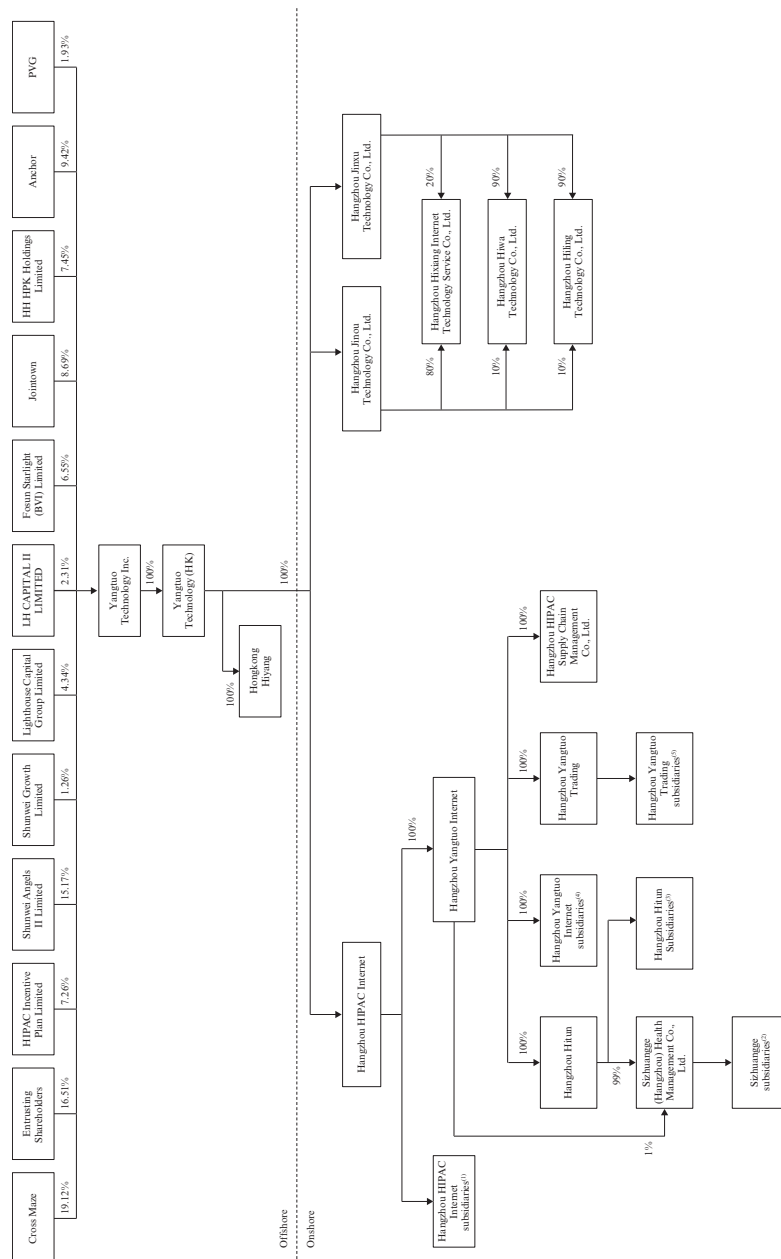
Shareholder	Ordinary Shares	Series A Preferred Shares	Series B Preferred Shares	Series B+ Preferred Shares	Series C Preferred Shares	Series C+ Preferred Shares	Series D Preferred Shares	Aggregate Number of Shares as of the Latest Practicable Date	Percentage of shareholding as of the Latest Practicable Date	Aggregate Number of Shares as of the date of this document	Percentage of shareholding as of the date of this document	Aggregate number of Shares immediately after conversion of Preferred Shares but before the [REDACTED]	Percentage of shareholding immediately after conversion of Preferred Shares but before the [REDACTED]	Number of Shares held upon completion of the [REDACTED]	Percentage of shareholding upon completion of the [REDACTED]
Cross Maze Fun Can ⁽¹⁾	43,500,000	705,882	—	—	—	—	—	44,205,882	19.00%	44,205,882	19.12%	44,294,222 ⁽³⁾	13.85%	[REDACTED]	[REDACTED]
Glamorous Serenade ⁽¹⁾	3,403,540	—	—	—	—	—	—	3,403,540	1.46%	3,403,540	1.47%	3,403,540	1.06%	[REDACTED]	[REDACTED]
Dear Hero ⁽¹⁾	2,381,360	—	—	—	—	—	—	2,381,360	1.02%	2,381,360	1.03%	2,381,360	0.74%	[REDACTED]	[REDACTED]
White Bone ⁽¹⁾	2,381,360	—	—	—	—	—	—	2,381,360	1.02%	2,381,360	1.03%	2,381,360	0.74%	[REDACTED]	[REDACTED]
Echo Plus ⁽¹⁾	2,881,864	—	—	—	—	—	—	2,881,864	1.24%	2,881,864	1.25%	2,881,864	0.90%	[REDACTED]	[REDACTED]
Galaxy Beta ⁽¹⁾	10,200,000	—	—	—	—	—	—	10,200,000	4.39%	10,200,000	4.41%	10,200,000	3.19%	[REDACTED]	[REDACTED]
Galaxy Ocean ⁽¹⁾	14,783,586	—	—	—	—	—	—	14,783,586	6.36%	14,783,586	6.39%	14,783,586	4.62%	[REDACTED]	[REDACTED]
Olivia Ocean ⁽¹⁾	2,128,000	—	—	—	—	—	—	2,128,000	0.91%	2,128,000	0.92%	2,128,000	0.67%	[REDACTED]	[REDACTED]
HiPAC Incentive	16,776,414	—	—	—	—	—	—	16,776,414	7.21%	16,776,414	7.26%	16,776,414	5.25%	[REDACTED]	[REDACTED]
Sub-total	98,436,124	705,882	—	—	—	—	—	99,142,006	42.02%	99,142,006	42.88%	99,230,346	31.03%	[REDACTED]	[REDACTED]
Shunwei Angels II Limited	—	17,647,059	5,882,353	4,706,134	6,826,776	—	—	35,062,322	15.07%	35,062,322	15.17%	40,712,948 ⁽³⁾	12.73%	[REDACTED]	[REDACTED]
Shunwei Growth Limited	—	—	—	—	—	—	3,025,488 ⁽²⁾	3,025,488	1.30%	2,904,010	1.26%	7,023,320 ⁽³⁾	2.20%	[REDACTED]	[REDACTED]
Lighthouse Capital Group Limited	—	9,999,748	—	—	41,286	—	—	10,041,034	4.32%	10,041,034	4.34%	25,102,325 ⁽³⁾	7.85%	[REDACTED]	[REDACTED]
LH CAPITAL II LIMITED	—	—	—	—	—	—	—	5,348,662	2.30%	5,348,662	2.31%	4,964,882 ⁽³⁾	1.55%	[REDACTED]	[REDACTED]
Fosun Starlight (BVI) Limited	—	—	5,348,662	—	—	—	—	15,134,489	6.51%	15,134,489	6.55%	16,800,335 ⁽³⁾	5.25%	[REDACTED]	[REDACTED]
Jointown	—	—	—	13,905,669	1,228,820	—	—	20,091,054	8.04%	20,091,054	8.09%	24,591,148 ⁽³⁾	7.69%	[REDACTED]	[REDACTED]
HH HPK Holdings Limited	—	—	—	13,204,278	6,826,776	—	—	17,436,544	7.30%	17,228,003	7.45%	37,910,175 ⁽³⁾	11.86%	[REDACTED]	[REDACTED]
Anchor	—	—	—	—	—	12,242,685	5,193,859 ⁽²⁾	22,691,168	9.76%	21,780,083	9.42%	52,674,912 ⁽³⁾	16.47%	[REDACTED]	[REDACTED]
PVG	—	—	—	—	—	—	4,636,563 ⁽²⁾	4,636,563	1.99%	4,450,398	1.93%	10,763,242 ⁽³⁾	3.37%	[REDACTED]	[REDACTED]
[REDACTED] shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	[REDACTED]	[REDACTED]
Total:	98,436,124	28,352,689	11,231,015	31,876,081	14,923,658	12,242,685	35,547,078	232,609,330	100.00%	231,182,061	100.00%	319,773,633	100.00%	[REDACTED]	[REDACTED]

Notes:

- (1) Fun Can, Glamorous Serenade, Dear Hero, White Bone, Echo Plus, Galaxy Beta and Olivia Ocean are controlled by the Entrusting Shareholders.
- (2) On June 26, 2025, our Company repurchased 1,427,269 Series D Preferred Shares from Series D Investors. For details, see “History, Reorganization and Corporate Structure — Our Major Corporate Development — (5) Shareholder Divestments — (iii) 2025 Divestment.”
- (3) The Preferred Shares will be converted into ordinary Shares pursuant to the agreed conversion mechanism immediately before [REDACTED].

(1) Corporate Structure before the [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately before completion of the [REDACTED]:



Notes:

(1) — (5) Please refer to the corresponding notes to the corporate structure of our Group immediately after the Reorganization under “— Reorganization.”

The following chart sets forth the shareholding structure of our Group immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme):



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC REGULATORY REQUIREMENTS

As advised by our PRC Legal Advisors, all relevant regulatory approvals that are requisite for completion of the equity transfers in the PRC and the Reorganization as described above have been obtained and the procedures involved have been carried out in accordance with the applicable PRC laws and regulations in all material aspects. As of the Latest Practicable Date, the equity transfers thereunder have been properly completed, and our PRC Legal Advisors are of the view that such transfers are in compliance with the applicable PRC laws in all material aspects in the PRC.

(1) M&A Rules

According to the M&A Rules, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisors are of the opinion that the prior CSRC and MOFCOM approvals under the M&A Rules for the [REDACTED] is not required because Hangzhou HIPAC Internet was a foreign-invested enterprise since its establishment and did not become a foreign-invested enterprise through merger or acquisition under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and whether the MOFCOM and other related government authorities would promulgate future PRC laws, regulations or rules contrary to the M&A Rules.

(2) SAFE Registration in the PRC

Pursuant to the SAFE Circular 37 promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the “Overseas SPV”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Failure to comply with the registration procedures of SAFE Circular 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Overseas SPV’s PRC subsidiary to distribute dividends to its overseas parent.

Pursuant to the SAFE Circular 13, promulgated by SAFE on February 13, 2015 and which became effective on June 1, 2015, banks are required to review and carry out foreign exchange registration under offshore direct investment directly. The SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

As advised by our PRC Legal Advisors, as at the Latest Practicable Date, each of our founders and the management members who is a PRC resident and is required to complete the registration under SAFE Circular 37 has duly completed the foreign exchange registrations with respect to the establishment of his/her Overseas SPV which is our shareholders.

BUSINESS

OVERVIEW

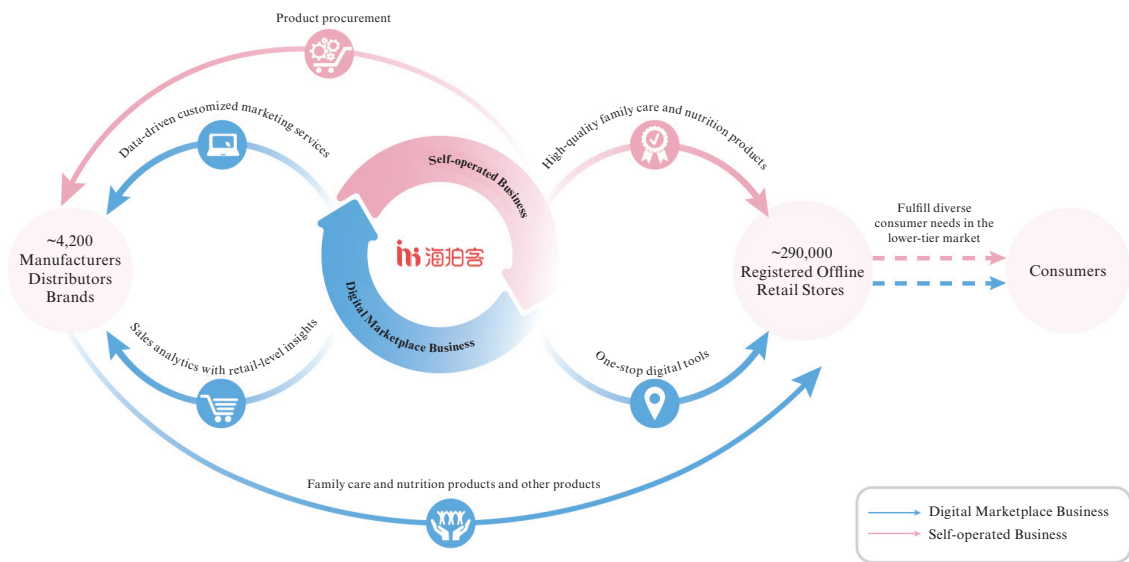
We are a leading commerce and service platform in China, specializing in family care and nutrition products. Through reorganizing the family care and nutrition product supply chain, we empower our business customers with a high-quality, considerate-featured, stable-supplied and reasonable-priced portfolio of family care and nutrition products, optimizing consumer experience and facilitating consumption upgrades in lower-tier market. In 2024, our GMV generated from family care and nutrition products in China’s lower-tier market reached RMB8.6 billion, making us the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, with a market share of 10.1%, according to Frost & Sullivan.

China’s family care and nutrition product industry in lower-tier market is characterized by a fragmented structure at both ends, with a multitude of upstream brands, distributors and manufactures, and geographically dispersed downstream retailers. Under the traditional multi-layer distribution model utilized by major family care and nutrition product brands, the vast small-scale offline retail stores, especially those in the lower-tier market, are typically limited to sourcing from last-layer distributors, resulting in elevated procurement costs, uncertain transaction security, limited product selections and unstable supply. Simultaneously, the traditional multi-layer distribution model also leads to higher distribution expenses for upstream brands and manufacturers, eroding their profitability. Such lengthy process also results in severe information asymmetry across the transaction value chain where upstream brands and manufacturers cannot promptly and precisely access retail-level sales data, giving rise to regional inventory redundancy and homogeneous product competition.

To tackle such pain points, our *Hipac* platform, adopting an asset-light model, efficiently connects family care and nutrition product vendors (including manufacturers, distributors and brands) with a wide range of buyers, fostering a fully integrated, healthy, symbiotic and sustainable ecosystem. As of December 31, 2024, *Hipac* platform has become the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, which connected approximately 4,200 registered vendors and approximately 290,000 registered buyers covering 31 provinces, municipalities and autonomous regions and across over 3,000 counties and villages nationwide. For the year ended December 31, 2024, our *Hipac* platform had over 93,000 core buyers which placed over 24 orders on our platform during the year, with an average of 11 orders placed by each core buyer per month.

BUSINESS

The following chart illustrates our business model and the core participants in our ecosystem:



The history of our business can be traced back to April 2015 when we launched our digital marketplace business with the introduction of *Hipac* platform, a pioneering platform designed to bridge the supply-demand gap for family care and nutrition products in lower-tier market in China. Our registered buyers can directly place orders with upstream vendors stationed on our *Hipac* platform and receive products directly delivered by vendors. As the owner and operator of *Hipac* platform, we generate revenue by charging vendors commissions based on their GMV transacted through our platform. Building on our extensive sales network and industry expertise, we also provide customized marketing services for family care and nutrition product brands and manufacturers, to further deepen our collaboration with them and explore additional monetization opportunities through platform synergies. For the year ended December 31, 2024, our *Hipac* platform recorded total GMV of RMB11.0 billion.

Established upon the strong downstream buyer network of our *Hipac* platform and our deep collaboration with upstream brands, distributors and manufacturers, we expanded into the self-operated business in 2019 to better meet evolving procurement and fulfilment needs while deepening industry connections. We first launched general self-operated business, where we primarily focus on product categories characterized by high penetration with fragmented yet resilient downstream demand. Leveraging our ownership and operation of our *Hipac* platform, we gather downstream demands to strengthen our bargaining power, ensuring cost-competitive offerings. Through granular analysis of buyer’s purchasing pattern, we source products directly from family care and nutrition product brands, their authorized distributors and manufacturers and sell them on *Hipac* platform as the vendor. Underpinned by our leading sales network advantage and in-depth understanding of the consumer demands in lower-tier market, we maintain efficient inventory turnover under our general self-operated business, with inventory turnover days

BUSINESS

of 36, 36 and 39 in 2022, 2023 and 2024, respectively. For the year ended December 31, 2024, our general self-operated business served approximately 100,000 paying buyers and offered over 1,000 SKUs.

Following the successful launch of general self-operated business, we expanded our self-operated business and introduced proprietary brand business in 2021. This new business model features curated white brand products from third-party manufacturers, as well as exclusive self-developed and OEM-produced brand collections. We identify unmet market demand through big data analysis of transaction data accumulated on *Hipac* platform as well as through continuous communication between our sales and marketing team and offline retail stores, and bring a wider range of cost-competitive products to consumers in lower-tier market. Historically, our proprietary brands have demonstrated remarkable growth. For example, our proprietary brand *Wonder Miao* (喵小俠), became one of the top 10 children’s food brands on Tmall and Douyin during Double 11 Shopping Festival in 2022, and recorded GMV growth of over 2,000% in the first year of its launch. In addition, to meet consumers’ growing demand for cost-competitive essential FMCGs, we offer products of high quality at medium prices, creating a distinct competitive edge and differentiating ourselves from traditional leading brands that dominate the supermarket shelves. We have gradually built a diversified product matrix including snacks and complementary food for children, dietary supplements for children and adults, women’s health snacks, and essential FMCGs such as disposable diapers, devoted to providing more healthy choices for Chinese families. Underpinned by our accumulated efforts in developing proprietary brands, as of December 31, 2024, we have incubated and developed 92 proprietary brands and series, and cooperated with 153 manufacturers. For the year ended December 31, 2024, we offered over 1,000 SKUs under our proprietary brand business and served over 38,000 paying buyers on our *Hipac* platform.

OUR VALUE PROPOSITIONS

Through reorganizing the family care and nutrition product supply chain and relying on approximately 290,000 registered offline retail stores on our platform as of December 31, 2024, we are committed to providing a wide variety of user-centric family care and nutrition products to consumers in lower-tier market.

- **Easy and stable access to world top brands.** We launched our business with infant formula, which serves as a staple necessity for young families with children, characterized by its inherently high repurchase rate. Highly concerned about product quality, young families usually prefer to purchase infant formula from trusted local offline retail stores. However, under the traditional multi-layer distribution model utilized by major family care and nutrition product brands, the vast small-scale offline retail stores are typically limited to sourcing from last-layer distributors, resulting in limited product selections and unstable supply. As the largest family care and nutrition product commerce and service platform in China in terms of GMV generated from infant formula products in 2024, we are well-positioned to provide easy and stable access to world top brands for the vast offline retail stores across counties and villages, fulfilling diverse consumer needs in the lower-tier market.

BUSINESS

- **Supply of cost-effective and high-quality products.** For essential FMCGs with well-established production processes and high-frequency repeat purchase characteristics, such as disposable diapers, we cooperate with industry-leading manufacturers, such as Winsun Personal Care Products Co., Ltd. (廣東昱升個人護理用品股份有限公司) (“*Winsun*”), to streamline the supply chain, eliminate excessive brand premiums, and launch cost-effective and high-quality white brand products, facilitating families in lower-tier market improve their parenting consumption quality and optimize parenting costs reasonably.
- **Meeting diverse demands thoughtfully.** Lower-tier market is characterized by a strong reliance on offline sales channels and an acquaintance economy, where consumers predominantly purchase family care and nutrition products from trusted local offline retail stores. Offline family care and nutrition product retail stores serve not only as trusted community partners but also as health and wellness advisors to neighborhood families. By capitalizing on the offline retail network we organized, we are able to identify the unfulfilled needs of consumers through ongoing dialogue with offline retail stores, which in turn provides us with valuable insights for our product upgrade initiatives. For example, we identified the critical concerns among young mothers about choking hazards associated with traditional teething complementary foods for infants. In direct response to this unmet need, we were the first in the industry to launch our self-designed and self-developed *Wonder Miao* freeze-dried melting rice crackers in January 2022. Using the aviation-grade freeze-drying process at -40°C , these rice crackers can dissolve within 3 seconds. While meeting the teething needs of babies, they also minimize the risk of choking. Once launched, such *Wonder Miao* rice crackers soon became extremely popular in the market. It achieved the top sales performance in the rice cracker category during the June 18 Shopping Festival, Double 11 Shopping Festival, and the Chinese New Year Goods Festival in 2022.

OUR COMPETITIVE STRENGTHS

We believe that our sustainable growth in the family care and nutrition product market can be propelled by the following competitive strengths:

A leading family care and nutrition product commerce and service platform in China, committed to offering diverse choices to Chinese families in lower-tier market

We are the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, according to Frost & Sullivan, with GMV generated from family care and nutrition products in China’s lower-tier market of RMB8.6 billion in 2024. As of December 31, 2024, our *Hipac* platform connected approximately 4,200 registered vendors and approximately 290,000 registered buyers covering 31 provinces, municipalities and autonomous regions and across over 3,000 counties and villages nationwide.

BUSINESS

We have an in-depth understanding of the Chinese families’ concerns regarding their children’s healthy growth. Commencing with infant formula, a staple and frequently repurchased product for young families, we have now evolved into the largest family care and nutrition product commerce and service platform in China in terms of GMV generated from infant formula products in 2024. We have covered nearly all major infant formula brands, thereby fulfilling the aspirations of young families for a high-quality life. Drawing insights from customer feedback at the registered retail stores, we assess market needs and work closely with suppliers to develop and launch products that meet diverse consumer demands. Our proprietary brand, *Wonder Miao*, has repeatedly ranked at the top of the sales charts on major e-commerce platforms, and has garnered extensive recognition and a strong reputation among consumers. *Wonder Miao* was awarded the Leading Brand in China’s Food Industry for 30 Years (中國食品產業30年領創品牌) by Huatang Cloud Operators (華糖雲商), a state-owned modern media service company backed by Hebei Daily Press Group (河北日報報業集團) in 2023, and the Annual New Potential Brand of China Maternity and Baby Industry Award (中國孕嬰童產業獎年度新勢能品牌) by Children Baby Maternity Expo in 2023.

We are committed to bringing more diverse choices to families in the lower-tier market. To this end, we have systematically developed a diversified product portfolio, which encompasses infant formula, food, snacks and complementary food for infants and children, dietary supplements, maternal, infant and child supplies and other products. In 2024, our *Hipac* platform covered 28 major product categories, with over 657,000 SKUs. Leveraging our extensive nationwide retail network, we are able to offer Chinese families more prompt and reliable family care and nutrition products, ensuring that their needs are met with the utmost convenience and quality assurance.

Closer to lower-tier market that boast the most dynamic and loyal consumer base in China

Lower-tier market represents one of China’s most dynamic consumer segments, with families exhibiting rising spending power and strong inclinations toward childbearing, driving robust demand in maternal and infant products. In 2024, approximately 85.0% of newborns in China are born in the lower-tier market, indicating its vast consumer base and market demand. Moreover, the per capita consumption expenditure of Chinese residents in lower-tier market grew at a faster pace than first- and second-tier market with a CAGR of 5.5% from 2019 to 2024. Notwithstanding the highly-developed e-commerce economy, offline retail remains crucial, evolving into a relationship-driven, service-oriented model that supports emotional and trust-based purchasing decisions. As of December 31, 2024, 82.6% of the transacting offline retail stores on our platform are located in lower-tier market, covering over 3,000 counties and villages nationwide. Unlike first- and second- tier cities, where online key opinion leaders guide buying choices, lower-tier consumers heavily rely on personal networks to select essential child health products, prioritizing both quality and affordability.

BUSINESS

We have observed that family care and nutrition product retail stores assume dual roles as both reliable community partners and health and wellness consultants for families residing within a two-kilometer radius of their stores. Young parents regularly visit these stores for child essentials, such as infant formula and disposable diapers, fostering a natural bond of trust over time. This relationship makes parents more open to trying new products recommended by store owners, reflecting strong confidence in their expertise. According to Frost & Sullivan, upon establishment of connection and trust with family care and nutrition product retail stores, consumers typically develop a high degree of consumption loyalty, thereby demonstrating a propensity to purchase a broader range of product categories and engage in repeated purchase behaviors at the same retail store. Benefitted from the extensive network of the registered offline retail stores on our platform and the highly loyal consumption patterns of consumers, for the year ended December 31, 2024, our *Hipac* platform recorded average number of orders per transacting buyer per month amounting to 7 and average number of orders per core buyer per month amounting to 11, respectively. The buyers transacting ratio, calculated as transacting buyers as a percentage of active buyers, increased from 81.3% in 2022 to 83.3% in 2023, and further increased to 84.8% in 2024.

We are acutely cognizant that a dedicated sales and marketing team with profound insights into local community culture constitutes a pivotal linkage in our development and stewardship of an extensive retail network. Well-versed in the details and diversity of our offerings, they dive deep into the neighborhood, conduct offline visits and gather valuable feedback from offline retail stores through in-person interactions. We take pride in maintaining a streamlined yet highly motivated sales and marketing team. As of December 31, 2024, our sales and marketing team comprised 484 full-time personnel stationed across 26 provinces, municipalities and autonomous regions with an average of approximately eight years of industry experience. Benefiting from our centralized and digitalized management, each sales and marketing personnel, on average, can visit around seven offline retail stores daily as of December 31, 2024.

Strong synergies across our business lines, catalyzing the growth of proprietary brands

Given the essential consumption characteristics of high-quality infant formula as an inelastic-demand product category, combined with our coverage of nearly all major infant formula brands, we provide the vast small-scale offline retail stores with a stable supply of such products at competitive prices. By positioning infant formula as a cornerstone product for our platform, we have been successful in continuously attracting offline retail stores to join our *Hipac* platform. Moreover, we have established and maintained close and long-standing cooperative relationships with offline retail stores, which are based on mutual trust and mutual benefit. The substantial traffic and retail network that we cultivate during our business operations render us increasingly attractive to vendors, creating a virtuous cycle that benefits all participants in our marketplace.

BUSINESS

Underpinned by our extensive sales network and deep industry know-how, we are adept at promptly and accurately identifying the genuine and nuanced demands of consumers. Leveraging these insights, we provide upstream vendors with data-driven market analyses and highly efficient customized marketing services. In addition, we meticulously select competitive products, sourcing directly from family care and nutrition product brands, their authorized distributors and manufacturers, forging closer and more strategic connections with upstream brands and strengthening our position in the value chain

With the continuous enhancement of our comprehensive organizational capabilities across the supply chain, and by effectively integrating consumer insights gleaned from the sales data of vast offline retail stores, we not only remain committed to offering products from leading brands but also actively undertake initiatives to reengineer the supply chain. We collaborated with OEM suppliers to launch our proprietary brand business, aiming to deliver the most well-considered product portfolios that precisely address the unmet demands of consumers. Through these efforts, we strive to create greater value for consumers and strengthen our competitive edge in the market. Following the launch of our proprietary brand *Wonder Miao* in June 2021, it has demonstrated remarkable growth, becoming one of the top 10 children’s food brands on Tmall and Douyin within six months. *Wonder Miao* freeze-dried melting rice crackers also achieved the top sales performance in the rice cracker category during the June 18 Shopping Festival, Double 11 Shopping Festival, and the Chinese New Year Goods Festival in 2022. The *Daddy Captain* cloud-feeling series disposable diapers have secured the top position in sales on our *Hipac* platform for eight consecutive years, with a repeat purchase rate of 78%, surpassing the industry average of 40% to 50% of the disposable diapers category, according to Frost & Sullivan.

Category expansion aligned with consumer demands, exhibiting robust business development momentum

In the realm of family care and nutrition products, the overall consumption decision-making process is predominantly spearheaded by mothers within the family unit. According to Frost & Sullivan, motivated by their deep-seated concern for the well-being of family members, mothers typically exhibit a propensity to broaden the consumption categories of family care and nutrition products. Once an emotional bond has been forged with trusted offline retail stores, mothers tend to be more receptive and open-minded when it comes to trying out new products recommended by the store owners, demonstrating a high level of confidence in the store owners’ expertise.

BUSINESS

Leveraging the big data analysis of transaction data amassed on *Hipac* platform as well as through continuous communication between our sales and marketing team and offline retail stores, we can swiftly detect trends in consumer preferences and shifts in demand. Understanding parents’ deep commitment to their children’s development, we conducted extensive research to establish height management as our core product proposition. Through coordinated R&D and production efforts, we successfully entered the dietary supplements market, which gradually became the second growth curve of our self-operated business. Based on consumer insights, we optimized product attributes such as formulations and flavors. To drive engagement, we implemented retail activations that strengthened brand awareness and reinforced usage habits. Our innovative “Height Tracker” campaign encouraged parents to document growth milestones through social media check-ins, creating meaningful consumer connections while boosting product adoption. We launched under our *Prospace* brand a lysine liquid calcium product targeting children aged 0–3 years old, achieving a remarkable 40.6% repeat-purchase rate in 2024. In light of the understanding of consumer demand for household immunity enhancement in the post-pandemic era, our *Doctor Jepson* brand duly launched double berry and double protein special dietary nutrients (雙莓雙蛋白特殊膳食營養劑) in May 2025, with a dedicated focus on the immune health of the whole family. The product innovatively integrates ten core nutritional ingredients to create a three-dimensional and comprehensive immune nutrition solution. Within 15 days of its commercialization, the product achieved sales of over 20,000 units and exceeded RMB3.4 million in sales, receiving a warm market response. Leveraging our profound comprehension of local consumption trends and cultural nuances, we effectively communicate the key features and advantages of our new products to store owners in a manner that is both accessible and tailored to their needs. We also ensure that new products are optimally merchandised within the retail stores to capture the attention of consumers.

During the Track Record Period, our revenue generated from dietary supplements under our proprietary brand business surged from RMB0.2 million in 2022 to RMB32.6 million in 2024, and the number of new dietary supplement SKUs launched increased from four in 2022 to 100 in 2024.

A sophisticated digital marketplace constructed upon in-depth industry insights and massive data accumulation

By capitalizing on our data management platform, we implemented labeled and hierarchical management for approximately 290,000 registered buyers as of December 31, 2024. We conduct a comprehensive multi-dimensional profiling of these stores, encompassing aspects such as geographical location, activity level, order GMV and brand preferences. Our sophisticated and intelligent store management system not only forms the bedrock for the efficient implementation of marketing strategies within our proprietary brand business, but also provides upstream vendors with granular, retail-level sales data analysis, empowering vendors to optimize pricing, inventory, and market expansion strategies with precision. Our technological prowess has received wide recognition from numerous brands and manufacturers. In 2025, we also began to customize digitalized marketing and operating systems for large family care and nutrition product brands, catering to their specific needs in exchange for one-off fixed technical service fees.

BUSINESS

Leveraging cutting-edge AI technology, we empower offline retail stores to embrace automated operations and intelligent marketing strategies. Our offerings to retail stores encompass a suite of lightweight intelligent marketing tools, such as intelligent product-recommendation scripts and meticulously designed promotional activity plans. These tools not only enable retail stores to significantly enhance the operational and management efficiency of their private-domain traffic, but also act as a vital online bridge for brands to connect with potential offline consumers. Through this approach, we create a symbiotic ecosystem where retail stores can optimize their operations, and brands can expand their market reach, ultimately driving mutual growth and success in the highly competitive retail landscape.

Our *Hipac* platform has evolved over a decade since its establishment and has undergone more than 100 project-level iterations. It has become a comprehensive digital empowerment solution for all stakeholders within the industry chain. We offer a management backend for suppliers, which allows them to seamlessly integrate with our platform. Through this backend, suppliers can effectively manage various aspects of their business, including product catalogs, logistics operations, marketing campaigns, and order processing. For retail stores, our procurement platform offers a one-stop solution for the entire transaction lifecycle. Retail stores can conveniently handle all processes, from product selection, ordering and payment, logistics tracking, to after-sales services, in an integrated and streamlined manner. For our sales and marketing personnel, we offer a suite of online management tools to support their daily operations, which cover a wide range of functions, such as visit management, target setting and monitoring, incentive management, store-related administrative tasks, after-sales service management, and customer complaint handling. Furthermore, we also offer robust mid- and back-office infrastructure solutions tailored to the specific needs of back-end personnel engaged in finance, operations, procurement, and customer service functions. This comprehensive infrastructure ensures efficient and coordinated operations across different departments, facilitating the overall smooth running of the business ecosystem.

Visionary management team and corporate culture that fosters innovation

Our management team possesses extensive industry experience in the family care and nutrition product industry and commerce platform operations. Mr. Zhao Chen (趙晨), the chief executive officer of our Company, incubated Tmall Global (天貓國際) of Alibaba, who possesses profound industry insights and rich resources regarding international family care and nutrition product brands. Ms. Xu Hong (徐虹), the chief operation officer of our Company, previously spearheaded the management and operation of Taobao Coins (淘金幣) (consumer loyalty program) of Alibaba, which attracted over 200 million buyers and 3 million sellers within five years. Mr. Xiao Jiantao (肖建濤), the chief technology officer of our Company, was the technical specialist of the initial development team of Juhuasuan (聚劃算) of Tmall, where he was responsible for the functional iteration and architecture upgrade of Juhuasuan. Mr. He Guowei (何國威), our sales director, has over a decade of experience in e-commerce operations, and has been responsible for market expansion since the launch of *Hipac* platform. For detailed biographies of our management team, please see “Directors and Senior Management.” The seamless integration of our online and offline operations, coupled with our significant industry influence, is largely attributable to the

BUSINESS

management team’s over a decade of experience in online retail, internet operations, and procurement. This extensive experience has enabled us to develop a deep understanding of the market dynamics, consumer preferences and operational intricacies, allowing us to optimize our business model and drive continuous growth.

Our success has garnered broad recognition, attracting investments from prominent industry players such as Anchor Equity Partners, Shunwei Capital and Hillhouse Investment Management, Ltd., along with several professional institutional investors. These stakeholders have not only energized our ecosystem but have also contributed invaluable management expertise and resources, further accelerating our growth trajectory.

OUR STRATEGIES

We intend to further entrench our competitive strengths and implement the following strategies.

Strengthening linkages with upstream brands and deepening cooperative relationships

For product categories characterized by high penetration, diverse supply source with fragmented yet resilient strong downstream demand, we plan to further expand the scale of our general self-operated business. Through the strategic expansion of our purchasing scale, we seek to negotiate more advantageous pricing terms with family care and nutrition product brands, thereby empowering them in effectively reducing distribution costs and allowing us to provide consumers with a wider array of branded products that seamlessly integrate high-quality standards with attractive price points.

We are also committed to further augmenting our customized marketing service capabilities and expanding our customer base. We plan to forge strategic partnerships with a broader spectrum of brands in this domain. Leveraging our distinct advantages in retail channels, we will intensify our efforts to enhance the provision of data-driven marketing services, aiming to encourage an increasing number of brands to adopt our digital marketing system, which will empower brands to exercise unified management over retail stores nationwide, conduct real-time monitoring of market expansion initiatives, and obtain accurate and up-to-date sales data. As a result, family care and nutrition product brands can more effectively penetrate lower-tier market, thereby driving business growth and strengthening their market positions.

Continuing to delve deep into consumer demands and strengthening the development capabilities of proprietary brands

We will fully capitalize on the consumer insights and feedback amassed from retail stores to enhance our new product development prowess and expedite the product iteration cycle. By closely aligning with the real-world needs of consumers, we will launch new products and expand our product matrix, striving to provide consumers in lower-tier market with a wider range of user-centric and cost-effective family care and nutrition products, thereby meeting their diverse demands and enhancing their overall consumption experience.

BUSINESS

We are also committed to strengthening our supply chain management capabilities. Upstream, we will expand our presence in raw material procurement, aiming to optimize costs and safeguard the stability of the supply chain. Through strategic sourcing and closer collaboration with suppliers, we seek to enhance our cost-effectiveness while ensuring a reliable and uninterrupted flow of supplies. Downstream, we will leverage lightweight digital tools, such as store-specific mini programs, to extend our market reach and engage with a wider spectrum of consumers and potential customers. These tools will not only facilitate our access to a broader consumer base but also enable us to gain more in-depth insight into consumption trends and evolving demands. By staying attuned to market dynamics, we can better align our product offerings and marketing strategies to meet the diverse needs of consumers, thereby enhancing our competitiveness in the marketplace.

Bolstering technological capabilities and leveraging AI to improve operational efficiency

We plan to further bolster the capabilities of our data management platform with the objective of enhancing product marketing efficiency. To this end, we intend to make strategic investments in advanced AI algorithms, deep-learning technologies, and robust data processing capabilities. By harnessing the vast amount of transaction data amassed from approximately 290,000 registered buyers nationwide as of December 31, 2024, we aim to conduct more in-depth and accurate analyses of consumer consumption trends. Rooted in data and propelled by technology, we are committed to delivering highly efficient solutions for product selection and promotion. These solutions will not only enable us to better anticipate market demands but also optimize marketing strategies, thereby driving enhanced performance and value creation for our business and our partners.

We also plan to further promote online marketing and operation management tools, such as store mini programs. These tools are designed to provide store owners with convenient and user-friendly, lightweight solutions for managing private-domain traffic and conducting marketing promotions. By integrating the store-end mini programs with our data management platform, we can leverage real-time in-store online data to provide robust support for upstream brand marketing initiatives. This integration will enable us to offer more targeted and data-driven marketing strategies, thereby enhancing the effectiveness of brand promotion activities and strengthening our collaborative relationships with upstream partners.

An efficient mid-and back-office system is crucial for our business operations. We plan to elevate the intelligence quotient of our internal IT infrastructure. Through these initiatives, we aim to significantly enhance our data processing capabilities and optimize internal organizational efficiency, thereby enabling us to respond more swiftly and effectively to market dynamics, streamline operational workflows, and drive sustainable growth across our business landscape.

BUSINESS

Expanding our global presence

We intend to introduce select proprietary brands to international markets, with a particular focus on regions that present significant growth opportunities. Southeast Asia, in particular, stands out as a prime target market. Characterized by a vibrant and youthful population structure, a substantial presence of young families, and consumption preferences for family care and nutrition products that closely mirror those in the Chinese market, Southeast Asia offers a compelling landscape for market penetration. Moreover, there exists a considerable amount of unmet demand within this area, presenting a lucrative avenue for business expansion. According to Frost & Sullivan, the market size of Southeast Asia’s family care and nutrition product industry is expected to grow at a relatively fast rate in the future, with a CAGR of approximately 9.3% from 2024 to 2029 in terms of retail sales.

To effectively tap into the potential of the Southeast Asian market, we will adopt a strategic approach of forging partnerships with major local sales channels. These partnerships will be instrumental in facilitating the establishment and advancement of our overseas business layout. By leveraging the extensive reach, market knowledge, and distribution capabilities of these local partners, we aim to ensure the seamless introduction of our proprietary brands, enhance brand awareness, and drive market acceptance. This overseas expansion initiative is an integral part of our long-term growth strategy, enabling us to diversify our revenue streams, enhance our global brand recognition, and capitalize on the growing international demand for our products.

Integrating the industry value chain through strategic acquisitions and/or investments

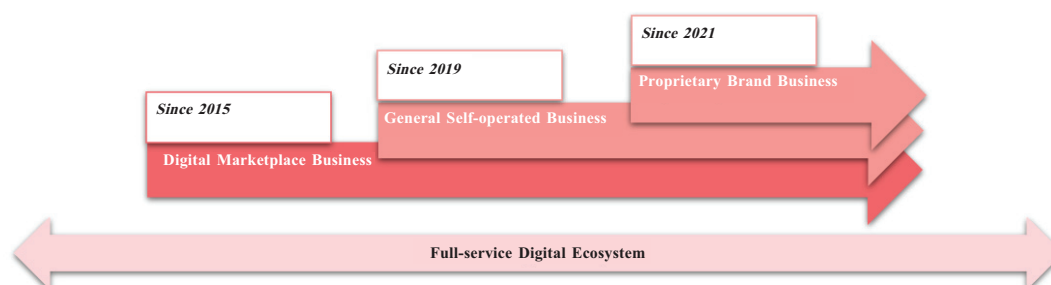
We intend to pursue acquisitions of and/or investments in suitable targets along the industry value chain at opportune moments capitalizing on our robust platform advantages and financial strengths as a [REDACTED] company. We believe such strategic initiatives will help us expand our product portfolio, enhance our R&D capabilities and supply chain security, and solidify our leading position in the family care and nutrition products industry. Specifically, we plan to evaluate potential targets in terms of their brand value, scale of business, product quality and portfolio, research capabilities, existing distribution channels, profitability, the standardization of their financial and internal control procedures and fairness of valuations. Moreover, we plan to pursue strategic alliances with upstream brands and manufacturers boasting strong brand appeal, including but not limited to infant formula brands, to leverage complementary strengths by entering into joint ventures with a view to developing new product lines.

See “Future Plans and Use of [REDACTED]” for further details of our future business strategies.

BUSINESS

BUSINESS MODEL

We are a leading commerce and service platform in China, specializing in family care and nutrition products. With insightful observation and in-depth understanding of the challenges and opportunities in the family care and nutrition product industry, we have developed diverse offerings and revenue sources leveraging our extensive industry experience and strong information technology capabilities. During the Track Record Period, we generated revenue primarily from (i) digital marketplace business, and (ii) self-operated business, which includes (a) general self-operated business, and (b) proprietary brand business.



We launched our digital marketplace business in April 2015 with the introduction of *Hipac* platform, a pioneering platform designed to bridge the supply-demand gap for family care and nutrition products in lower-tier market in China. Our *Hipac* platform efficiently connects family care and nutrition product vendors (including manufacturers, distributors and brands) with diverse buyers, through an efficient, scalable and secure marketplace that streamlines supply chains and facilitates transactions. By connecting a growing community of vendors and buyers on our *Hipac* platform, we have organized a high-value retail network with self-reinforcing growth dynamics.

Established upon the downstream buyer base brought by our *Hipac* platform and deep collaboration with upstream manufacturers, we started our self-operated business in 2019 to address growing procurement and fulfilment needs while deepening industry connections. Starting with general self-operated business, we procure family care and nutrition products and take inventory from upstream suppliers and sell them to downstream buyers via our *Hipac* platform. As our industry expertise deepened, we expanded into proprietary brand business in 2021, encompassing both curated white brand products from third-party manufacturers, and our self-developed and OEM-manufactured brand collections. Our proprietary brand collections are mainly sold to downstream buyers through our *Hipac* platform, and to a lesser extent, directly to consumers through our self-operated stores on major e-commerce platforms and through our offline trading partners.

BUSINESS

Major Participants

Major participants of our full-service digital ecosystem primarily include buyers, vendors and consumers.

Buyers

Buyers on our digital marketplace mainly include offline retail stores specializing in family care and nutrition products, most of which operate in lower-tier market in China. China’s family care and nutrition product industry in lower-tier market is characterized by a strong reliance on offline sales channels and an acquaintance economy, where consumers predominantly purchase family care and nutrition products from trusted local offline retail stores. Given the higher trust threshold for purchasing family care and nutrition products compared to ordinary FMCGs, offline retail stores differentiate themselves by offering not only products but also wellness knowledge and after-sales services, thereby forging a deep emotional bond with consumers. However, under the traditional multi-layer distribution model utilized by major family care and nutrition product brands, the vast small-scale offline retail stores are typically limited to sourcing from last-layer distributors, resulting in higher procurement costs, limited product selections and unstable supply. See “Industry Overview — Overview of China’s Family Care and Nutrition Product Industry in Lower-tier Market” for details.

To address such pain points, our *Hipac* platform streamlines the multi-layer distribution channels, enabling buyers to source directly from a vast selection of high-quality domestic and international family care and nutrition products. As the largest family care and nutrition product commerce and service platform in China in terms of GMV generated from infant formula products in 2024, we are well-positioned to provide easy and stable access to world top brands for the vast offline retail stores across counties and villages, fulfilling diverse consumer needs in the lower-tier market.

We systematically engage in buyers’ research to gather insights on key products on our platform, understand the causes of their sales performance volatility, and gauge receptiveness to new products. Through continuous dialogue with buyers and market research, we have identified the unmet demand in lower-tier market for more cost-effective infant formula products. Leveraging such market insights, we successfully launched Beiyue (貝悅) in partnership with MeadJohnson (美贊臣) in 2024, which is authorized by MeadJohnson as a channel exclusive product to sell only on our platform, aiming to offer buyers a more diversified portfolio of cost-effective choices. By digitally aggregating procurement demand across our network and leveraging buyers’ feedback, we enhance buyers’ bargaining power to secure more competitive product pricing and refine product portfolio on our platform, facilitating families in lower-tier market improving their parenting consumption quality and optimizing parenting costs reasonably. Our platform also features intuitive search and filtering tools, allowing buyers to efficiently identify products that meet their needs. With full transparency and flexibility, buyers can freely evaluate suppliers and place orders directly, eliminating intermediaries and optimizing their sourcing process.

BUSINESS

Recognizing buyers as valuable partners, we further support their business operations by providing complimentary one-stop digital tools for operational management and marketing, to enhance efficiency and drive sustainable growth for their businesses. Although we do not charge buyers any fees or commissions under our digital marketplace business, their participation creates significant value for our ecosystem. The substantial traffic and retail network that we cultivate during our business operations render us increasingly attractive to vendors, creating a virtuous cycle that benefits all participants in our marketplace.

Vendors

Vendors on our digital marketplace mainly include family care and nutrition product brands, their authorized first-tier distributors and manufacturers. Traditionally, family care and nutrition product brands and their distributors relied on multi-layer distribution model to sell and distribute their products, which led to higher distribution expenses and limitations in penetration to lower-tier market, eroding their profitability. Such lengthy process also resulted in severe information asymmetry across the transaction value chain where upstream brands and manufacturers cannot promptly and precisely access retail-level sales data, giving rise to regional inventory redundancy and homogeneous product competition. Moreover, distributors often rely on a restricted portfolio of brands and lack diverse procurement channels and the capability to provide diversified services for their customers. On the other hand, white brand manufacturers generally face challenges in establishing effective distribution channels for their products, hindering market penetration and growth. See “Industry Overview — Overview of China’s Family Care and Nutrition Product Industry in Lower-tier Market” for details.

Our *Hipac* platform transforms the traditional family care and nutrition product distribution model by digitizing and streamlining the end-to-end transaction process. By precisely matching supply with demand and enabling seamless information flow through our digital infrastructure, we eliminate inefficiencies inherent in multi-layer distribution model. Based on our experience and retail network data accumulated over the years, we provide vendors with cost-effective, immediate access to geographically dispersed markets, particularly in lower-tier regions where traditional distribution struggles. Our *Hipac* platform streamlines every stage of the transaction, from product posting, order management to payment reconciliation, significantly reducing operational friction as compared with traditional offline transactions. Furthermore, we deliver unparalleled market intelligence through granular, retail-level sales data analysis, equipping vendors with actionable insights into regional demand patterns and consumer trends to inform strategic decision-making. We also provide customized marketing services for vendors through meticulously crafted, multi-channel promotional campaigns designated to optimize their market penetration and sales performance. This integrated approach not only enhances distribution efficiency but also empowers vendors to optimize pricing, inventory, and market expansion strategies with precision.

BUSINESS

Consumers

Given the higher trust threshold for purchasing family care and nutrition products compared to ordinary FMCGs, consumers in lower-tier market predominantly favor offline shopping experiences, where they can physically evaluate product quality, receive professional guidance from retail staff to support their decision-making processes, and easily access after-sales services. Offline family care and nutrition product retail stores serve not only as trusted community partners but also as dedicated health and wellness advisors to neighborhood families, cultivating a profound emotional connection with consumers. Under the traditional multi-layer distribution model adopted by major family care and nutrition product brands, consumers in lower-tier market encounter the same pain points as the vast small-scale offline retail stores of limited product selections, higher parenting costs and unstable supply. See “Industry Overview — Overview of China’s Family Care and Nutrition Product Industry in Lower-tier Market” for details.

We are committed to serving the increasingly diversified consumer demand in the lower-tier market, covering world top family care and nutrition brands and cost-effective daily essentials. While consumers do not directly transact on our platform, we gain a deep understanding of their needs through ongoing dialogue with offline retail stores and comprehensive analysis of their purchasing behavior, preferences and consumption patterns, which in turn provides us with valuable insights for our product development and upgrade initiatives. Through the offline retail network we organized, we are strategically poised to provide seamless and reliable to world-renowned top brands and cost-effective and high-quality white brand products for the vast offline retail stores across counties and villages, fulfilling diverse consumer needs in the lower-tier market, elevating their parenting consumption quality and optimizing parenting costs reasonably while preserving the personal touch and convenience they value. In addition, we continuously introduce self-designed and self-developed proprietary brand collections that are meticulously tailored to meet the genuine and nuanced demands of consumers and directly offer our proprietary brand collections through major e-commerce platforms to consumers, enabling us to establish a direct connection with consumers and respond promptly to market trends.

BUSINESS

The following table sets forth a breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
Digital marketplace business	353,975	39.5	296,236	27.8	229,335	22.2
Self-operated business	540,408	60.4	767,800	71.9	801,826	77.7
General self-operated business	266,298	29.7	443,067	41.5	579,623	56.2
Proprietary brand business	274,110	30.7	324,733	30.4	222,203	21.5
Others⁽¹⁾	885	0.1	2,749	0.3	1,238	0.1
Total	895,268	100.0	1,066,785	100.0	1,032,399	100.0

Note:

- (1) Others mainly comprise revenue generated from offline matchmaking services for upstream vendors selling certain cosmetics and electronic products to downstream buyers in rare circumstances, which was recorded on a net basis as the relevant contracts specified that we did not control the products prior to their delivery to the buyers.

The following table sets forth our key operating metrics for the years indicated:

	Year ended/As of December 31,		
	2022	2023	2024
Number of registered vendors	2,450	3,280	4,241
Number of registered buyers	249,809	273,987	289,512
Number of transacting buyers ⁽¹⁾	167,089	172,146	167,874
Number of core buyers ⁽²⁾	103,489	104,267	93,764
GMV (RMB in millions) ⁽³⁾	14,935	12,028	10,966
Number of SKUs sold under our self-operated business	1,020	1,252	2,111
Number of new SKUs launched under our proprietary brand business	678	302	643

Notes:

- (1) Transacting buyers refer to buyers which placed at least one order on our *Hipac* platform in the relevant years.
- (2) Core buyers refer to buyers which placed over 24 orders on our *Hipac* platform in the relevant years.
- (3) Including the GMV of the sales by our own online stores on *Hipac* platform under our self-operated business.

BUSINESS

DIGITAL MARKETPLACE BUSINESS

China’s family care and nutrition product industry in lower-tier market is characterized by a fragmented structure at both ends, with a multitude of upstream brands, distributors and manufacturers, and geographically dispersed downstream retailers. Having been dedicated to family care and nutrition product commerce and services for years, we have developed a profound understanding of the demands from and pain points of major industry participants of commerce and service of family care and nutrition product industry. Underpinned by our extensive sales network resources and advanced IT capabilities, we streamlined the multi-layer distribution model and have developed a fully integrated digital marketplace that connects all industry participants and combines platform operations and digital tools, aiming to enable diversified monetization while empowering industry participants by addressing their diverse needs across the entire industry value chain in various business scenarios.

Our Hipac Platform

Hipac platform is an end-to-end multifunctional platform designed to optimize business connectivity between vendors and buyers. Our full-service digital ecosystem streamlines the entire commerce process, covering product catalog management, digital storefronts, real-time vendor-buyer communication, order processing, settlement and payment reconciliation. Following its launch in April 2015, our *Hipac* platform has demonstrated remarkable growth, achieving annual GMV of RMB1.0 billion at the end of 2016. As of December 31, 2024, *Hipac* platform has become the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, which connected approximately 4,200 registered vendors and approximately 290,000 registered buyers covering 31 provinces, municipalities and autonomous regions and across over 3,000 counties and villages nationwide. Our *Hipac* platform offers buyers a wide variety of family care and nutrition products and other products. The following table sets forth the major categories of products offered on *Hipac* platform:

Category		Description	Age of target customers
Family care and nutrition products	Nutritional edibles and supplements	Infant formula	Infant and toddler aged 0–3 years old
		Dietary supplements, including protein supplements, probiotic supplements, eye health supplements, mineral supplements, fish oil and baby health and conditioning products, and milk powder for older children and adults	Older children aged 4+ and adults
		Food, snacks and supplements for infants and toddler	Infant and toddler aged 0–3 years old

BUSINESS

Category	Description	Age of target customers
Non-edible family care products	Disposable diapers for babies and seniors, pacifiers, baby bottles, strollers, cribs, baby chairs, scooters, bicycles, tricycles, baby twist cars, baby walkers, disposable sanitary products, infant and child clothing, and maternity wear	Children aged 0–14 years old Mothers Elderly individuals aged 65+
Other products	Apparel, cosmetics, digital home appliances, food and snacks, home cleaning products, books and stationery	Adult or age-neutral

The following table sets forth a breakdown of GMV by major product categories on *Hipac* platform (including the GMV of products under our self-operated business sold through *Hipac* platform) for the years indicated:

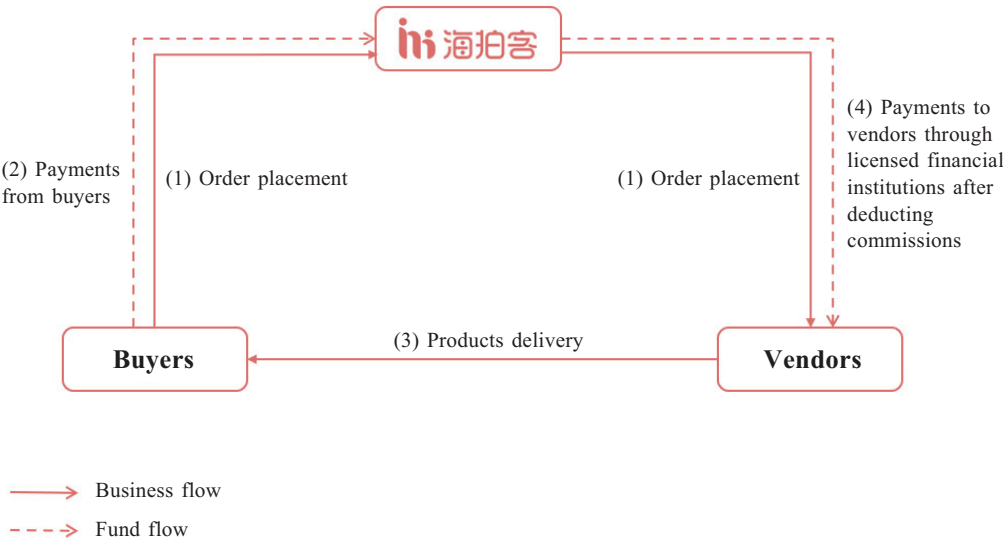
	Year ended December 31,					
	2022		2023		2024	
	<i>RMB in millions</i>	%	<i>RMB in millions</i>	%	<i>RMB in millions</i>	%
Family care and nutrition products	14,389.9	96.3	11,516.2	95.7	10,572.4	96.4
<i>Nutritional edibles and supplements</i>	12,502.0	83.7	10,023.8	83.3	9,416.2	85.9
— Infant formula	11,564.5	77.4	9,109.1	75.7	8,558.1	78.0
— Dietary supplements	339.7	2.3	326.8	2.7	174.4	1.6
— Food, snacks and supplements	597.8	4.0	587.8	4.9	683.7	6.2
<i>Non-edible family care products</i>	1,887.9	12.6	1,492.4	12.4	1,156.1	10.5
Other products	545.5	3.7	511.4	4.3	393.5	3.6
Total	14,935.5	100.0	12,027.6	100.0	10,965.9	100.0

BUSINESS

We require vendors to enter into annual platform service agreements with us to station on our *Hipac* platform. To maintain compliance with applicable laws and regulations, we rigorously verify all vendors’ qualifications during the registration process, including validating business licenses, relevant permits and product certifications. For brand distributors, we also require proof of authorized distribution, such as letter of exclusive authorization from and/or distribution agreements with the relevant brands. Upon completion of our review process, we set up online storefronts or provide online product transaction links for vendors. As the owner and operator of *Hipac* platform, we generate revenue by charging vendors commissions based on their GMV transacted through our platform. For the year ended December 31, 2022, 2023 and 2024, the average commission rates we charged were approximately 2.5%, 2.6% and 2.3%, respectively.

We require buyers to enter into platform service agreements with us during the registration process. Buyers are required to be legally established in China and hold valid business licenses for their retail operations. We also verify the identification certificates of the store owners during the registration process. We do not charge any fees or commissions from buyers for transactions conducted under our digital marketplace business.

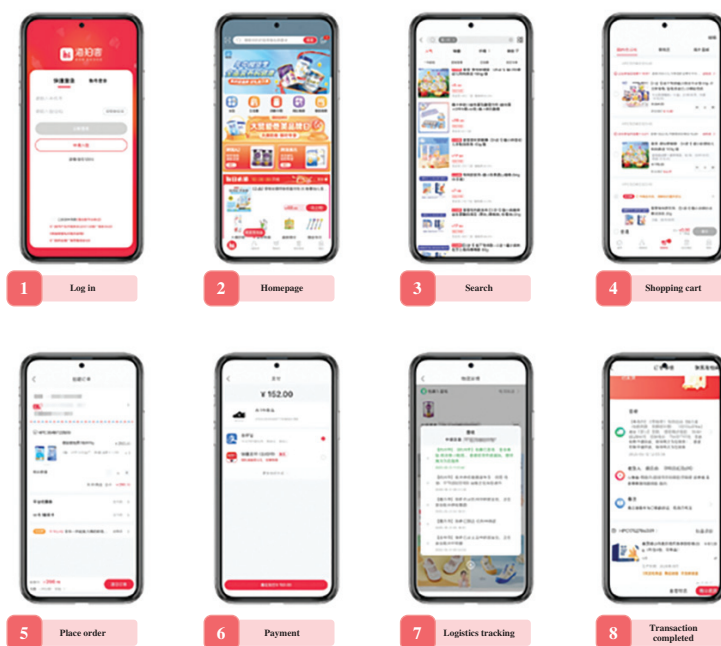
The following chart illustrates the business and fund flow of our digital marketplace:



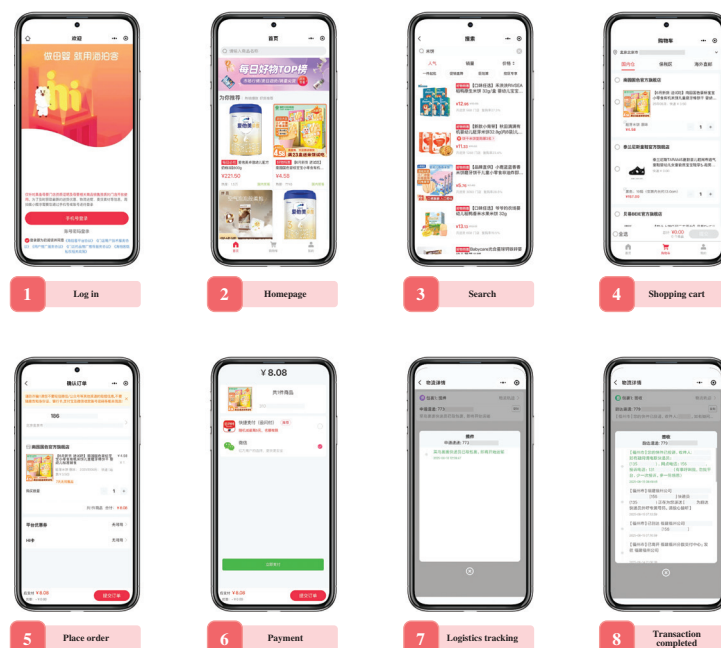
BUSINESS

Buyers may access *Hipac* platform via mobile App, WeChat mini program and computer webpage terminal, while vendors may access via computer webpage portal. Set out below are screenshots of our *Hipac* platform from different access terminals:

Mobile App from buyer side

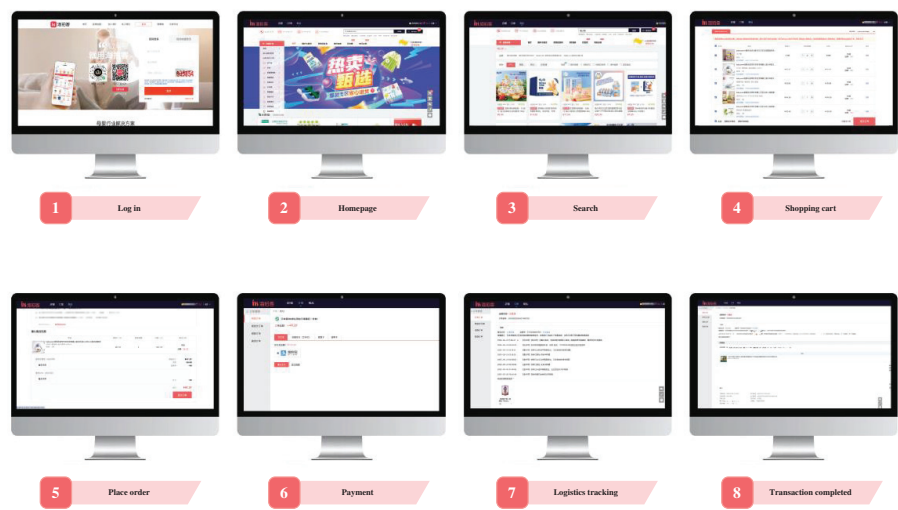


Wechat mini program from buyer side

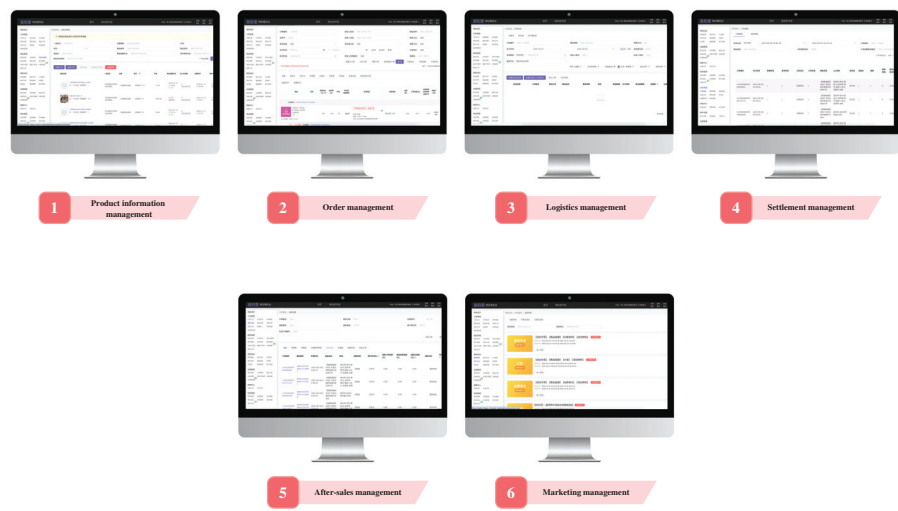


BUSINESS

Computer webpage from buyer side



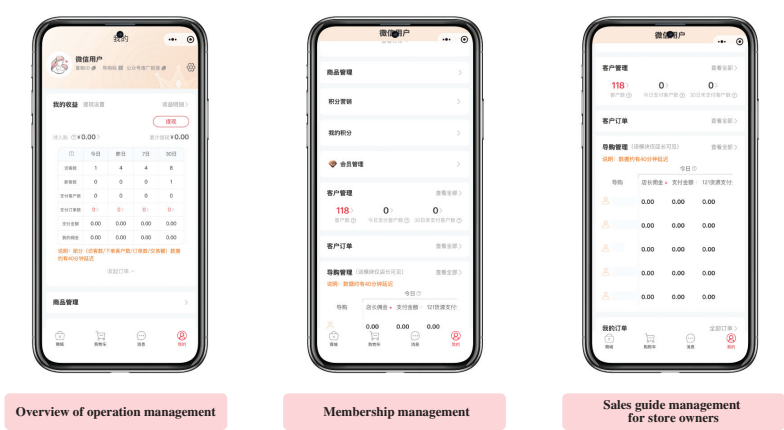
Computer webpage from vendor side



BUSINESS

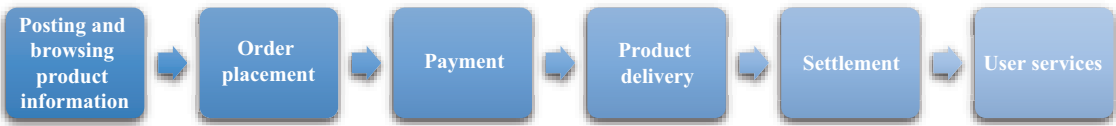
Our digital marketplace extends beyond basic commerce functionality by integrating advanced digital tools to enhance business operations for both vendors and buyers. Leveraging our digital marketplace, we offer vendors in-depth sales analytics with retail-level insights, enabling data-driven decision-making and precise response to evolving market demands. In 2025, we also began to customize digitalized marketing and operating systems for large family care and nutrition product brands, catering to their specific needs in exchange for one-off fixed technical service fees. Moreover, to facilitate the efficient and sustainable business operation of buyers, which we consider as significant resources on our platform, we offer buyers complimentary access to integrated operation management and marketing digital tools. Set out below are screenshots of our integrated operation management and marketing digital tools for buyers:

WeChat mini program



Business Process

Transactions are generally facilitated, conducted and/or managed on our *Hipac* platform pursuant to the following processes:



- *Posting and browsing product information.* Our *Hipac* platform provides vendors with a streamlined solution for product information management, enabling them to create, edit and publish product details with images, together with shipping details and recommended retail prices. Vendors are required to ensure all posted content is genuine, legitimate, accurate, not misleading, compliant with

BUSINESS

regulations, and non-infringing. All products on our *Hipac* platform are priced by vendors. We have the right to inspect the information posted by vendors and deal with any inappropriateness identified. Vendors are also required to ensure that their products originate from legitimate sources and conform to the relevant quality standards. On the other side, buyers leverage our intelligent search and filtering tools to freely compare and order products directly from vendors, creating a transparent and win-win marketplace.

- *Order placement.* After buyers select products and submit the order, an electronic order will be automatically generated for the buyers to confirm and to proceed with their payments. Vendors will receive instant automated order notification through our platform.
- *Payment.* Buyers can pay through various payment methods, including third-party online payment platforms such as WeChat and Alipay, and bank transfer, which brings great flexibility and convenience to the transaction process. We collect payments from buyers and subsequently settle payments with vendors through licensed financial institutions after deducting the commissions we are entitled to receive. Buyers may request and track invoices through our *Hipac* platform, while vendors are responsible for issuing invoices for buyers.
- *Product delivery.* Vendors are responsible for delivering the products to buyers and bear the delivery costs. Some vendors also entrust us to deal with their product delivery to facilitate the transaction, and we engage third-party logistics service providers for the delivery. We provide real-time delivery tracking and order-to-shipment data synchronization services via our *Hipac* platform.
- *Settlement.* Vendors are required to register the information of their settlement accounts. Upon product dispatch by vendors, we issue settlement bills to vendors according to the scheduled settlement cycles as agreed by vendors and us. Upon confirmation of the bills by the vendors, we instruct the licensed financial institutions to remit payments to the vendors’ accounts after deducting our commissions.
- *User services.* We provide vendors with in-depth sales analytics with retail-level insights, enabling data-driven decision-making and precise response to evolving market demands. Our online service team provides vendors and buyers with complete transaction support during business hours, including payment, the shipping details and after-sales services. If buyers request for product exchanges or returns, vendors are obligated to fulfill such requests.

BUSINESS

Agreements with Vendors and Buyers

We enter into annual platform service agreements with vendors, the key terms of which are summarized below:

<i>Duration</i>	The agreement typically has a term of one year, which can be renewed for another year upon mutual consent.
<i>Payment and settlement</i>	We charge vendors commissions based on the GMV of their sales on our platform, which will be deducted directly when we settle the payment with them according to the scheduled settlement cycles.
<i>Delivery of products</i>	Vendors are responsible for delivering the products to buyers and bear the delivery costs. Some vendors also entrust us to deal with their product delivery to facilitate the transaction, and we engage third-party logistics service providers for the delivery.
<i>Product guarantee</i>	The vendors must ensure products are authentic, legally sourced, quality-compliant, and have sufficient remaining shelf life.
<i>After-sales services</i>	The vendors are obligated to fulfill after-sales service requests.
<i>Deposit</i>	Vendors must maintain a fixed amount deposit with our platform to guarantee their performance, service and the quality of products offered on our platform.
<i>Product returns/ exchanges</i>	We typically allow buyers to return or exchange products with vendors within 24 hours to 7 days upon product delivery depending on the specific product category for reasons including defective or substandard products, mis-delivery, under-delivery and damaged packaging.
<i>Termination</i>	We are entitled to terminate the agreement in the event of a material breach by the vendors.

BUSINESS

Buyers enter into platform service agreements with us during registration process by reviewing and confirming the agreements online. Such agreements have perpetual terms, and we generally do not terminate such agreements with buyers. The key terms of our platform service agreements with buyers are summarized below:

<i>Duration</i>	Permanently valid upon confirmation by buyers during registration process.
<i>Payment</i>	Full payment for the products is typically required before shipment. We do not charge buyers any fees or commissions for using our platform.
<i>Delivery logistics</i>	After receiving the products, buyers must confirm the receipt on our platform. If buyers fail to do so within a specific period from the date of delivery depending on the specific product category, the products shall be deemed as received.
<i>Transaction rules</i>	For most products on our platform, vendors stipulate recommended retail prices for buyers on the product information page. In addition, buyers are required to adhere to the retail guide price set by us for channel exclusive products. Such products shall only be sold offline to consumers within a three-kilometer radius of the business registration address of the buyers. Furthermore, buyers are not allowed to re-sell any channel exclusive products purchased from our platform to other retailers or distributors or through e-commerce platforms. If we identify any breach of transaction rules by the buyers, we are entitled to freeze the transaction account of such buyers, impose fines, and/or forbid such buyers from further purchasing products on our platform.

Customized Marketing Services

To deepen collaboration with family care and nutrition product brands and manufacturers, especially infant formula brands, and explore additional monetization opportunities through platform synergies, we also introduced customized marketing services in 2017 in exchange for higher commissions. Underpinned by our extensive sales network and deep industry know-how, we provide vendors with data-driven market analyses to enhance demand comprehension, identify suitable products fit for targeted promotions and execute coordinated campaigns across both our *Hipac* platform and offline marketing channels, creating a synergistic ecosystem that drives mutual growth while maximizing market penetration for vendors.

BUSINESS

Specifically, for new products launched by vendors which necessitate marketing initiatives, we assist vendors with the planning, design and implementation of multimedia contents (e.g., text, images, audio and videos). In addition, tailored to each vendor’s objectives, we amplify brand and product visibility through (i) online exposure on the homepage of our *Hipac* platform; (ii) offline activations, including in-store shelf display and promotional events in the offline retail stores registered on our platform; (iii) live streaming sessions on *Hipac* platform; and/or (iv) targeted WeChat advertisements. As the products promoted are available for purchase on our *Hipac* platform, we track their sales performance and provide market feedback to vendors, enabling them to better comprehend market demand, further refine products and optimize future campaigns. Set out below are pictures illustrating our customized marketing initiatives:



For instance, in collaboration with a global leading infant formula brand for product promotion in Hunan Province, we developed and executed a comprehensive marketing and promotional framework tailored to the brand’s objectives. Through big data analysis of transaction data accumulated on our *Hipac* platform, appropriate offline retail stores were carefully selected for brand promotion, coupled with the organization of offline parent-child interactive activities to attract consumers. Through the synergistic integration of our targeted marketing strategies, extensive sales network, and dedicated promotional efforts by our sales and marketing team, the infant formula brand successfully entered 536 new offline retail stores and 44 new towns and villages (the third level of postal address) in Hunan Province within the first five months of 2025.

BUSINESS

For products which we provide customized marketing services, we charge the relevant vendors higher commissions based on their GMV transacted through our platform. We negotiate our commission rates with vendors on a case-by-case basis, considering the specific product category, market appeal of the brand, marketing objective, our scope of work, scale, duration and complexity of the marketing initiatives. For the year ended December 31, 2022, 2023 and 2024, the commission rates we charged for providing customized marketing services generally range from 5.0% to 10.0%, respectively. Vendors may choose to remit us the relevant commissions for customized marketing services directly, or authorize us to deduct the relevant commissions through our *Hipac* platform together with the basic commissions for utilizing our platform according to the settlement cycle as agreed by vendors and us.

Key Operating Data

The following table sets forth selected operating data of our digital marketplace for the years indicated:

	Year ended/As of December 31,		
	2022	2023	2024
Overall			
Number of registered vendors	2,450	3,280	4,241
Number of registered buyers	249,809	273,987	289,512
GMV (RMB in millions) ⁽¹⁾	14,935	12,028	10,966
Average GMV per order (RMB)	883	771	811
Transacting buyers			
Number of transacting buyers ⁽²⁾	167,089	172,146	167,874
Buyers transacting ratio ⁽³⁾	81.3%	83.3%	84.8%
Average GMV per transacting buyer (RMB) ⁽²⁾	89,386	69,869	65,322
Average number of orders per transacting buyer per month ⁽²⁾	8	8	7
Average number of SKU per transacting buyer ⁽²⁾	149	128	109
Core buyers⁽⁴⁾			
Number of core buyers	103,489	104,267	93,764
Average GMV per core buyer (RMB)	94,459	84,799	86,493
Average GMV per order from core buyer (RMB)	599	591	633
GMV from core buyers as a percentage of total GMV	65.5%	73.5%	74.0%
Average number of orders per core buyer per month	13	12	11
Average number of SKU per core buyer	232	203	186

BUSINESS

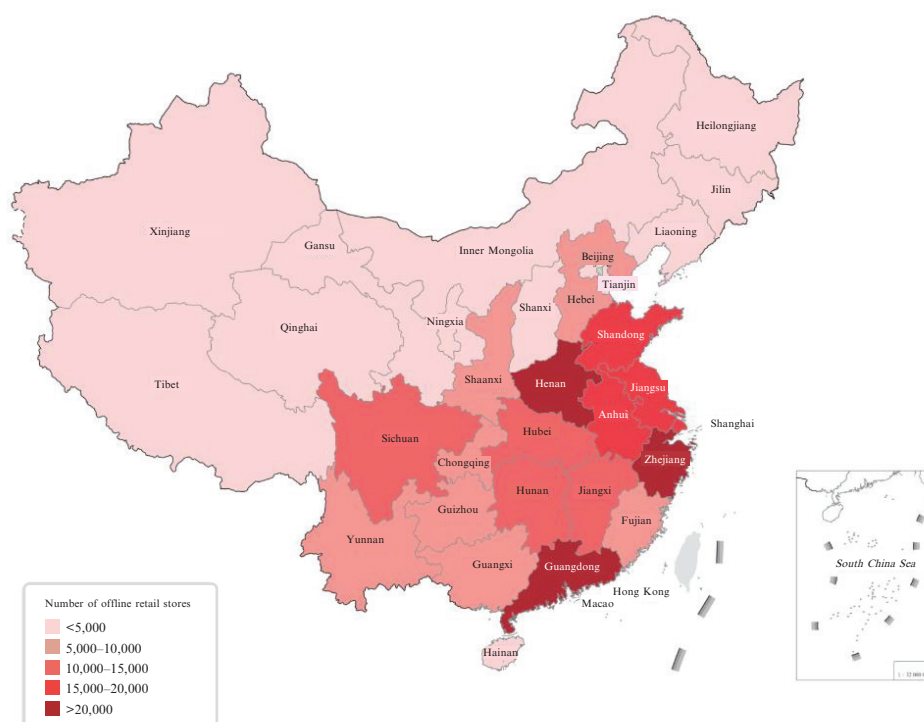
Notes:

- (1) Including the GMV of the sales by our own online stores on *Hipac* platform under our self-operated business.
- (2) Transacting buyers refer to buyers which placed at least one order on our *Hipac* platform in the relevant years.
- (3) Buyers transacting ratio refers to transacting buyers as a percentage of buyers which logged into our *Hipac* platform for at least once in the relevant years.
- (4) Core buyers refer to buyers which placed over 24 orders on our *Hipac* platform in the relevant years.

Our digital marketplace business experienced an overall decline during the Track Record Period, primarily due to the combined impact of industry factors and our strategic adjustment. According to Frost & Sullivan, the later ages for first marriage and parenting pressures led to continuous declines in China’s birth rate and newly-born population from 2019 to 2023, with birth rate decreased from 10.4‰ to 6.4‰, and newly-born population decreased from 14.7 million to 9.0 million. Notwithstanding, with the subsidence of the COVID-19 pandemic and the implementation of the three-child policy, China’s birth rate and newly-born population have witnessed uptick in 2024, and are expected to further increase to 6.9‰ and 9.8 million by 2029, respectively. Noteworthy, the fluctuations in the birth rate and new-born population have exerted a lagged impact on sales of infant products, especially infant formula and disposable diapers. As our digital marketplace has covered nearly all major infant formula brands, such industry backdrop has a more substantial impact on our digital marketplace business, which in turn contributed to the overall decline of such business during the Track Record Period. Moreover, we strategically shifted our business focus from scale-oriented development to profit-oriented development during the Track Record Period. Leveraging our established advantages in operating our digital marketplace, we strategically devoted more resources to the development of our self-operated business during the Track Record Period, where we maintained full control over supplier selection, pricing strategies, brand management, inventory management, delivery and after-sales customer services, to fully release the growth potential brought by user traffic on our platform. See “Financial Information — Description of Key Items of Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income — Revenue” for detailed discussion.

BUSINESS

The following map illustrates the geographic coverage of registered buyers on *Hipac* platform as of December 31, 2024. The geographic locations of registered buyers are determined based on their business registration address or delivery address.



The following table sets forth the number of transacting buyers by tier of markets and as a percentage of the number of total transacting buyers during the Track Record Period.

	Year ended December 31,					
	2022		2023		2024	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
First-tier market	2,480	1.5	2,446	1.4	2,373	1.4
Second-tier market	29,289	17.5	28,017	16.3	26,815	16.0
Lower-tier market	135,320	81.0	141,683	82.3	138,686	82.6
Total	167,089	100.0	172,146	100.0	167,874	100.0

BUSINESS

The following table sets forth the GMV of sales orders from transacting buyers by tier of markets and as a percentage of the total GMV of sales orders from transacting buyers during the Track Record Period. We did not generate revenue from buyers for transactions conducted under our digital marketplace business, as we do not charge any fees or commissions from buyers under such business.

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB in millions</i>	%	<i>RMB in millions</i>	%	<i>RMB in millions</i>	%
First-tier market	259.2	1.7	225.8	1.9	216.8	2.0
Second-tier market	2,951.5	19.8	2,814.7	23.4	1,944.4	17.7
Lower-tier market	11,724.7	78.5	8,987.0	74.7	8,804.8	80.3
Total	14,935.5	100.0	12,027.6	100.0	10,965.9	100.0

SELF-OPERATED BUSINESS

Established upon the downstream buyer base brought by our *Hipac* platform and deep collaboration with upstream manufacturers, we started our self-operated business in 2019 to address growing procurement and fulfilment needs while deepening industry connections. Starting with general self-operated business, we procure family care and nutrition products and take inventory from upstream suppliers and sell them to downstream buyers via our *Hipac* platform. As our industry expertise deepened, we expanded into proprietary brand business in 2021, encompassing both curated white brand products from third-party manufacturers, and our self-developed and OEM-manufactured brand collections. Our proprietary brand collections are mainly sold to downstream buyers through our *Hipac* platform, and to a lesser extent, directly to consumers through our self-operated stores on major e-commerce platforms and through our offline trading partners.

BUSINESS

Despite that both our digital marketplace business and self-operated business are primarily conducted based on our *Hipac* platform, there are major differences between our digital marketplace business and self-operated business as indicated in the following table:

	<u>Digital marketplace business</u>	<u>Self-operated Business</u>
<i>Our role</i>	Platform owner and operator	Vendor
<i>Revenue model</i>	Commissions	Product sales
<i>Revenue recognition method</i>	Net basis	Gross basis
<i>Pricing decision maker</i>	Vendors	Us
<i>Party responsible for inventory</i>	Vendors	Us
<i>Party responsible for delivery</i>	Usually vendors; some vendors also entrust us to deal with their product delivery to facilitate the transaction	Usually us; to a much lesser extent, our suppliers deliver our sourced products to our downstream buyers on our behalf
<i>Party responsible for promotion</i>	Usually vendors; some vendors also rely on our customized marketing services	Us
<i>Party responsible for customer service</i>	Vendors	Us

The following table sets forth the breakdown of our revenue generated from self-operated business by major product categories for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Family care and nutrition products	540,023	99.9	767,479	100.0	797,559	99.5
<i>Nutritional edibles and supplements</i>	314,561	58.2	560,389	73.0	680,909	85.0
Infant formula	214,986	39.8	395,125	51.4	522,135	65.2
Food, snacks and supplements	94,518	17.5	153,242	20.0	86,348	10.8
Dietary supplements	5,057	0.9	12,022	1.6	72,426	9.0
<i>Non-edible family care products</i>	225,462	41.7	207,090	27.0	116,650	14.5
Other products⁽¹⁾	385	0.1	321	0.0	4,267	0.5
Total	540,408	100.0	767,800	100.0	801,826	100.0

Note:

(1) Other products mainly comprise digital home appliances.

BUSINESS

During the Track Record Period, substantially all of our revenue of self-operated business was generated from family care and nutrition products, which accounted for 99.9%, 100.0% and 99.5% of our revenue of self-operated business in 2022, 2023 and 2024, respectively.

Infant formula is one of our most important product categories. Our revenue generated from infant formula substantially increased during the Track Record Period, primarily attributable to our deepened collaboration with upstream infant formula brands through negotiating direct procurement or designated channel arrangements, thereby increasing the scope of infant formula brands under our general self-operated business. We have now evolved into the largest family care and nutrition product commerce and service platform in China in terms of GMV generated from infant formula products in 2024, and have covered nearly all major infant formula brands.

Our revenue generated from food, snacks and supplements increased in 2023, primarily attributable to the surge of our proprietary brand, *Wonder Miao*, which focuses on unmet consumer demands such as freeze-dried melting rice crackers for infants and achieved rapid sales growth through major e-commerce platforms following its launch. Our revenue generated from food, snacks and supplements decreased in 2024, mainly because we reduced our marketing investments in certain non-core sales channels for operational efficiency, and optimized our proprietary SKU structure to focus on products with higher repeat purchase rates and higher margins, which was in line with our strategic shift from a scale-driven approach to a profitability-focused model.

Our revenue generated from dietary supplements substantially increased during the Track Record Period, which serves as the second growth curve of our self-operated business. Such an increase was primarily attributable to our deepened collaboration with upstream brands and increasing the product categories under our general self-operated business, as well as our launch of proprietary dietary supplement brands, such as *Doctor Jepson* and *Prospace*, which have achieved warm market responses.

Our revenue generated from family care products decreased during the Track Record Period, mainly due to our cost optimization initiatives, including the cessation of certain underperforming children’s apparel product lines, and our strategic transition of certain underperforming self-operated diaper brands under self-operated business model to digital marketplace model.

BUSINESS

General Self-operated Business

Under our general self-operated business, we directly procure products from family care and nutrition product brands, their authorized distributors and manufacturers and sell them mainly on *Hipac* platform as the vendor. Through direct negotiations with upstream suppliers, we secure competitive pricing while maintaining full control over inventory management, delivery, pricing strategies and after-sales customer services. We make procurement decisions based on downstream demand and exercise higher level of quality control of products on our own. We carefully select products for our general self-operated business based on analysis of transaction history, transaction preferences and buyer demand on *Hipac* platform. We primarily focus on product categories characterized by high penetration, diverse supply source with fragmented yet resilient downstream demand, where we can gather downstream demands leveraging our role as the owner and operator of *Hipac* platform and achieve stronger bargaining power to ensure cost-competitive offerings.

Our general self-operated business is mainly operated through our own online stores on *Hipac* platform. Products offered under our general self-operated business mainly include infant formula, snacks and supplements, dietary supplements and non-edible family care products.

Product Sourcing

Our self-operated business strengthens the entire supply chain and vitalizes our ecosystem from procurement, warehousing, processing orders, to the delivery to downstream buyers. As of December 31, 2024, we collaborated with 183 family care and nutrition product brands, their authorized distributors and manufacturers under our general self-operated business. We have established strict supplier onboarding procedures to ensure supply chain efficiency and product quality. Before engagement, we perform comprehensive background checks to evaluate supplier candidates’ business conditions, scale, achievements, credit and qualifications. We verify their business licenses and qualifications, as well as their operational permits, and assess their brand reputation, production capacity, reliability, historical record and pricing. Our suppliers must meet our standards for timely delivery of authentic and quality products, with contractual quality guarantees incorporated into all agreements. In addition, we conduct regular and random product inspections to ensure ongoing compliance with our quality standards and policies.

We generally enter into annual framework agreements with our suppliers under general self-operated business. The key terms of the framework agreements with our suppliers are summarized as below:

<i>Duration</i>	The agreement typically has a term of one year, which can be renewed for another year upon the mutual consent of the contractual parties.
<i>Payment and credit term</i>	Full payment shall be made within thirty days following our acceptance of the products.

BUSINESS

<i>Delivery of products</i>	The suppliers shall be responsible for the delivery of products to our designated warehouses, bearing all associated risks during transit until formal acceptance. In a few cases, suppliers are responsible for the delivery of products to our downstream buyers on our behalf.
<i>Product guarantee</i>	The suppliers shall ensure that the products meet the confirmed samples, applicable laws, mandatory standards, and other standards indicated by the suppliers and required by us.
<i>Product returns/ exchanges</i>	We are entitled to return defective or substandard products with costs to be borne by our suppliers. For mislabeled products, suppliers shall be liable for the penalty for breach of contract and relevant product return expenses.
<i>Termination</i>	We are typically entitled to terminate the agreement in the event of a material breach by our suppliers.

For the years ended December 31, 2022, 2023 and 2024, we incurred cost of goods under our general self-operated business of RMB241.2 million, RMB400.8 million and RMB523.8 million, respectively, accounting for 26.9%, 37.6% and 50.7%, respectively, of our total revenue for the same years.

During the Track Record Period, we have collaborated with various family care and nutrition product brands and manufacturers and have been authorized as the designated channel of certain brands and series, such as diapers, infant formula and nutrition products, to exclusively provide marketing, sales and distribution services for brands and manufacturers through specific channels, including our *Hipac* platform and major e-commerce platforms, and within specific regions. For such channel exclusive products, we set unified retail guide price for buyers as the floor price for their subsequent retail sales. This pricing mechanism is designed to maintain price stability across different sales channels, protect the market order, and preserve brand value, while also safeguarding the interests of consumers. In addition, we leverage our customer relationship management system to carefully screen buyers in each geographic region, thereby controlling the regional distribution rationality of channel exclusive products. Pursuant to the platform service agreements we entered into with buyers upon their registration, channel exclusive products shall only be sold offline to consumers within a three-kilometer effective sales radius of the business registration address of the buyers. Buyers are strictly prohibited from reselling any channel exclusive products to other retailers, distributors, or through e-commerce platforms. This restriction is implemented to maintain market order, ensure the proper distribution of products, and avoid cannibalization among distribution channels. Buyers are allowed to return their unsold channel exclusive products to us within a specific period if and only if they cease operation on our platform, thereby ensuring proper distribution of such products to avoid distress sale. During the Track Record Period, the value of return of unsold channel exclusive products from our buyers which have ceased operation amounted to RMB1.6 thousand, RMB805.6 thousand and RMB625.1 thousand in 2022, 2023 and

BUSINESS

2024, respectively, representing a negligible proportion of the GMV from *Hipac* platform under our general self-operated business, respectively. Our dedicated category operation team is responsible for overseeing the retail sales of channel exclusive products by buyers through a combination of on-site inspections and online surveillance, ensuring compliance with our established sales guidelines and maintaining the integrity of the product distribution network.

Our designated channel agreements with brands and manufacturers typically have a term of one year, which explicitly define the scope of authorized brands or products under our representation, as well as the designated channels or regions. Under these agreements, we are granted exclusive rights within the specified region and through the designated channel. During the term, the brands and manufacturers undertake not to directly or indirectly appoint other distributors, nor engage in the sale of the authorized brands or products through other channels.

We are able to obtain designated channel arrangements from family care and nutrition product brands and manufacturers mainly based on (i) our leading position and solid reputation in China’s family care and nutrition product industry in lower-tier market, which can enhance the influence of their brands along the distribution process, (ii) the vast offline retail network we organized that deeply penetrates into counties and villages in China, providing efficient distribution channels for their products, and (iii) our dedicated category operation team and effective retail sales monitoring to ensure the appropriate distribution of their products.

Key Operating Data

The following table sets forth selected operating data of our general self-operated business for the years indicated:

	Year ended/As of December 31,		
	2022	2023	2024
GMV from <i>Hipac</i> platform (RMB in thousands) ⁽¹⁾	236,401	533,105	709,307
Number of suppliers	93	30 ⁽⁴⁾	85 ⁽⁴⁾
Number of paying buyers ^{(1) (2)}	42,862	86,570	99,778
Number of brands/series authorized us as designated channel	24	36	76
Number of SKUs sold ⁽¹⁾	342	571	1,081
Number of SKUs of channel exclusive products sold ⁽¹⁾	412	439	806
Average number of orders per paying buyer ⁽¹⁾	4	5	6
Average GMV per order (RMB) ⁽¹⁾	1,229	1,219	1,292
Inventory turnover days ⁽³⁾	36	36	39

BUSINESS

Notes:

- (1) Including GMV, paying buyers, SKUs sold and orders on our *Hipac* platform (excluding those sold through major e-commerce platforms or to our offline trading partners). For details, see “— Sales Channels.”
- (2) Paying buyers refer to buyers which placed at least one order on our *Hipac* platform under our general self-operated business in the relevant years.
- (3) Calculated as the average of the opening and closing balances of inventories under general self-operated business for the year, divided by cost of sales under the same business for the relevant year, multiplied by the number of days for the relevant year (being 365 days for the years ended December 31, 2022, 2023 and 2024).
- (4) The declined number of suppliers in 2023 was primarily due to our strategic transition of certain underperforming self-operated diaper brands under general self-operated business model to digital marketplace model. The rebound of such figure in 2024 was in line with our expansion of non-edible family care product categories, such as baby bottles, strollers, cribs and baby chairs.

Our Proprietary Brand Business

As our industry expertise deepened, we expanded into proprietary brand business in 2021, encompassing both curated white brand products from third-party manufacturers, and our self-developed and OEM-manufactured brand collections. We take the lead in the research, development and production of our proprietary brand collections and hold the relevant trademarks and patents, which demonstrates our commitment to maintaining product quality and innovation. We identify unmet market demand through big data analysis of transaction data accumulated on *Hipac* platform as well as through continuous communication between our sales and marketing team and offline retail stores, and we study the feasibility of developing products to satisfy such demand and engage OEM suppliers to bring the products to market. We believe this is a high value-added monetization model that is exemplary of our ability to utilize big data analysis and our meticulous insight into unmet market demand to unlock the commercial potential of our ecosystem.

Our Brands and Products

Underpinned by our accumulated efforts in developing proprietary brands, we have incubated and developed 92 brands and series as of December 31, 2024, covering food, snacks and supplements, disposable diapers, and dietary supplements for children and adults.

BUSINESS

The following table sets forth certain information regarding our representative proprietary brands:

	<i>Wonder Miao (喵小侠)</i>	<i>Doctor Jepson</i>
		
Year of launch	2021	2024
Product types	Complementary food for children	Nutrition products
Target consumer	Infants and children	All age groups
Representative series	Freeze-dried melting rice crackers (凍乾溶溶米餅) 	Lysine dipeptide calcium special dietary drink (賴氨酸雙肽鈣特膳飲) for individuals with calcium deficient, poor calcium absorption ability or height management demands 

BUSINESS

Wonder Miao (喵小俠)



- Ca-Fe-Zn teeth grinding rod (鈣鐵鋅磨牙棒)



- Pure fruit puree (純純果泥)



- Lactobacillus snacks



Doctor Jepson



- Double berry and double protein special dietary nutrients (雙莓雙蛋白特殊膳食營養劑) for enhancing family member's immunity and health



- Gamma aminobutyric acid dipeptide drink (γ-氨基丁酸雙肽飲) for children with ADHD and individuals with poor sleep quality, high stress and/or lack of concentration



- Wuyang Sishen dipeptide drink (五養四神雙肽飲) for spleen strengthening



BUSINESS

	<i>Wonder Miao (喵小俠)</i>	<i>Doctor Jepson</i>
		
Recommended price range	RMB9.9–59.9	RMB99–299
Major awards and recognitions	Leading Brand in China’s Food Industry for 30 Years (中國食品產業30年領創品牌) by Huatang Cloud Operators, a state-owned modern media service company backed by Hebei Daily Press Group, in 2023 Annual New Potential Brand of China Maternity and Baby Industry Award (中國孕嬰童產業獎年度新勢能品牌) by Children Baby Maternity Expo in 2023 Top 100 New Forces of 2023 China Chic Brand (2023國潮品牌新生力量百強榜) by TideSight (觀潮新消費)	Annual Innovative Product of the 18th China Food Industry Growth Star (第18屆中國食品產業成長之星年度創新產品) by Huatang Cloud Operators in 2024 Annual Best Selling Product Award (年度暢銷產品獎) by Foodalink (數食主張) in 2025

Leveraging the big data analysis of transaction data amassed on *Hipac* platform as well as through continuous communication between our sales and marketing team and offline retail stores, we can swiftly detect trends in consumer preferences and shifts in demand. For example, through ongoing dialogue with offline retail stores, we identified the critical concerns among young mothers about choking hazards associated with traditional teething complementary foods for infants. In direct response to this unmet need, we were the first in the industry to launch our self-designed and self-developed *Wonder Miao (喵小俠)* freeze-dried melting rice crackers in January 2022. Using the aviation-grade freeze-drying process at –40°C, these rice crackers can dissolve within 3 seconds. While meeting the teething needs of babies, they also minimize the risk of choking. Once launched, *Wonder Miao* rice crackers soon became extremely popular in the market. It achieved the top sales performance in the rice cracker category during the June 18 Shopping Festival, Double 11 Shopping Festival, and the Chinese New Year Goods Festival in 2022.

BUSINESS

Understanding parents’ deep commitment to their children’s development, we conducted extensive research to establish height management as our core product proposition. We collaborated with a health food R&D and production platform and a pharmaceutical company in China to establish a joint laboratory for growth research, which has a professional product R&D team comprising of over 13 registered dietitians, senior nutritionists and health management personnel as of December 31, 2024. Through coordinated R&D and production efforts, we successfully entered the nutritional products market. Our *Doctor Jepson* brand introduced the lysine dipeptide calcium special dietary drink (賴氨酸雙肽鈣特膳飲) for teenagers aged 3–18 years old in 2024, achieving sales amount over RMB4.5 million in its first month of launch. As of December 31, 2024, our *Doctor Jepson* brand collections have over 18 raw material patents and over 20 technology patents in China, which underscore our commitment to product excellence and technological superiority in the market. In light of the understanding of consumer demand for household immunity enhancement in the post-pandemic era, our *Doctor Jepson* brand duly launched double berry and double protein special dietary nutrients (雙莓雙蛋白特殊膳食營養劑) in June 2025, with a dedicated focus on the immune health of the whole family. The product innovatively integrates ten core nutritional ingredients to create a three-dimensional and comprehensive immune nutrition solution. Within 15 days of its launch, the product achieved sales of over 20,000 units and exceeded RMB3.4 million in sales, receiving a warm market response.

We also undertake the incubation of high-quality white brand products sourced from third-party manufacturers to diversify our product matrix and provide buyers with a broader range of cost-effective options. For example, *Daddy Captain* (爸比船長) is a brand we incubated from high-quality white brand products produced by a well-renowned manufacturer, Winsun, which is one of our five largest suppliers throughout the Track Record Period. We started our cooperation with Winsun in 2021 and identified the potential synergies between the high-quality disposable diapers produced by Winsun and our amassed sales network in the family care and nutrition product industry. We established our non-wholly owned subsidiary, Hangzhou Borou Trading Co., Ltd. (杭州帛柔貿易有限公司), in March 2021, with Winsun as the minority shareholder, to incubate the *Daddy Captain* brand, and successfully launched new product series under *Daddy Captain*. To further deepen our collaboration with Winsun, we entered into a strategic cooperation agreement with Winsun in the same year, pursuant to which all white brand products produced by Winsun shall only sell on our *Hipac* platform.

BUSINESS

Product Development Process

We have set in place internal procedures for developing proprietary brands and products, covering lead discovery of market demand, project proposal, feasibility study, design, selection of OEM suppliers, sample making, internal review and customer trial, mass production, quality control, product launch and post-launch tracking. We have focused on proprietary product design and development which enable us to timely refine existing products and develop new products to cater to changing market needs and maintain our competitiveness.

Our proprietary brands and products are generally developed pursuant to the following processes:



- *Demand identification.* Leveraging the profound insights gleaned from years of experience in operating our digital marketplace business, we identify unfulfilled market demand through big data analysis of transaction data accumulated on *Hipac* platform as well as through ongoing communication between our sales and marketing team and offline retail stores.
- *Feasibility study.* Upon the initiation of the development proposal, we undertake a multi-faceted assessment of the viability of launching new products, which encompasses competitive product analysis, where we thoroughly examine the features, market positioning and competitive edge of comparable products. We conduct value chain decomposition and competitors’ gross profit margin analysis to gain a deeper understanding of their cost-revenue structures and pricing strategies. We also focus on identifying the key selling points of potential new products, which are crucial for formulating effective marketing and sales strategies.
- *Design and internal review.* Having due regard to the practical features and parameters of the conceptualized product design, we shortlist appropriate OEM supplier candidates for sample making. Through multiple rounds of internal reviews and in consideration of customer trial feedback, we finalize and document the product design and formula.

BUSINESS

- *Production.* After finalizing the new product designs, our product development team works out the product and packaging specifications and requests OEM supplier candidates to provide fee quotes. Once we confirm the fee quote and product and packaging details, our procurement team places purchase orders to OEM suppliers for mass production. For details of our cooperation with our OEM suppliers, see “— OEM Suppliers.”
- *Marketing and product launch.* Our sales and marketing team formulates comprehensive marketing strategies and take on the visual design, layout structure, and copywriting of the product details page. Our sales and marketing team works closely with our product development team on the target marketing window for our product launch, ensuring that marketing efforts are precisely aligned with product features, market positioning and target customer needs.
- *Monitoring and feedback.* Following the product launch, we conduct meticulous and continuous monitoring, as well as in-depth analysis of the real-time sales data and market feedback obtained from our *Hipac* platform and major e-commerce platforms. Through a comprehensive and systematic examination of the sales data, we fine-tune our marketing strategies in a timely manner. Additionally, the insights derived from such analysis enable us to identify areas for future product enhancement and iterative development, ensuring that our products remain competitive and relevant in the dynamic market environment.

Supported by our strong product design and development capabilities, we have successfully developed and launched extensive proprietary brand collections. We also strive to maintain the balance between offering diversified collections of products and streamlining SKUs for better cost control. As of December 31, 2024, we had an in-house product development team of 36 employees with an average experience of over 9 years in the family care and nutrition product industry. We also collaborate with reputable and established manufacturers to jointly develop new products under our proprietary brands as a complement to our in-house R&D initiatives. In 2022, 2023 and 2024, we launched 678, 302 and 643 new SKUs under our proprietary brand business, respectively. For the years ended December 31, 2022, 2023 and 2024, our research and development expenses in relation to product design and development under our proprietary brand business amounted to RMB4.2 million, RMB4.6 million and RMB3.6 million, respectively, representing 0.5%, 0.4% and 0.3%, respectively, of our revenue during the same years. We plan to continue to invest in product design and development under our proprietary brand business and to focus on pioneering innovations in order to remain competitive.

BUSINESS

OEM Suppliers

We carefully select our OEM suppliers according to our internal procurement management guidelines and require them to satisfy certain criteria in terms of supplier admission, evaluation, review, assessment and removal. We evaluate them based on a range of factors, including overall track record, expertise, product quality and quality control, historical relationship with us, price, reliability, financial condition, reputation, experience, ESG performance, ability to meet our delivery timeline and production capacity. We also evaluate our existing suppliers on a regular basis through employing a supplier scoring checklist and examining the production site of the suppliers. Our evaluation criteria include manufacturing facilities, quality control, on-time delivery rate, process yield, differences between proposed and final prices, devoted management, pass rate of first inspection, post-sale return rate and ESG initiatives. Our procurement team works closely with our OEM suppliers during each step of the process and conducts quality checks upon final product delivery to ensure that products manufactured by our suppliers meet our quality control standards. In addition, each of our OEM suppliers must obtain relevant licenses required by laws and regulations and pass our internal quality control procedures. See “— Quality Control” below. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material disruption to our business as a result of failure to obtain outsourced products and we had not experienced, and do not expect to experience, any material difficulties in obtaining the outsourced products we require.

Our OEM suppliers are principally suppliers of finished goods, which process raw materials purchased by themselves and provide us with the finished products. To a much lesser extent, historically we had a few processing suppliers for our attempts to develop certain proprietary brand collections which we have ceased to pursue. Such processing OEM suppliers processed raw materials provided by us and provided us with the processed products.

We generally enter into framework agreements with our OEM suppliers with terms ranging from 12 to 18 months, and place orders as necessary. The framework agreements we entered into with our OEM suppliers set forth terms such as the supplier’s qualifications, procedures for placing orders, production obligations, quality standards and specifications, pricing terms, delivery protocol, inspection and acceptance of products, return policy, payment terms, confidentiality obligations and protection of know-how, trademarks and other intellectual property rights. These framework agreements typically do not contain minimum purchase or price requirements. We specify the product type, unit price, quantity, delivery timeline and other detailed items in each purchase order we send to our OEM suppliers from time to time. Payments are generally settled by us within one month upon our receipt of product delivered. To a lesser extent, some OEM suppliers require prepayments prior to product delivery. We may return products within the warranty period as stipulated in the agreements or at any time after delivery when we discover any defect in the products. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our OEM suppliers.

BUSINESS

Key Operating Data

The following table sets forth selected operating data of our proprietary brand business for the years indicated:

	Year ended/As of December 31,		
	2022	2023	2024
GMV from <i>Hipac</i> platform (RMB in thousands) ⁽¹⁾	275,124	268,140	199,016
Number of OEM suppliers	105	52 ⁽⁴⁾	82 ⁽⁴⁾
Number of paying buyers ^{(1) (2)}	46,829	42,180	38,018
Number of orders from consumers on major e-commerce platforms	1,139,251	1,294,596	765,957
Number of new SKUs launched	678	302 ⁽⁴⁾	643 ⁽⁴⁾
Number of new dietary supplement SKUs launched	4	9	100
Number of SKUs sold ⁽¹⁾	678	681	1,030
Average GMV per order ⁽¹⁾	235	239	205
Inventory turnover days ⁽³⁾	24	21	17

Notes:

- (1) Including GMV, paying buyers, SKUs sold and orders on our *Hipac* platform (excluding those sold through major e-commerce platforms or to our offline trading partners). For details, see “— Sales Channels.”
- (2) Paying buyers refer to buyers which placed at least one order on our *Hipac* platform under our proprietary brand business in the relevant years.
- (3) Calculated as the average of the opening and closing balances of inventories under proprietary brand business for the year, divided by cost of sales under the same business for the relevant year, multiplied by the number of days for the relevant year (being 365 days for the years ended December 31, 2022, 2023 and 2024).
- (4) The declined number of OEM suppliers and number of new SKUs launched in 2023 was primarily due to our cessation of certain underperforming children’s apparel product lines. The rebound of such numbers in 2024 was principally driven by our rapid expansion of proprietary dietary supplement brands.

Our proprietary brand business experienced fluctuations during the Track Record Period, primarily due to the combined impact of our successful launch of hot-selling proprietary brand products, as well as our adjusted marketing strategy. See “Financial Information — Description of Key Items of Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income — Revenue” for detailed discussion.

BUSINESS

Sales Channels

Products under our self-operated business are mainly sold to downstream buyers through our own online stores on *Hipac* platform, and to a lesser extent, directly to consumers through our self-operated stores on major e-commerce platforms and through our offline trading partners which do not transact on our *Hipac* platform. The following table sets forth the breakdown of revenue generated from our self-operated business by sales channels for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<i>Hipac</i> platform	378,065	70.0	631,315	82.2	709,877	88.5
Third-party e-commerce platforms	83,285	15.4	97,173	12.7	67,320	8.4
Offline trading partners	79,058	14.6	39,312	5.1	24,629	3.1
Total	540,408	100.0	767,800	100.0	801,826	100.0

Sales through Hipac Platform

Under our self-operated business, our *Hipac* platform is the most important sales channel, through which we sell products mainly to offline retail stores in lower-tier market, which in turn, resell such products to consumers within the neighborhood. Considering that (i) buyers are required to pay us before we deliver the products to them, (ii) we do not impose minimum purchase amount requirements, and (iii) except for channel exclusive products which we set unified retail guide price for buyers as the floor price for their subsequent retail sales, we do not mandate their selling price to consumers, we believe that our sales through *Hipac* platform reflect genuine consumer demand directly from the local communities and therefore our products are at low risk of channel stuffing.

Sales through E-commerce Platforms

We also sell our proprietary brand collections directly to consumers through our self-operated stores on major e-commerce platforms, including Tmall, JD.com, Douyin, Pinduoduo and Rednote. We enter into standardized platform agreements with third-party e-commerce platforms for the operation of our self-operated stores thereon, which contain terms regarding the respective obligations of each party. The duration of such agreements is generally one year, which are renewable on an annual basis. Third-party e-commerce platforms typically provide us with software and Internet information related services, and we pay service fees accordingly. Service fees generally include annual service fees and commissions based on our sales on such third-party e-commerce platforms. The agreements shall be terminated on expiration, upon mutual consent or by the non-defaulting party in

BUSINESS

the event of a material breach. We generally follow the payment rules of these third-party e-commerce platforms and require consumers to make payments before we process orders and make deliveries. Once consumers confirm the receipt of the deliveries on the third-party e-commerce platforms, the platforms would release the payments to us. After our online stores receive orders from consumers and consumers make payments to the third-party e-commerce platforms, we normally arrange deliveries to consumers’ designated addresses through third-party logistics companies. We generally offer consumers standard service policies following the product return and exchange rules of the relevant e-commerce platforms.

Sales to Offline Trading Partners

To a lesser extent, we also sell products under our self-operated business to our offline trading partners as a supplemental channel to promote certain relatively new brands, thereby enhancing their brand appeal. Such offline trading partners in turn, resell such products to downstream businesses or consumers through their own offline channels or online platforms. The transactions are conducted offline and not processed through our *Hipac* platform. Our sales team negotiates directly with our offline trading partners to confirm product demand, and our offline trading partners then send their orders directly to our sales team.

We believe that collaboration with offline trading partners allows us to leverage their local market expertise, knowledge and established sales networks, helping us extend our reach and achieve deeper market penetration across wider geographical areas. This approach enables us to more rapidly and cost-effectively penetrate the lower-tier market without incurring significant marketing expenses. According to Frost & Sullivan, collaboration with offline trading partners is in line with the industry norm in China’s commerce and service of family care and nutrition product industry.

The following table sets forth the total number of our offline trading partners which purchased products from us at least once under self-operated business during the relevant year and the movement during the years indicated:

	Year ended December 31,		
	2022	2023	2024
Number of offline trading partners as at the beginning of year	296	356	261
Addition of new offline trading partners	63	21	22
Decrease in number of offline trading partners	3	116	241
Number of offline trading partners as at the end of year	356	261	42

BUSINESS

During the Track Record Period, our offline trading partners mainly comprise product trading companies for the promotion and sales of a relatively new infant formula brand, and to a lesser extent, for the promotion and sales of our proprietary brand, *Wonder Miao*. The decrease in the number of offline trading partners during the Track Record Period was primarily due to our gradual cessation of such infant formula product line. We closely monitor the performance of our offline trading partners. To the best of our knowledge, as of the Latest Practicable Date, all of our offline trading partners were Independent Third Parties and none of our offline trading partners were controlled by our former or current employees.

In our commitment to maintaining high standards, we continually evaluate and select suitable offline trading partners. We select and assess offline trading partners based on a number of standards, including, among others, their local resources and experiences, distribution channels, accumulated customer base, marketing capabilities, financial conditions, risk management capabilities and reputation. When engaging offline trading partners, we would consider their business nature, distribution channels, locations and target markets, so as to avoid potential competition among our offline trading partners.

We usually sell products to our offline trading partners on an order-by-order basis and enter into one-off sales agreements with them. With some of our major offline trading partners, we enter into annual framework agreements, under which they would place orders with us from time to time.

We generally cooperate with most of our offline trading partners based on a straightforward buyer-seller model. We recognize revenue and transfer the risk in and title to our products upon delivery of our products to the offline trading partners’ designated place.

Our agreements with offline trading partners generally include the following key terms:

<i>Duration</i>	The agreements are typically one-off sales agreements or annual framework agreements, under which they would place orders with us from time to time.
<i>Retail prices and minimum purchase amount</i>	We typically do not include retail prices or minimum purchase amount in the agreements.
<i>Limitations on return or exchange</i>	We generally do not accept any return or exchange of products except for defective or substandard products.

BUSINESS

<i>Payment and credit terms</i>	We generally require full payment be made in advance before shipment. In some circumstances, offline trading partners settle payments with us pursuant to the prescribed cycle.

<i>Termination</i>	The annual framework agreements can be terminated (i) with a 30-day prior notice by either party, (ii) by the non-defaulting party in the event of a material breach, or (iii) due to force majeure events.

To a lesser extent, for some of our major offline trading partners, we provide drop-shipping services, where we deliver our products to their end customers directly according to the order details and addresses provided by our offline trading partners. Under the drop-shipping model, we collaborate with our offline trading partners on a consignment basis, where we only recognize revenue when products are delivered to and accepted by their end customers. We settle payments with our offline trading partners and regard them as our customers under the drop-shipping model. Therefore, our products are not subject to channel stuffing risks under the drop-shipping model.

The key terms of our agreements with such offline trading partners under the drop-shipping model are summarized below:

<i>Duration</i>	The duration of agreements is typically 12 months, subject to renewal by mutual agreement.

<i>Retail prices and minimum purchase amount</i>	We typically do not include retail prices or minimum purchase amount in the agreements.

<i>Delivery logistics</i>	We shall deliver our products to the end customers of such offline trading partners according to the order details and addresses provided by offline trading partners on their behalf, and we generally bear the relevant delivery costs.

<i>Product returns/ exchanges</i>	End customers of the offline trading partners are generally entitled to unconditional return or exchange guarantee within seven days of the purchase, or to return defective or substandard products. We shall bear the return or exchange costs.

<i>Payment and credit terms</i>	Offline trading partners typically settle payments with us biweekly or monthly.

<i>Termination</i>	The agreements can be terminated by the non-defaulting party in the event of a material breach or due to force majeure events.

BUSINESS

During the Track Record Period, we did not record any material product returns from our offline trading partners. Additionally, we are under no obligation to assist our offline trading partners in disposing of unsold products. During the Track Record Period and up to the Latest Practicable Date, we have not repurchased any products previously sold to our offline trading partners.

We believe that our sales to offline trading partners during the Track Record Period reflected genuine market demand and therefore our products are at low risk of channel stuffing in our distribution network, because (i) we do not impose minimum purchase amount requirements on our offline trading partners or mandate their subsequent selling prices, and they typically place purchase orders upon receiving requests from end customers or based on their estimated market demand from consumers; (ii) we generally do not accept any return or exchange of products from offline trading partners except for defective or substandard products, ensuring that offline trading partners place orders based on realistic sales forecasts rather than speculative or inflated volumes. These measures ensure that our distribution network remains efficient, demand-driven, and reduce the risk of channel stuffing, supporting both the operational stability of our offline trading partners and the sustainable growth of our business.

PRICING

We determine the pricing of our products and services through a comprehensive evaluation of multiple factors. We anticipate the future price trends of our products and services will not experience material fluctuations. The table below summarizes the business nature, type of customers, revenue model and pricing model of each of our business line:

Business line	Business nature	Type of customers	Revenue model	Pricing model
Digital marketplace business	We operate our <i>Hipac</i> platform as an online marketplace where upstream vendors sell family care and nutrition products to downstream buyers.	Upstream vendors, including manufacturers, distributors and brands	Commissions	We charge vendors commissions based on the GMV of their sales on our <i>Hipac</i> platform. Our commission rates are subject to negotiations on a case-by-case basis, taking into account factors such as product categories, transaction volume, whether we deal with product delivery for vendors on their behalf and whether we provide customized marketing services. For the years ended December 31, 2022, 2023 and 2024, the average commission rates we charged were approximately 2.5%, 2.6% and 2.3%, respectively.

BUSINESS

Business line	Business nature	Type of customers	Revenue model	Pricing model
Self-operated business				
General self-operated business	We procure family care and nutrition products and take inventory from upstream suppliers and then sell them to downstream buyers mainly via our <i>Hipac</i> platform.	- Downstream buyers purchasing products on our <i>Hipac</i> platform - Our offline trading partners	Sale of products	Selling prices of our products under our general self-operated business are determined based on various factors, including the market price, our purchasing price from suppliers and the price of competing products.
Proprietary brand business	We offer our self-developed and OEM-manufactured family care and nutrition products under our proprietary brand business to downstream buyers.	- Downstream buyers purchasing products on our <i>Hipac</i> platform - Individual customers purchasing products through our self-operated stores on major e-commerce platforms - Our offline trading partners	Sale of products	Selling prices of the products under our proprietary brand business are determined with reference to the relevant development and production costs plus appropriate profit margins.

SALES AND MARKETING

Sales and Marketing Team

Business development is an essential portion of our business sourcing and maintenance of downstream relationship. It is where we start to build close relationships with buyers and introduce them to our business. It also helps upstream vendors gain access to a broad coverage of buyers at lower cost. Our sales and marketing team plays a vital role in shaping our brand image by directly engaging customers to introduce and demonstrate our platform, products and services. Well-versed in the details and diversity of our offerings, they dive deep into the buyer level, conduct offline visits and collect valuable feedback from buyers through in-person interactions. The feedbacks they collected help us understand buyers and identify market expansion opportunities. Our sales and marketing team serves as the bond between buyers and us. Such intimacy has effectively helped maintain our relationship with buyers.

Our sales and marketing team is centrally and digitally managed. We provide our sales and marketing team with real-time buyer updates, geographical information and sales strategies for our sales and marketing team to quickly respond to buyer requests. Our centralized and digitalized management has enabled us to maintain a dynamic balance, retaining a relatively large sales and marketing team while controlling customer acquisition costs at the same time. As of December 31, 2024, each sales and marketing personnel, on average, can visit around seven offline retail stores daily.

BUSINESS

As of December 31, 2024, our sales and marketing team comprised 484 full-time personnel stationed across 26 provinces, municipalities and autonomous regions with approximately 8 years of industry experience on average. We have a strict screening process and training program for our sales and marketing team, which is highly localized and have a deep understanding of the family care and nutrition product industry in lower-tier market. To motivate and reward our sales and marketing team, we have implemented a compensation structure that combines a fixed salary with performance-based incentives. Performance targets are set to align with our business goals, and team members’ achievements are assessed quarterly, with performance-based payouts made accordingly. This approach ensures our sales force remains focused, driven, and aligned with our objectives.

Marketing and Promotion

We believe that the most effective form of marketing is to continue to enhance our user experience, as user satisfaction engenders word-of-mouth referrals and additional purchases. Specifically, our sales and marketing strategy is designed to improve our brand recognition, increase user traffic to our platform, build strong user loyalty, drive repeat purchases, and develop incremental revenue opportunities. All the services we provide to our ecosystem participants help promote and reinforce our brand in the market. The synergy created by our digital marketplace business, customized marketing services and our self-operated business serves as an important source of user acquisition for each other. Our businesses reinforce among themselves, forming a virtuous cycle and symbiotic ecosystem.

Vendors shall determine coupons, discounts or subsidies for their products sold on our platform and shall bear the relevant costs. We may offer less than 1.0% commission rate discounts for third-party vendors during promotional campaigns on our digital marketplace.

For our self-operated business, we provide coupons which offer different discount rates to buyers of our platform. The subsidies provided to buyers under our self-operated business on our digital marketplace as a percentage of total GMV from our self-operated business was 9.9%, 13.4% and 12.5% for the years ended December 31, 2022, 2023 and 2024, respectively. According to Frost & Sullivan, our practice is in line with the industry norm in China’s commerce and service of family care and nutrition product industry. See “Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition — Self-operated Business — Coupons” for accounting treatments of coupons we provided.

We also hold online promotional campaigns on our digital marketplace to further increase our own brand awareness and that of upstream vendors, and to better capture market share. We hold regular platform wide promotions and year-end grand promotion for buyers. We also leverage social media platforms for brand promotion. Through channels such as WeChat group, Rednote and Douyin, we disseminate product

BUSINESS

demonstrations, customer testing via short videos, live streams, and multimedia content. Through targeted content marketing, we have successfully attracted a substantial audience and amplified our market influence.

SEASONALITY

A significant portion of our revenue is related to purchase orders placed by offline retail stores on our digital marketplace. We experience seasonality in our business, reflecting a combination of traditional retail seasonality patterns and emerging patterns associated with online platforms in particular. We typically record higher revenue in the second half of the year attributable to the promotional campaigns we held, such as the year-end grand promotion in December, which capitalizes on buyers’ year-end shopping demands. Moreover, the seasonal patterns of offline consumption play a crucial role. As the year progresses, consumers tend to increase their spending and purchase products in advance in anticipation of the year-end festive season, which in turn boosts our revenue in the second half of the year. We generally experience less user traffic and purchase orders during the Chinese New Year holiday season in the first quarter of each year, when lower-tier market experiences widespread closures as manufacturers halt production and offline retail stores cease operations.

INFORMATION TECHNOLOGY INFRASTRUCTURE

Our technological advances play a crucial role in driving the growth of our operations. Having been dedicated to the family care and nutrition product industry for over a decade, our proprietary *Hipac* platform accumulates mass transaction data and streamlines the entire family care and nutrition product transaction process, as digitalization makes the steps along the transaction process, such as product information posting, product selection, order management and bill reconciliation. Our *Hipac* App was accredited the Level III Information System Security Level (第三級信息系統安全等級保護) awarded by the local branch of the Ministry of Public Security of the PRC in 2021 and passed the subsequent review in 2024, which endorses our capability in system operation and information security.

Our information technology infrastructure has the following key features:

- ***Distributed architecture.*** Our entire *Hipac* platform is built on a distributed architecture, with microservices at its core, supporting high concurrency.
- ***Cloud-native.*** Cloud native is the software approach of building, deploying and managing modern applications in cloud computing environments. We employ a cloud-native architecture to meet our users’ requirements for high system performance, reliability, flexibility and scalability, supporting elastic scaling, resource utilization, resource optimization and automated monitoring.
- ***Big data.*** Leveraging big-data technologies, our *Hipac* platform manages the entire extract-transform-load process of the data warehouse, including data collection, cleaning, storage and analysis.

BUSINESS

- **AI algorithms.** Based on AI algorithmic strategies, our *Hipac* platform utilizes different strategies in various scenarios for personalized recommendations, thereby enhancing the user experience.
- **Data privacy.** Our data is an important asset of our platform. We ensure data and network security through encryption and prevention technologies.

Our *Hipac* platform has been deeply involved in the family care and nutrition product industry for over a decade, and our system has undergone numerous iterations. We intend to continuously strengthen our information technology infrastructure and enhance our technical moats leveraging research and application of cutting-edge technologies such as AI and big data analytics.

CYBERSECURITY AND DATA PRIVACY AND PROTECTION

Regulatory Development of Data Privacy and Protection

There has been regulatory development in relation to cybersecurity and data security and personal information protection in recent years. On June 10, 2021, the *PRC Data Security Law* (《中華人民共和國數據安全法》) was adopted by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) and became effective on September 1, 2021. On August 20, 2021, the *PRC Personal Information Protection Law* (《中華人民共和國個人信息保護法》) (the “**PIPL**”) was adopted by the Standing Committee of the National People’s Congress and became effective on November 1, 2021. On December 28, 2021, the CAC, together with certain other PRC government authorities, promulgated the revised *Measures for Cybersecurity Review* (《網絡安全審查辦法》), which became effective on February 15, 2022. For further details of these laws and regulations, see “Regulatory Overview — Regulations Relating to Cybersecurity and Data Protection.” The above regulatory development relevant to cybersecurity, data security and personal information protection could impact China’s commerce and service of family care and nutrition product industry.

We have designed and implemented comprehensive internal policies on cybersecurity, data security and personal information protection in compliance with applicable PRC laws and regulations in all material aspects. During the Track Record Period and up to the Latest Practicable Date, we had not experienced material loss or leakage of personal information, and had not received any regulatory penalties, litigations or other legal proceedings in relation to laws and regulations of personal information protection, data security and cybersecurity. Based on the foregoing, our PRC Legal Advisors in respect of PRC data compliance law were of the view that we were in compliance with all applicable PRC laws and regulations governing cybersecurity, data security and personal information protection in all material aspects during the Track Record Period and as of the Latest Practicable Date. However, as the laws and regulations in the cybersecurity, data security and personal information protection are still developing, we cannot assure you that we can always timely adapt to all the aspects of such laws and regulations. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with laws and regulations on cybersecurity, information security, data privacy and protection could result in claims

BUSINESS

and penalties imposed by relevant government authorities, which could harm our brand and reputation, and materially and adversely affect our business operations and financial performance.”

Our Internal Policies and Measures on Data Privacy and Protection

Our business requires us to collect, use, store, transmit and share personal information, with respect to our users in relation to and to the extent necessary for their usage of our *Hipac* platform and other services, and with respect to our corporate users and their employees. The protection of privacy and data security is one of our highest priorities. We have designed a series of strict data privacy and protection policies to ensure that the collection, use, storage, transmission and sharing of personal information are in compliance with applicable PRC laws and regulations.

Data Collection

We collect personal information through our *Hipac* platform as well as several ancillary websites and WeChat mini programs. Such information includes, among others, users’ delivery addresses, phone numbers, tax numbers and bank information. We collect such information from users when they register on our platform, enter into agreements with us and/or place orders with us.

We have formulated and publicly disclosed privacy policies for our platform, and before collecting personal information, we will publicize the contents of the privacy policies to personal information subjects and obtain their express consent. Our platform processes personal information in accordance with the privacy policies to which the personal information subjects have consented on the platform. The privacy policies have specified that before collecting sensitive personal information, we will obtain the separate consent of personal information subjects through pop-ups or other means. When the purpose, type, scope or use of personal information processing changes, we will promptly revise the privacy policies and re-obtain the consent of personal information subjects. The privacy policies have informed personal information subjects of the circumstances where their personal information is shared with third parties, specifying the third parties receiving the personal information, the types of personal information, the processing scenarios and the purposes.

Data Storage

We had not provided important data to overseas during the Track Record Period and as of the Latest Practicable Date. When providing users with overseas direct purchase services, we need to share users’ name, delivery address, mobile phone number and order information with overseas product vendors to the extent necessary for facilitating such purchase. Except for the above, the personal information collected and generated in our business operations within China is neither transmitted or stored overseas, nor is any overseas institution, organization or individual permitted to query, retrieve, download or export the personal information stored within China.

BUSINESS

Data Using and Sharing

We have formulated the *Partners Data Compliance Management Guidelines* (《合作夥伴資料合規管理規範》). In accordance with the template of the compliance declaration letter (《合規聲明函》) set out in the guidelines, we require third parties that provide us with users’ personal information to confirm that they have obtained the users’ authorization for such third parties to use the users’ personal information, and require such third parties to specify in the agreements the specific scope of the users’ authorization, as well as to undertake to us that their data sources and data processing activities comply with the PRC laws and regulations. If we share personal information with third parties, we will enter into compliance declaration letters with such third parties, stipulating matters including the types of personal information involved in the personal information sharing, the purpose of the sharing, the methods for responding to requests from personal information subjects, and the response to personal information leakage and security incidents, and will require the personal information recipients to comply with the laws and regulations relating to personal information compliance. If we entrust third parties to process personal information, we will enter into compliance declaration letters with such third parties, clearly specifying the purpose, term, processing methods, types of personal information, protective measures, and the rights and obligations of both parties in respect of the entrusted processing, and will reserve the right to supervise the personal information processing activities of the trustee, as well as the right to require the trustee to return or delete the personal information upon the termination of the entrustment relationship.

Data Protection

To minimize the risk of information loss or leakage, we encrypt and de-identify personal information that we collect and conduct remote data backup for disaster recovery, check backups on a regular basis and maintain audit trails. Access to personal information is subject to security level control and proper authorization. We maintain detailed record of any access to and edit of personal information.

During the Track Record Period and up to the Latest Practicable Date, we had not received any third-party claim against us on the ground of infringement of such party’s right to data protection as provided by any applicable laws and regulations. Based on the aforementioned efforts and our commitment to continuously implement and strengthen our data compliance practices, our PRC Legal Advisors in respect of PRC data compliance law have advised us that, as of the Latest Practicable Date, we were in compliance in all material respects with all applicable PRC laws and regulations concerning data privacy and protection. See “Regulatory Overview — Regulations Relating to Cybersecurity and Data Protection” for details of applicable PRC laws and regulations concerning data privacy and protection.

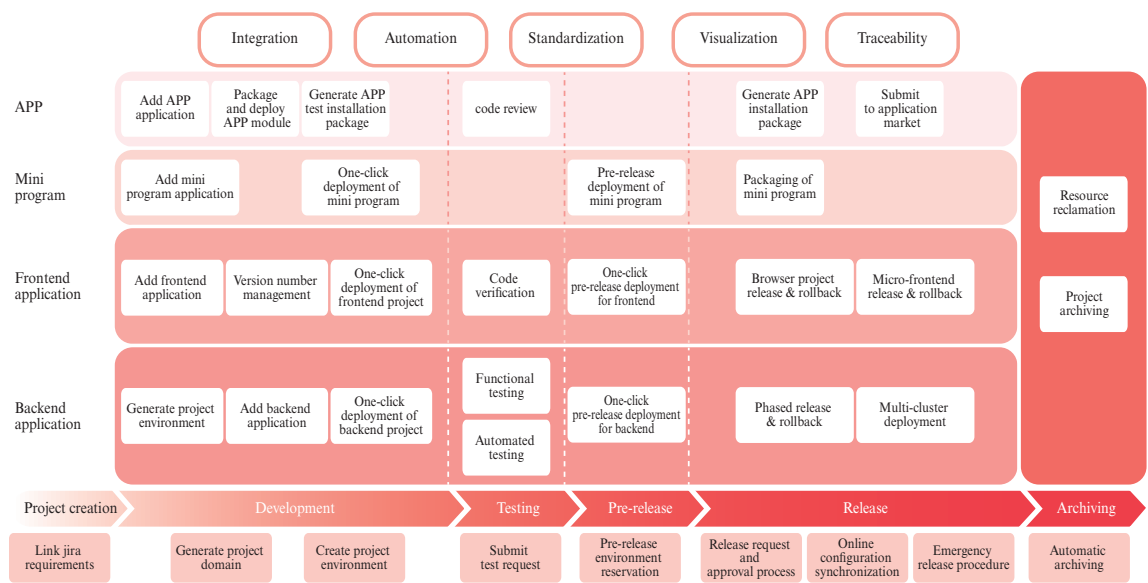
BUSINESS

RESEARCH AND DEVELOPMENT

Our vision and focus on innovation have fueled our growth and enabled us to continuously improve our existing offerings and develop new products and services. We believe a strong R&D capability is crucial to our continued success and ability to develop offerings to keep up with rapid development and advances in software technology. We closely attend to the needs of our customers and respond to their feedback and requests through developing new services or adding advanced or optimized features. Our R&D activities mainly include constantly improving our algorithm and data analytics capabilities, developing and maintenance of our digital tools, providing technological support to our digital marketplace, and assuring data security of our platform. During the Track Record Period, our research and development expenses were RMB63.4 million, RMB35.3 million and RMB33.8 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 7.1%, 3.3% and 3.3% of our total revenue for the same years, respectively.

Through the integration of best practices in digital R&D, we have established the Hione platform by structuring an end-to-end digital R&D process framework, which covers closed-loop management from requirement capture to product release. As a comprehensive DevOps system, our Hione platform enables the completion of nearly all R&D-related tasks, including project management, application management, branch application and trunk merging, packaging, environment provisioning, deployment, pre-release testing, and formal release. This allows R&D personnel to avoid direct engagement with native operation methods. By doing so, our Hione platform not only significantly enhances R&D efficiency but also minimizes or reduces the probability of human errors.

The following diagram illustrates our overall digital R&D process:



BUSINESS

We have an in-house R&D center, which enables us to continuously develop and improve our information technology infrastructure as well as our offerings. As of December 31, 2024, our in-house R&D team comprised 50 full-time employees with over 10 years of working experience on average. Our aim is to provide our R&D personnel with a comfortable work environment to stimulate their creativity and efficiency. Our R&D personnel work under comprehensive and strict procedures covering demand analysis, project initiation, design and development, and testing and launching to effectively control costs as well as guarantee quality. We evaluate our R&D personnel, not only based on product quality, project quality, and technology abilities, but also based on soft aspects such as user experience.

PRODUCTION

We operate our proprietary brand business under an asset-light approach and engage independent manufacturers to produce our proprietary brand collections on an OEM basis. This approach allows us to focus our resources on maintaining and developing our key competitive strengths, such as exploring and fulfilling diverse consumer needs, instead of investing significantly in production sites and equipment. The OEM production model also enables us to gain flexibility to adapt quickly to market trends and cater to consumers’ evolving needs. See “— Self-operated Business — Proprietary Brand Business — OEM Suppliers” for details.

OUR CUSTOMERS

During the Track Record Period, our customers primarily included (i) vendors on our digital marketplace; (ii) buyers of products of our self-operated business; and (iii) our offline trading partners. We do not have substantial reliance on any single customer.

Our Five Largest Customers

The following table sets forth certain information of our five largest customers (on a grouped basis) during the Track Record Period.

Year Ended December 31, 2024

Customer	Major services/products provided by us	Credit terms and payment method	Revenue contribution (RMB'000)	As a percentage of our total revenue (%)	Length of business relationship with us
Quanzhou Hexing Hygiene Products Co., Ltd. (泉州市合興衛生用品有限公司) ⁽¹⁾	Digital marketplace	N/A; bank transfer	15,456	1.5	Since 2017
Guangdong Bangbao Personal Care Products Co., Ltd. (廣東邦寶個人護理用品有限公司) ⁽²⁾	Digital marketplace	N/A; bank transfer	13,645	1.3	Since 2019
Customer A ⁽³⁾	Digital marketplace	N/A; bank transfer	11,990	1.2	Since 2017
Customer B ⁽⁴⁾	Sale of products	N/A; bank transfer	9,579	0.9	Since 2022
Customer C ⁽⁵⁾	Digital marketplace; sale of products	N/A; bank transfer	9,065	0.9	Since 2018
			59,735	5.8	

BUSINESS

Year Ended December 31, 2023

Customer	Major services/products provided by us	Credit terms and payment method	Revenue contribution (RMB'000)	As a percentage of our total revenue (%)	Length of business relationship with us
Customer D ⁽⁶⁾	Digital marketplace	N/A; bank transfer	17,315	1.6	Since 2020
Quanzhou Hexing Hygiene Products Co., Ltd. ⁽¹⁾	Digital marketplace	N/A; bank transfer	13,839	1.3	Since 2017
Sheng Xi Du (Hong Kong) International Trading Limited (盛喜都(香港)國際貿易有限公司) ⁽⁷⁾	Sale of products	N/A; bank transfer	11,935	1.1	Since 2022
Customer A ⁽³⁾	Digital marketplace	N/A; bank transfer	11,907	1.1	Since 2017
Nan'an City Hong Lai Liu Liling Daily Necessities Business Department (南安市洪瀾劉麗玲日用品經營部) ⁽⁸⁾	Digital marketplace	N/A; bank transfer	8,669	0.8	Since 2021
			63,665	5.9	

Year Ended December 31, 2022

Customer	Major services/products provided by us	Credit terms and payment method	Revenue contribution (RMB'000)	As a percentage of our total revenue (%)	Length of business relationship with us
Customer A ⁽³⁾	Digital marketplace	N/A; bank transfer	26,143	2.9	Since 2017
Customer D ⁽⁶⁾	Digital marketplace	N/A; bank transfer	23,799	2.7	Since 2020
Nan'an City Hong Lai Liu Liling Daily Necessities Business Department ⁽⁸⁾	Digital marketplace	N/A; bank transfer	21,777	2.4	Since 2021
Customer E ⁽⁹⁾	Digital marketplace; sale of products	N/A; bank transfer	12,568	1.4	Since 2019
Winsun ⁽¹⁰⁾	Digital marketplace	N/A; bank transfer	12,305	1.4	Since 2019
			96,592	10.8	

Notes:

- (1) Founded in 2017 and headquartered in Fujian Province, China, Quanzhou Hexing Hygiene Products Co., Ltd. primarily engages in the production and brand operation of diapers and has a registered capital of RMB5.0 million.
- (2) Founded in 2016 and headquartered in Guangdong Province, China, Guangdong Bangbao Personal Care Products Co., Ltd. primarily engages in the development, production, and sales of diapers and has a registered capital of RMB32.0 million.
- (3) Founded in 2014 and headquartered in Chongqing, China, Customer A primarily engages in cross-border e-commerce of maternal and infant products with a registered capital of RMB110.7 million, and is quoted on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統).

BUSINESS

- (4) Founded in 2009 and headquartered in Jiangsu Province, China, Customer B primarily engages in trade of infant formula, snacks, complementary food and family care products, with a registered capital of RMB1.0 million.
- (5) Founded in 2020 and headquartered in Shanghai, China, Customer C primarily engages in the sale of food and daily necessities and has a registered capital of RMB1.0 million.
- (6) Founded in 2015 and headquartered in Hunan Province, China, Customer D primarily engages in the development, production, and sales of diapers, with a registered capital of RMB2.0 million.
- (7) Founded in 2022 in Hong Kong, Sheng Xi Du (Hong Kong) International Trading Limited is a private company primarily engaging in international trade.
- (8) Founded in 2021 and headquartered in Fujian Province, China, Nan'an City Hong Lai Liu Liling Daily Necessities Business Department is a sole proprietorship primarily engaging in the retail of cosmetics and sanitary products.
- (9) Founded in 2014 in Hong Kong, Customer E is a private company primarily engaging in the import and export trade of food, daily necessities and cosmetics.
- (10) Founded in 2005 and headquartered in Guangdong Province, China, Winsun primarily engages in the development, production, and sales of diapers, with a registered capital of RMB150.0 million.

All of our five largest customers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

Product Return and Exchange

We have adopted a unified product return and exchange policy on our *Hipac* platform. We typically allow buyers to return or exchange products with vendors within 24 hours to 7 days upon product delivery depending on the specific product category for reasons including defective or substandard products, mis-delivery, under-delivery and damaged packaging.

Moreover, we provide a series of guidelines for vendors on our *Hipac* platform to deal with customer complaints and provide after-sales services. For product exchange and return requests, we require vendors to process the requests within 48 hours. Pursuant to our platform service agreements with third-party vendors on our *Hipac* platform, vendors are responsible for providing after-sales services, dealing with any customer complaints and shall bear the relevant costs for their products sold through *Hipac* platform. For our own online stores on *Hipac* platform, we follow the same product return and exchange policy and bear the relevant costs. For our self-operated stores on major e-commerce platforms, we follow the product return and exchange policy of the relevant e-commerce platforms.

During the Track Record Period, the value of products returned or refunded on our *Hipac* platform amounted to RMB160.5 million, RMB109.7 million and RMB84.3 million in 2022, 2023 and 2024, respectively, representing 1.1%, 0.9% and 0.8% of the total GMV of our platform, respectively. We do not deduct the returned or refunded portion when we calculate GMV on our platform. Our Directors confirm that during the Track Record

BUSINESS

Period and up to the Latest Practicable Date, there were no material product recalls, product returns, product liability claims or warranty expenses that adversely affected our business.

Customer Services

We believe that high-quality customer services constitute an essential factor that determines our success as it extends the value chain of our products and services while also promoting customer and consumer satisfaction. We have been developing and optimizing our customer services since our establishment. We prioritize delivering a professional, efficient, and seamless customer experience, recognizing that real-time feedback is essential to building strong customer loyalty and satisfaction. To gather timely feedback, we actively engage with our customers throughout the entire transaction lifecycle and through customer visits, ensuring their needs and concerns are consistently addressed.

We collect customer feedback through multiple channels, including feedback submitted through our *Hipac* platform as well as through continuous communication between our sales and marketing team and offline retail stores. Our customer service personnel promptly responds to customer complaints and suggestions and channel such feedback to different departments for subsequent handling. We use such valuable customer insights to guide the improvements and optimization of our products and services. We also integrate customer feedback into our decision-making process. During the Track Record Period and up to the Latest Practicable Date, we had not received any material customer complaints.

Third-party Settlement Practice

Background

Historically, under our self-operated business, certain payments for our products were settled by third parties (the “**Actual Payers**”), instead of the buyers who placed orders with us (the “**Relevant Buyers**”) (the “**Third-party Settlement Practice**”). In 2022, 2023 and 2024:

- the number of Relevant Buyers was 90, 116 and 103, respectively, representing approximately 0.2%, 0.2% and 0.2% of the total number of transacting buyers under self-operated business (excluding consumers purchasing through major e-commerce platforms) during the same years, respectively; and
- the total GMV of the transactions involving Third-party Settlement Practice amounted to RMB4.2 million, RMB29.1 million and RMB27.1 million, respectively, representing approximately 0.7%, 3.4% and 2.9% of our total GMV of self-operated business (excluding GMV of direct sales to consumers through major e-commerce platforms) during the same years, respectively.

BUSINESS

During the Track Record Period, we did not initiate or encourage any Third-party Settlement Practice, nor were we involved in any separate arrangements between any Relevant Buyer and any Actual Payer for any transaction settlements. The pricing and payment terms for those transactions involving Third-party Settlement Practice remained consistent with those offered to buyers unrelated to the Third-party Settlement Practice. To our best knowledge, all those Actual Payers and the Relevant Buyers were Independent Third Parties.

To our best knowledge, the Actual Payers during the Track Record Period primarily consisted of legal representatives, proprietors, shareholders, affiliated entities and employees of the Relevant Buyers and family members of legal representatives, proprietors or shareholders of the Relevant Buyers.

Reasons for Third-party Settlement Practice

To our best knowledge, the main reason for the Relevant Buyers to utilize Third-Party Settlement Practice is for convenience and flexibility. According to Frost & Sullivan, China’s family care and nutrition product industry in lower-tier market is dominated by offline stores, the vast majority of which operate as small and medium-sized enterprises or individual-run industrial and commercial households. As a result, these buyers typically do not have any dedicated business department or personnel to handle procurement and it is more economical for them to conduct the business in the capacity of individuals and settle procurement through their personal bank accounts. Moreover, such buyers may designate parties that they consider trustworthy and reliable, such as their legal representatives, proprietors, shareholders, affiliated entities, employees and shareholders’ family members, to make payment, leading to the occurrence of Third-party Settlement Practice. According to Frost & Sullivan, the Third-party Settlement Practice is common in China’s family care and nutrition product industry in lower-tier market due to the same reasons as listed above.

Implications Relating to Third-party Settlement Practice

Our Directors are of the view that our books and records are accurate and complete in all material respects and there have not been any fabricated transactions with respect to the Third-party Settlement Practice, based on the following:

- ***Anti-fraud, anti-money laundering measures.*** We have implemented various KYC procedures to effectively prevent fraud or money-laundering activities. Buyers are required to provide detailed information during their registration process on our platform, including valid business licenses and identification certificates of the store owners.
- ***Genuine underlying transactions and internal control measures.*** Transactions on our *Hipac* platform are supported by genuine underlying transactions, and have corresponding orders, waybills and payment records, minimizing the risks of fraud or money laundering.

BUSINESS

Pursuant to the laws and regulations of the PRC, there is no explicit restriction on the adoption of Third-party Settlement Practice. A Third-party Settlement Practice is generally valid so long as it does not fall within those grounds of invalidation specified under the PRC Civil Code (中華人民共和國民法典) or other applicable laws and regulations, including, among others, where the arrangement is in violation of public order or harms one’s legal rights through malicious collusion. During the Track Record Period and up to the Latest Practicable Date, we had not been requested to return any third-party payments received by us.

As advised by our PRC Legal Advisors, according to Article 191 of the *Criminal Law of the PRC* (《中華人民共和國刑法》), the crime of money laundering is committed only if we (i) clearly know that the funds for the third-party payments are proceeds and/or gains derived from drug-related crimes, crimes committed by criminal organizations, crimes of terrorism, smuggling, bribery and corruption, crimes undermining the financial order of society and financial fraud; and (ii) commit certain acts as referred to under Article 191 of the *Criminal Law of the PRC* for the purpose of covering up or concealing the source and nature of the aforementioned proceeds and/or gains. With our KYC measures in place, we have no grounds to believe that (i) the Relevant Buyers are involved in the aforementioned crimes, or (ii) the third-party payments received by us involve proceeds and/or gains derived from such crimes. Further, we have never committed any acts for the purpose of covering up or concealing any source and nature of any proceeds and/or gains derived from such crimes.

During the Track Record Period and up to the Latest Practicable Date, (i) we did not encounter any material disputes with, nor receive any refund request from, any Relevant Buyer or Actual Payer and we were not subject to any material disputes or administrative penalties by the relevant government authorities with respect to the Third-party Settlement Practice; (ii) all Third-party Settlement Practices were based on genuine transactions; (iii) we were not subject to any breach of anti-money laundering policies or administrative procedures which has resulted in any warnings or queries relating to money laundering from the relevant regulatory authorities; and (iv) we were not subject to any settled or ongoing criminal sanctions, public security investigations or administrative penalties by any competent authorities in relation to money laundering. Based on the foregoing, our PRC Legal Advisors are of the view that (i) the Third-party Settlement Practice itself does not contravene or circumvent the mandatory provisions of the PRC Civil Code and the applicable PRC laws in all material aspects, and (ii) the risks were low for us to be found obligated for fund restitution to the Relevant Buyers or Actual Payers under the Third-Party Settlement Practice which may have a material adverse effect on us.

Taking into account the measures adopted by us to manage the Third-party Settlement Practice, the provisions of applicable PRC laws and the PRC Legal Advisors’ view, our Directors are of the view that the Third-party Settlement Practice was legal and valid, and did not contravene or circumvent anti-money laundering, taxation or other applicable PRC laws or regulations during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

Enhanced Internal Control Measures and Remedial Measures

To safeguard our interest against risks associated with Third-party Settlement Practice, we implemented the following enhanced measures to mitigate relevant risks:

- we have been actively communicating with Relevant Buyers to minimize Third-party Settlement Practice, and more proactive in reminding buyers not to engage in Third-party Settlement Practice;
- we have significantly enhanced our KYC procedures. These strengthened procedures provide a more thorough understanding of both our customers and any Actual Payers involved in their payment arrangements. We have instituted a due diligence process that includes regular updates of customer records, as well as detailed verification of third-party payment details. Our finance team cross-references payment information against our internal records to ensure that all transactions align with contractual agreements. Any discrepancies or inconsistencies identified are immediately addressed through direct communication with the relevant parties to confirm payment accuracy and prevent errors or fraudulent activity;
- we have instituted an ongoing training program for our staff to ensure that all relevant personnel are well-versed in the latest fraud detection techniques, anti-money laundering regulations, and best practices for third-party payment processing. This training includes mandatory annual sessions focused on identifying potential red flags, responding to suspicious activities, and understanding the latest regulatory requirements. Additionally, scenario-based workshops are regularly conducted to simulate real-world situations, allowing employees to develop practical skills in recognizing and mitigating payment-related risks. By fostering a culture of awareness and continuous learning, we ensure that our staff is always prepared to handle emerging challenges and safeguard the organization against potential threats;
- we have adopted anti-money laundering policies and updated agreements we enter into with buyers to include anti-money laundering related provisions; and
- we have entered into a collaboration agreement with a licensed commercial bank in China in March 2025, pursuant to which, we will implement a one-stop payment and settlement system through the bank to collect payments and automatically verify payer/buyer information to avoid Third-party Settlement Practice. For all the payments made by third-party payers that we identify, we shall initiate refunds to them and ask relevant buyers to make payments to us. We expect to active such system by August 2025.

BUSINESS

In preparation for the [REDACTED], we have engaged an independent third-party consultant (the “**Internal Control Consultant**”) to perform an assessment over selected areas on sampling bases of our internal controls over financial reporting (the “**Internal Control Assessment**”). The scope of the Internal Control Assessment performed by the Internal Control Consultant covered, among others, the Third-party Settlement Practice. During the Internal Control Assessment undertaken for the [REDACTED], the Internal Control Consultant had assessed the above internal control measures in relation to third-party payments adopted by us and did not identify any material deficiencies.

In light of the relatively low proportion of Third-party Settlement Practice during the Track Record Period, our Directors confirm that the cessation of the Third-party Settlement Practice would not have any material adverse impact on our business, financial condition or results of operations.

Based on the above, our Directors are of the view that the above internal control measures are effective and adequate in preventing the Third-party Settlement Practice.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily included (i) family care and nutrition product brands, their authorized distributors and manufacturers from which we sourced products for our general self-operated business; (ii) OEM suppliers for our proprietary brand business; (iii) warehousing and logistics service providers; and (iv) cloud service and transaction processing service providers for our digital marketplace business. Our products and services are primarily sourced within China.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers, nor did we experience any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or significant shortage or delay in delivery of supplies from our suppliers. We do not have a substantial reliance on any single supplier.

BUSINESS

Our Five Largest Suppliers

The following table sets forth certain information of our five largest suppliers (on a grouped basis) during the Track Record Period.

Year Ended December 31, 2024

Supplier	Major products purchased by us	Credit terms and payment method	Purchase amount (RMB'000)	As a percentage of our total purchases (%)	Length of business relationship with us
Supplier A ⁽¹⁾	Infant formula	Up to 5 days; bank transfer	275,077	38.2	Since 2021
Supplier B ⁽²⁾	Infant formula	N/A; bank transfer	162,572	22.6	Since 2022
Winsun ⁽³⁾	Disposable diapers	3 days; bank transfer	55,063	7.6	Since 2021
Meadjohnson group ⁽⁴⁾	Infant formula	N/A; bank transfer	40,377	5.6	Since 2024
Supplier C ⁽⁵⁾	Dietary supplements	N/A; bank transfer	26,198	3.6	Since 2023
			559,287	77.6	

Year Ended December 31, 2023

Supplier	Major products purchased by us	Credit terms and payment method	Purchase amount (RMB'000)	As a percentage of our total purchases (%)	Length of business relationship with us
Supplier A ⁽¹⁾	Infant formula	N/A; bank transfer	155,452	23.8	Since 2021
Supplier D ⁽⁶⁾	Infant formula	N/A; bank transfer	83,543	12.8	Since 2022
Supplier B ⁽²⁾	Infant formula	N/A; bank transfer	73,568	11.3	Since 2022
Winsun ⁽³⁾	Disposable diapers	3 days; bank transfer	71,929	11.0	Since 2021
Guangdong Bangbao Personal Care Products Co., Ltd. ⁽⁷⁾	Disposable diapers	5 days; bank transfer	26,215	4.0	Since 2021
			410,707	62.9	

Year Ended December 31, 2022

Supplier	Major products/services purchased by us	Credit terms and payment method	Purchase amount (RMB'000)	As a percentage of our total purchases (%)	Length of business relationship with us
Supplier A ⁽¹⁾	Infant formula	N/A; bank transfer	121,522	22.0	Since 2021
Supplier E ⁽⁸⁾	Infant formula	N/A; bank transfer	75,521	13.7	Since 2020
Winsun ⁽³⁾	Disposable diapers	3 days; bank transfer	60,283	10.9	Since 2021
Guangdong Bangbao Personal Care Products Co., Ltd. ⁽⁷⁾	Disposable diapers	N/A; bank transfer	37,704	6.8	Since 2021
Supplier F ⁽⁹⁾	Payment service	N/A; bank transfer	17,867	3.2	Since 2015
			312,897	56.6	

BUSINESS

Notes:

- (1) Founded in 2014 and headquartered in Chongqing, China, Supplier A primarily engages in cross-border e-commerce of maternal and infant products with a registered capital of RMB110.7 million, and is quoted on the National Equities Exchange and Quotations.
- (2) Founded in 1867 and headquartered in Switzerland, Supplier B is listed on the SIX Swiss Exchange and primarily engages in the global production and sales of food and beverages, with sales of USD103.8 billion in 2024.
- (3) Founded in 2005 and headquartered in Guangdong Province, China, Winsun primarily engages in the development, production, and sales of diapers, with a registered capital of RMB150.0 million.
- (4) Founded in 1905 and headquartered in Indiana, USA, MeadJohnson group primarily engages in the research and development, production, and sales of global infant and children’s nutrition, with operations spanning over 50 countries.
- (5) Founded in 2022 in Singapore, Supplier C is a private company primarily engaging in the wholesale of health supplements.
- (6) Founded in 2014 in Hong Kong, Supplier D is a private company primarily engaging in the import and export trade of food, daily necessities and cosmetics, and is an authorized first-tier distributor of a global infant formula brand. As we deepened our collaboration with such infant formula brand and achieved direct procurement arrangement, we gradually ceased our transaction with Supplier D.
- (7) Founded in 2016 and headquartered in Guangdong Province, China, Guangdong Bangbao Personal Care Products Co., Ltd. primarily engages in the development, production, and sales of diapers and has a registered capital of RMB32.0 million.
- (8) Founded in 1999 and headquartered in Zhejiang Province, China, Supplier E is a company listed on the Shenzhen Stock Exchange, primarily engaging in the R&D, production, and sales of infant food and parent-child products, with total assets of RMB4.0 billion as of December 31, 2024.
- (9) Founded in 2004 and headquartered in Shanghai, China, Supplier F is a domestic independent third-party payment platform with a registered capital of RMB1.5 billion, and is backed by a leading Chinese internet giant.

All of our five largest suppliers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

BUSINESS

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each year of the Track Record Period also acted as our suppliers, or vice versa, which provided OEM services and/or supplied products for us under our self-operated business, and also utilized our digital marketplace as a vendor and paid commissions to us.

According to Frost & Sullivan, such arrangements are common in the commerce and service of family care and nutrition product industry. Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirm that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm’s length basis.

The following table sets forth the breakdown of our revenue generated from and purchase amount paid to our overlapping customers and suppliers, which was among either our five largest customers or suppliers during the Track Record Period, for the years indicated:

	Transaction Nature		Year ended December 31,					
			2022		2023		2024	
	As customer	As Supplier	Revenue	Purchases	Revenue	Purchases	Revenue	Purchases
			RMB'000					
Winsun ⁽¹⁾	Utilizing our digital marketplace as a vendor	Provision of OEM services and supply of disposable diapers	12,305	60,283	32	71,929	—	55,063
Customer A/ Supplier A ⁽²⁾	Utilizing our digital marketplace as a vendor	Supply of infant formula	26,143	121,522	11,907	155,452	11,990	275,077
Customer E/ Supplier D ⁽³⁾	Utilizing our digital marketplace as a vendor, and purchasing products from us	Supply of infant formula	12,568	11,388	5,170	83,543	41	—
Guangdong Bangbao Personal Care Products Co., Ltd. ⁽⁴⁾	Utilizing our digital marketplace as a vendor	Provision of OEM services and supply of disposable diapers	7,458	37,704	4,588	26,215	13,645	767
Quanzhou Hexing Hygiene Products Co., Ltd. ⁽⁵⁾	Utilizing our digital marketplace as a vendor	Provision of OEM services and supply of disposable diapers	7,885	—	13,839	—	15,456	775

Notes:

- (1) We have collaborated with Winsun to incubate *Daddy Captain* brand, under which Winsun acts as our OEM supplier. Winsun has also sold us several disposable diapers series it manufactured under other brands and has become a supplier under our general self-operated business. See “—

BUSINESS

Self-operated Business — Our Proprietary Brand Business — Our Brands and Products.” Meanwhile, Winsun utilizes our digital marketplace as a vendor to sell other brands and series it manufactured and paid commissions to us.

- (2) Customer A/Supplier A is a supplier of infant formula and rice flour under our general self-operated business, and also utilizes our digital marketplace as a vendor to sell other infant formula series and nutritional supplements and paid commissions to us.
- (3) Customer E/Supplier D is an authorized distributor of a leading global infant formula brand and a supplier under our general self-operated business, and also utilizes our digital marketplace as a vendor to sell other infant formula series and paid commissions to us. In 2022, Customer E/Supplier D procured certain infant formula products of another leading global infant formula brand from us, which we procured from another Independent Third Party supplier.
- (4) Guangdong Bangbao Personal Care Products Co., Ltd. is our supplier of disposable diapers under our general self-operated business, and also provides OEM services for our proprietary disposable diaper brands. Meanwhile, Guangdong Bangbao Personal Care Products Co., Ltd. utilizes our digital marketplace as a vendor to sell other disposable diaper series it manufactured and paid commissions to us.
- (5) Quanzhou Hexing Hygiene Products Co., Ltd. is our supplier of disposable diapers under our general self-operated business, and also provides OEM services for our proprietary disposable diaper brands. Meanwhile, Quanzhou Hexing Hygiene Products Co., Ltd. utilizes our digital marketplace as a vendor to sell other disposable diaper series it manufactured and paid commissions to us.

QUALITY CONTROL

We understand that exceptional quality control is the cornerstone of sustained growth and customer trust in the ever-evolving family care and nutrition product industry. To maintain excellence across all stages of our operations, we have implemented a comprehensive quality control system. Key aspects of our all-stage quality control system are as follows:

- ***Vendor admission on our digital marketplace.*** To maintain compliance with applicable laws and regulations, we rigorously verify all vendors’ qualifications during the registration process, including validating business licenses, relevant permits, and product certifications.
- ***Quality control at supplier selection stage.*** We have established strict supplier onboarding procedures to ensure supply chain efficiency and product quality, and we carefully select our suppliers according to our internal procurement management guidelines. Before engagement, we perform comprehensive background checks to evaluate supplier candidates’ business conditions, scale, achievements, credit and qualifications. We verify their business licenses and qualifications, as well as their operational permits, and assess their brand reputation, production capacity, reliability, historical record, and pricing. For OEM suppliers, our evaluation criteria also include manufacturing facilities, quality control, production site management, production management, staff management, sanitation, pollution control, on-site inspection control and ESG initiatives.

BUSINESS

- ***Quality control in product production.*** We typically conduct on-site inspections to make sure sufficient quantities and proper qualities of supplies will be delivered in a timely manner.
- ***Quality control upon delivery.*** We have established a complete procurement management guideline to assess ratings of suppliers and the quality of their products. For products delivered to our designated places, we conduct inspection on both quantity and quality before acceptance of such products.

INVENTORY MANAGEMENT

Inventory

Our inventories consist of (i) raw materials, representing residual raw materials and packaging materials arising from our historical attempts to develop certain proprietary brand collections which we have ceased to pursue; (ii) work in progress, representing the aforementioned residual raw materials from our historical development of certain proprietary brand collections, which were under production by our processing OEM suppliers; and (iii) finished goods, representing our products under self-operated business. Our OEM suppliers for our proprietary brand business are principally suppliers of finished goods, which process raw materials purchased by themselves and provide us with the finished products.

Efficient inventory management is fundamental to operational strategy. A key aspect of this efficiency is our flexible procurement practices. We generally do not bear inventory risks under our digital marketplace business. For our self-operated business, instead of committing to one-off bulk purchases, we have adopted a strategy of frequent purchases and continuous monitoring of our inventory levels to ensure timely replenishment. This flexibility allows us to maintain a stock level that aligns with our production cycles, and is instrumental in avoiding excessive inventory buildup, mitigating inventory-related risks and optimizing our working capital. Our inventory turnover days were 34 days, 33 days and 36 days in 2022, 2023 and 2024, respectively, and we had write-down of inventories of RMB1.3 million, RMB1.7 million and RMB4.1 million as of December 31, 2022, 2023 and 2024, respectively.

Moreover, our efficient inventory management allows us to adjust inventory allocation across our various sales channels and markets based on sales performance. This dynamic approach ensures that we can quickly respond to the fluctuating demand and optimize stock levels in real time. For instance, if we find that the sales performance of a product at the initial stage of its launch does not meet our expectation, we can make prompt adjustments, which may include reallocating the product to other sales channels or markets where it is likely to perform better.

BUSINESS

Warehousing and Logistics

As of the Latest Practicable Date, we did not own or operate any warehouses. Instead, we enter into annual warehousing and logistics service agreements with third-party suppliers. We typically pay such third-party suppliers monthly warehouse utilization fees calculated based on the area we utilized and service fees for inward, storage, outward and logistics services calculated based on number of orders and products, which we settle monthly with such suppliers. Moreover, certain of our OEM suppliers also provide warehousing services for us as stipulated in our service agreements with OEM suppliers.

We engage third-party logistics service providers for delivery services. Finished products that have passed quality inspections are delivered by the logistics service providers from our OEM suppliers to our designated warehouses or directly to locations specified by buyers.

COMPETITION

We operate in the steadily growing and increasingly competitive China’s family care and nutrition product industry in lower-tier market. According to Frost & Sullivan, the industry concentration of China’s commerce and service of family care and nutrition product industry in lower-tier market still has room for further growth, with top five commerce and service platforms serving businesses collectively accounted for a market share of 25.9% in 2024 in terms of GMV. Our competitors mainly comprise traditional distributors and other commerce and service platforms. We distinguish ourselves through key factors such as the recognition of brand name, stable supply chain and extensive sales network. We believe we are well positioned to capitalize on future industry growth, leveraging our preeminent market position and extensive market knowledge accumulated over years of operations. See “Industry Overview” for a detailed discussion on the markets where we operate.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions received by our Group and our key personnel over the years:

<u>Year</u>	<u>Entity receiving award/recognition</u>	<u>Award/Recognition</u>	<u>Award/Recognition issuing authority</u>
2024	Hangzhou Yangtuo Internet	National High and New Technology Enterprise (國家高新技術企業)	Economy and Information Technology Department of Zhejiang (浙江省經濟和信息化廳), Zhejiang Provincial Department of Finance (浙江省財政廳), and Zhejiang Provincial Tax Service, State Taxation Administration (國家稅務總局浙江省稅務局)

BUSINESS

Year	Entity receiving award/recognition	Award/Recognition	Award/Recognition issuing authority
2022	Hangzhou Yangtuo Internet	“Specialized and New” Small and Medium-sized Enterprise in Zhejiang Province (浙江省「專精特新」中小企業)	Economy and Information Technology Department of Zhejiang
2023	Hangzhou Yangtuo Internet	Provincial Enterprise Institute of Zhejiang Province (浙江省企業研究院)	Department of Science and Technology of Zhejiang Province (浙江省科學技術廳)
2024	Hangzhou Yangtuo Internet	Zhejiang E-commerce Demonstration Enterprise (浙江省電商示範企業)	Department of Commerce of Zhejiang Province (浙江省商務廳)
2023	Hangzhou Yangtuo Internet	Hangzhou Trade Secret Protection Demonstration Base (杭州市商業秘密保護示範基地)	Hangzhou Municipal Administration for Market Regulation (杭州市市場監督管理局)

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had (i) 4 registered patents in the PRC; (ii) 15 registered trademarks in the PRC; (iii) 1 registered domain name in the PRC; and (iv) 6 registered software copyrights in the PRC, which were material to our business. See “Appendix IV — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property rights of our Group” for details of our material intellectual property rights.

Our principal intellectual properties include patents, trademarks and copyrights relating to our platform and products. We recognize the importance of our intellectual property rights and will protect and enforce our intellectual property rights when we become aware of any potential infringement. During the Track Record Period and up to the Latest Practicable Date, we had not been engaged in or threatened with any claim for any material infringement of intellectual property rights, whether as a claimant or as a defendant. See “Risk Factors — Risks Relating to our Business and Industry — We may be subject to intellectual property rights infringement or misappropriation claims by third parties, which may force us to incur legal expenses and, if determined adversely against us, may materially disrupt our business” for risks that we may face in this respect.

BUSINESS

EMPLOYEES

As of December 31, 2024, we had 905 full-time employees, among which 532 were employees at our headquarters in Hangzhou. All of our employees were based in China as of the same date. Approximately 36.8% of the total number of our employees as of December 31, 2024 were females. The following table sets forth a breakdown of our full-time employees by function as of the same date.

<u>Function</u>	<u>Number of full-time employees</u>	<u>% of total full-time employees</u>
Sales and marketing	484	53.5%
Operation and procurement	120	13.3%
Management	118	13.0%
Customer service	67	7.4%
Finance, legal, investment, IT, HR and administrative	66	7.3%
Platform R&D	50	5.5%
Total	905	100.0%

We place high value on recruiting, training and retaining qualified full-time employees. We firmly believe that a high-quality workforce is our core competitive advantage and a significant strength. We primarily rely on offline and online social recruitment, talent market, talent scout and talent referral to satisfy our demand for different types of talent. Our full-time employees typically enter into standard employment contracts with us. Our key full-time employees have entered into confidentiality agreements with us, and/or are subject to non-competition agreements effective during and up to one year after his or her employment with us.

To maintain and enhance the knowledge and skill levels of our workforce, we have established a comprehensive training system, aiming to strengthen the working capabilities of our workforce through corporate culture, team building, performance management, organizational development and knowledge sharing. We consistently invest in various training programs, including regular general training as well as customized training tailored to individual characteristics and job requirements. These initiatives help employees enhance their professional knowledge and management skills, keeping them aligned with industry-leading standards. All new employees undergo comprehensive onboarding training, enabling them to gain a deep understanding of our corporate culture. Additionally, we periodically organize various activities to further enrich employees’ understanding of our culture.

BUSINESS

We offer highly competitive remuneration packages, considering factors such as educational background, industry experience, job value and work performance when establishing a fair and reasonable compensation system. Remuneration packages for our full-time employees primarily consist of base salary and performance-based bonus. Performance targets of our full-time employees are set primarily based on their position and department, and performance of our full-time employees are reviewed periodically. Results of such reviews are later used in salary determinations, bonus awards and promotion appraisals. We also align our interest with selected employees by offering them participation in the 2015 Share Incentive Scheme and the 2023 Share Incentive Scheme. See “Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes” for details.

We believe we have maintained good relationships with our full-time employees. As of the Latest Practicable Date, our employees had not formed a labor union. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any strikes or labor disputes with our full-time employees which have had or are likely to have a material effect on our business.

Social Insurance and Housing Provident Fund

PRC laws and regulations require us to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund and pay social insurance and housing provident fund contributions in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to the maximum amounts specified by the local government.

During the Track Record Period, (i) we failed to make social insurance and housing provident fund contributions in full for certain employees as required by relevant PRC laws and regulations, primarily due to our HR staff’s unfamiliarity with the relevant PRC laws and regulations; and unwillingness of certain employees to make social insurance and housing provident fund contributions in full for personal reasons, mainly caused by their financial burden; (ii) we engaged third-party human resource agencies to make social insurance and housing provident fund contributions for certain employees, primarily due to certain employees’ personal preference to pay their social insurance and housing provident fund contribution at their respective resident places instead of working places for ease of utilization; and (iii) we failed to register social insurance and/or housing provident fund accounts for certain subsidiaries which had no employees, primarily as the local authorities do not support or mandate companies without employees to handle such registration.

BUSINESS

As advised by our PRC Legal Advisors, pursuant to applicable PRC laws and regulations: (i) for failure to make social insurance contributions in full, the relevant government authorities may order us to pay the shortfall amount within the prescribed time period with a late charge at the daily rate of 0.05% on the shortfall amount, and if and only if we fail to do so, we may be imposed a fine or penalty ranging from one to three times of the shortfall amount; (ii) for failure to make housing provident fund contributions in full, the relevant government authorities may order us to pay the shortfall amount within the prescribed time period, and they may apply to competent court for enforcement of the shortfall amount if we fail to do so; (iii) for engaging third-party human resource agencies to make social insurance and housing provident fund contributions, we may be ordered to pay social insurance and housing provident fund contributions for our employees under our own accounts instead of through third-party accounts, and make social insurance and housing provident fund contributions in full for our employees if the third-party human resources agencies fail to make social insurance or housing provident fund contributions for and on behalf of our employees as required under applicable PRC laws and regulations; and (iv) for failure to register social insurance and/or housing provident fund accounts, we may be requested to (a) register the social insurance accounts within the prescribed time period and if we fail to do so, they may impose a fine or penalty ranging from one to three times of the social insurance contributions payable on us and a fine of no less than RMB500 and not exceeding RMB3,000 on the person in charge, and (b) pay the housing provident fund contributions payable within the prescribed time period, and if and only if we fail to do so, we may be imposed a fine of no less than RMB10,000 and not exceeding RMB50,000.

As of the Latest Practicable Date, (i) we had ceased engaging third-party human resources agencies to make social insurance and housing provident fund contributions and started to make social insurance and housing provident fund contributions for all of our employees under our own accounts; (ii) we started to make social insurance and housing provident fund contributions in full for certain employees; and (iii) we were in the process of registering social insurance and/or housing provident fund accounts for the affected subsidiaries.

Taking into account that (i) during the Track Record Period and up to the Latest Practicable Date, we had not been imposed any administrative penalties by the relevant PRC government authorities with respect to such non-compliance, (ii) during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material claim, complaint or labor arbitration application filed against us by our employees for the above arrangements; (iii) as advised by our PRC Legal Advisors, if we can complete the registration for social insurance and housing provident fund accounts within the prescribed time period when we are required to do so by the relevant authorities, the likelihood of us being subject to fines by the relevant government authorities which may have material impact on our business operation with regard to such subsidiaries with no employees is relatively low, our Directors are of the view that the abovementioned non-compliance would not have any material adverse impact on our business and operations.

BUSINESS

To monitor our compliance with relevant laws and regulations in respect of social insurance and housing provident fund contributions, we have taken the following internal control measures:

- we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident funds on a monthly basis;
- we are in the process of communicating and will continue to communicate with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base for the social insurance and housing provident funds, which also requires additional contributions from our employees; and
- we will consult our PRC legal advisor as to our general operations on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant PRC laws and regulatory developments, including but not limited to PRC laws and regulations in relation to social insurance and housing provident funds, and will provide relevant employees with legal compliance trainings relating to the same.

See “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to administrative penalties for failure to fully comply with the relevant laws and regulations in connection with social insurance and housing provident funds.”

INSURANCE

We maintain insurance coverage in place for our daily operations. Our principal insurance policies primarily include social security for our employees. We do not, and are not required by PRC laws and regulations to, maintain property insurance, business interruption insurance or key person insurance. During the Track Record Period and up to the Latest Practicable Date, we had not submitted any material insurance claims, nor had we experienced any material difficulties in renewing our insurance policies.

Our Directors believe that our insurance coverage is adequate and is in line with the industry practice. We periodically review and will make necessary and appropriate adjustments to our insurance coverage. However, the risks relating to our business and operation may not be fully covered by insurance. See “Risk Factors — Risks Relating to our Business and Industry — We have customary insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.”

PROPERTIES

As of the Latest Practicable Date, we did not own any properties. As of the Latest Practicable Date, we leased 31 properties in China with a total GFA of 5,601.31 sq.m. These properties are primarily used as offices and business registration addresses, which are non-property activities as defined under Rule 5.01(2) of the Listing Rules.

BUSINESS

According to Chapter 5 of the Listing Rules and Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in land and buildings, because as of December 31, 2024, we had no single property interest with a carrying amount of 15% or more of our total assets.

As of the Latest Practicable Date, 31 of our lease agreements had not been registered with the relevant PRC government authorities, primarily due to the difficulty of procuring our lessors’ cooperation. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. As a result, we may face a total maximum fine up to RMB310,000 assuming a maximum fine of RMB10,000 is imposed on each unregistered lease agreement. We believe that the failure to register these lease agreements will not have any material adverse effect on our financial condition or results of operations. We will actively liaise with the respective lessors to complete the registration of all such lease agreements to the extent we can. During the Track Record Period and up to the Latest Practicable Date, we did not experience any disputes, controversies, third party claims or administrative penalties arising out of our leased properties.

Furthermore, as of the Latest Practicable Date, (i) 17 leased properties with an aggregate GFA of approximately 497.00 sq.m. (accounting for approximately 8.87% of the aggregate GFA of our total leased properties) were leased from lessors who failed to or were unable to provide sufficient or valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us; (ii) 9 leased properties with an aggregate GFA of approximately 572.03 sq.m. (accounting for approximately 10.21% of the aggregate GFA of our total leased properties) had exceeded the lease term; and (iii) 11 leased properties with an aggregate GFA of approximately 657.03 sq.m. (accounting for approximately 11.73% of the aggregate GFA of our total leased properties) had been mortgaged by the landlords to third parties before entering into lease agreements with us. These properties are being used as our office premises and business registration addresses. There may be risks that these leases may be declared invalid or terminated due to the above factors, and therefore we may not be able to continue to occupy and use such properties and may be exposed to a potential relocation risk. We believe that our use of these leased properties individually or collectively will not have a material adverse effect on our business, financial condition or results of operations.

For more details, see “Risk Factors — Risks Relating to Our Business and Industry — We face risks in relation to the non-registration and title defect of our leased properties.”

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. Corporate social responsibility is viewed as part of our core growth philosophy that will be pivotal to our ability to create sustainable value for our Shareholders by embracing diversity and public interests. We consider ESG matters as an integral part of our operations. We advocate the circular economy, green economy and low-carbon economy. We will establish a set of ESG policies in accordance with the standards of Appendix C2 to the Listing Rules, which outlined, among others, (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities, (ii) ESG strategy formation procedures, (iii) ESG risk management and monitoring, (iv) the identification of KPI, and (v) the relevant measurements and mitigating measures.

We have incorporated ESG management into our development strategy, our business and daily operations. Our ESG policies will set out different parties’ respective responsibilities and authority in managing ESG matters. Our Board will have overall responsibility for overseeing and determining our environmental, social, and climate-related risks and opportunities impacting us, establishing and adopting the ESG policies and our targets, and estimating our ESG-related risks. Our Board will establish an ESG working group to support our Board in implementing the agreed ESG policies, targets and strategies; conducting materiality assessments of ESG related risks; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our Group’s ESG-related risks. Our ESG working group is responsible for supporting our Board in implementing the agreed ESG policies, targets and strategies. Our ESG working group is responsible for ensuring that ESG policies, targets and strategies are integrated into daily business operations.

As we do not operate any production facilities, we do not pose significant risks in terms of climate, health, work safety, social or environmental regulations. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or penalties for non-compliance with these PRC laws and regulations related to social, health, safety and environmental matters.

During years of operations, we have been focusing on the following ESG matters and have taken measures to mitigate potential risk exposures.

BUSINESS

Environmental Protection

We do not operate any production facilities. Due to the nature of our business, the environmental, social and climate-related impacts arising from our business operations and operating systems are limited. We do not generate any material hazards or pollutants during our operations. However, we recognize our social responsibilities in minimizing impacts of our operations on environment. To support our daily operations, we built our information technology infrastructure by leveraging the public cloud services from third-party cloud service providers. The data centers and servers of the cloud-based infrastructure we use consume electricity to power system operations, and cool the machine and relevant equipment, leading to energy consumption and carbon emissions. We consider energy consumption and resource utilization as environmental concerns relating to our operations, and we identify and assess risks based on the relevant compliance requirements and potential environmental consequences. We also encourage our suppliers to improve energy efficiency and reduce their carbon emissions in response to the national target of carbon neutrality.

We have established a comprehensive set of KPIs to constrain and guide our business operations. Since our business operations were conducted through leased properties and we did not maintain equipment for measuring carbon emissions during the Track Record Period, we do not have comprehensive and specific data available for disclosure regarding carbon emissions.

Power Usage

We endeavor to proactively conserve energy in response to the government’s initiatives. During the Track Record Period, our total power usage was approximately 2.0 million kWh. Such power usage includes energy consumed by our leased office facilities, which does not include the cloud servers in custody with third-party cloud infrastructure. We intend to continue to reduce the level of our power usage over the next three years.

Water Consumption

We voluntarily take on our social responsibilities to practice water conservation. During the Track Record Period, our total water usage was approximately 1.9 thousand m³. We intend to continue to reduce the level of our water usage over the next three years.

We have adopted the following measures to pursue energy efficiency, reduce carbon footprint and manage resource utilization:

- switching off lights which are not in use;
- powering off computers and displays when the relevant staff are away from workplace for long or are off duty;
- setting electronic equipment in offices to energy-saving mode;

BUSINESS

- adopting a paper management system to avoid unnecessary printing, reuse single-sided printed papers and reduce paper waste;
- encouraging our staff to build a paperless office; and
- emphasizing environmental protection in offices and encouraging reuse of office supplies.

Social Responsibility

We are committed to offering a safe and healthy working environment to our full-time employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material accidents in the course of our operation, nor had we been subject to any material claims for personal injuries or property damages in connection with health and occupational safety of our employees.

We are committed to promoting fairness, equality, and transparency in the workplace, ensuring equal opportunities for recruitment, promotion, welfare, and career development, with zero tolerance for discrimination on any basis, whether gender, sexual orientation, disability, age, race, nationality, family status, or any other legally protected factor. We foster a diverse and respectful culture, offering equal treatment in hiring, training, wellness, and professional development. We provide a variety of role-specific training programs, including those led by external experts, as part of our employee welfare initiatives. This continuous learning process enhances employees’ skills and contributes to both their personal development and the overall success of the company, while promoting a work-life balance and a positive, inclusive workplace culture.

Operational Compliance

To uphold ethical standards, we have implemented a comprehensive anti-fraud policy, addressing areas such as conflict of interest, confidentiality, bribery, and anti-corruption. Violations of this policy could result in termination of business relationships or employment. Our anti-fraud measures include thorough risk assessments, internal controls, and multiple reporting channels for employees and stakeholders to report any breaches or unethical conduct. We foster a transparent, accountable environment by encouraging the responsible reporting of any violations to protect our integrity and reputation.

Product Responsibility

Product quality is of paramount importance. We operate a robust quality management system, ensuring that products undergo thorough testing before market introduction. Customer feedback is actively monitored and used to improve product performance and safety. We adhere to stringent quality control procedures, including product sourcing, in-process and finished product inspections, ensuring that all products meet the highest standards.

BUSINESS

Board Diversity

We strive to achieve and maintain board diversity to improve our Board’s effectiveness, bring unique perspectives to the boardroom and enhance our Board’s performance. In particular, Ms. Xu Hong (徐虹) has been appointed as our executive Director, and Ms. Chen Jie and Ms. Wang Xun (王恂) [have been] appointed as our independent non-executive Directors to promote the gender diversity of our Board. Our Board members also obtained degrees in various majors including finance, science, marketing, engineering, business administration, economics, law and others. See “Directors and Senior Management” for details.

LICENSES, PERMITS AND CERTIFICATES

We are required to obtain various licenses, permits and certificates for operation. See “Regulatory Overview” for details of the relevant requirements. The following table sets forth material licenses, permits and certificates for us as of the Latest Practicable Date.

Holder	License/Permit/ Certificate	Issuing authority	Effective date	Expiration date
Hangzhou Yangtuo Internet	Value-added Telecommunications Business Operations License (增值電信業務許可證) ⁽¹⁾	Zhejiang Communications Administration (浙江省通信管理局)	January 3, 2025	January 27, 2026
Hangzhou Yangtuo Internet	Third-party Online Food Trading Platform Filing (網絡食品銷售第三方平台備案)	N/A	N/A	N/A
Hangzhou Yangtuo Trading	Food Business License (食品經營許可證)	Market Supervision and Administration Bureau of Xihu District, Hangzhou (杭州市西湖區市場監督管理局)	May 11, 2024	May 10, 2029
Hangzhou Yimucao Supply Chain Management Co., Ltd.	Food Business License	Market Supervision and Administration Bureau of Xihu District, Hangzhou	March 10, 2025	March 9, 2030
Hangzhou Hitun	Food Business License	Market Supervision and Administration Bureau of Xihu District, Hangzhou	May 16, 2025	May 15, 2030

BUSINESS

Holder	License/Permit/ Certificate	Issuing authority	Effective date	Expiration date
Hangzhou Jinwen Technology Co., Ltd.	Food Business License	Market Supervision and Administration Bureau of Xihu District, Hangzhou	May 27, 2024	May 26, 2029
Hangzhou Yangtuo Internet	Record Filing and Registration Form for Foreign Trade Operators (對外貿易經營者備案登記表)	Foreign Trade Operator Record-filing Registration Authority of Xihu District, Hangzhou, Zhejiang Province (對外貿易經營者備案登記機關(浙江杭州西湖))	November 28, 2019	N/A
Hangzhou Yangtuo Internet	Registration of a Consignee or Consignor of Imported or Exported Goods (海關進出口貨物收發貨人備案)	Third Comprehensive Business Division of Qianjiang Customs (錢江海關綜合業務三處)	December 3, 2019	N/A
Hangzhou Yangtuo Internet	Information System Security Protection Level Filing Certificate (信息系統安全等級保護備案證明)	Hangzhou Public Security Bureau (杭州市公安局)	August 16, 2021	N/A

Note:

- (1) As of the Latest Practicable Date, we were in preparation for deregistering such license and obtaining the new Value-added Telecommunications Business Operations License with our wholly foreign-controlled shareholding structure following the termination of the 2015 Contractual Arrangements. See “History, Reorganization and Corporate Structure — Reorganization — (2) Equity Transfer of Hangzhou Yangtuo Internet and Termination of 2015 Contractual Arrangements.” We have filed the deregistration application and the recertification application for such license on June 24 and June 25, 2025, respectively. We expect to obtain such new license by September 2025, prior to which, we do not expect to encounter any material disruption to our business operations. Our PRC Legal Advisors are of the view that, there was no material legal impediment in obtaining such new license as long as we are in compliance with applicable PRC laws, regulations and regulatory requirements and take all necessary steps to apply for such license in accordance with the requirements and schedules prescribed by applicable PRC laws, regulations and regulatory requirements, and assuming we can obtain such new license as expected, the risk of being imposed material administrative penalty for our business operations during such license exchange process is relatively low.

Except for the aforementioned Value-added Telecommunications Business Operations License, which was in the exchange process, all of our material licenses, permits and certificates held by us for current operations in China were valid and remained in effect as of the Latest Practicable Date, as advised by our PRC Legal Advisors.

BUSINESS

We monitor the validity status of, and make timely applications for the renewal of, relevant licenses, permits and certificates prior to the expiration date. We had not experienced any material difficulty in obtaining or renewing required licenses, permits and certificates for our business operations during the Track Record Period and up to the Latest Practicable Date. Our PRC Legal Advisors are of the view that, as of the Latest Practicable Date, there is no material legal impediment in renewing licenses, permits and certificates in connection with our current business operation in China as they expire in the future as long as we are in compliance with applicable PRC laws and regulations. However, we cannot assure you that we will be able to obtain or renew such licenses, permits or certificates in the future. See “Risk Factors — Risks Relating to our Business and Industry — If we fail to obtain or maintain the requisite licenses, permits, certificates, approvals, registrations or filings required under the regulatory environment applicable to our business in any jurisdiction where we operate, or if it is time-consuming or costly to obtain or maintain such licenses, permits, certificates and approvals, our business, financial condition and results of operations may be materially and adversely affected.”

COMPLIANCE AND LEGAL PROCEEDINGS

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been imposed any material administrative penalties by PRC government authorities, nor had we been involved in any non-compliance incidents that were systemic or had a material adverse effect on our business, financial condition or results of operations.

Legal Proceedings

From time to time, we may become involved in legal proceedings and claims that arise in the ordinary course of our business activities. We cannot predict the results of litigation and claims. See “Risk Factors — Risks Relating to our Business and Industry — We may be involved in legal or administrative proceedings and commercial disputes, which could materially affect our business, financial condition and results of operations.”

As of the Latest Practicable Date, we were not a party to any ongoing material litigation, arbitration or administrative proceeding, and we were not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. Our Directors are not involved in any actual or threatened material claims or litigations.

BUSINESS

RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management is crucial to our operations. Our risk management and internal control measures are designed to meet our specific business needs and minimize our risk exposure. We have adopted different internal guidelines, policies and procedures to monitor and reduce the impact of risks relating to our business, improve our corporate governance and ensure our compliance with applicable laws and regulations. Our Board is responsible for establishing our risk management and internal control measures and reviewing their effectiveness. We [have established] an audit committee which comprises three Directors, being Ms. Wang Xun (王恂), Mr. Shen Kai (慎凱) and Ms. Chen Jie, chaired by Ms. Wang Xun. The audit committee [has also adopted] its terms of reference which set out clearly its duties and obligations for ensuring compliance with the relevant regulatory requirements and providing an independent view on the effectiveness of our internal control policies, financial management processes and risk management systems. In particular, the audit committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures in place to implement these accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide trainings to our financial staff to ensure that they understand our accounting policies.

As of December 31, 2024, our finance department comprised 26 full-time employees. Our chief financial officer, as the head of our finance department, has approximately 16 years of experience in financial reporting.

Information System Risk Management

We have implemented various measures to ensure our compliance with applicable PRC laws and regulations with respect to data privacy and protection. See “— Cybersecurity and Data Privacy and Protection” for details.

Our R&D center is responsible for data protection and monitoring the operation of our information technology infrastructure. As of December 31, 2024, our in-house R&D team comprised 50 full-time employees with over 10 years of working experience on average.

BUSINESS

Regulatory Compliance Risk Management

We have designed and adopted strict internal procedures to ensure regulatory compliance of our operations. Our legal department assumes the function of reviewing and updating our contract templates. Our legal department also works with our external legal counsel to ensure that we have obtained and maintained all licenses, permits and certificates that are requisite for our operations. We continually improve our internal policies in accordance with changes in laws, regulations and industry standards to ensure ongoing compliance.

Human Resource Risk Management

We provide training to our full-time employees in different departments. We have in place a handbook and a set of management policies approved by our management and distributed to all full-time employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention, anti-bribery and anti-corruption mechanisms and administrative affairs. We explain such rules and guidelines to our full-time employees on a regular basis.

Internal Controls

In preparation for the [REDACTED], we have engaged the Internal Control Consultant in May 2025 to perform the Internal Control Assessment. The Internal Control Consultant performed the follow-up assessment in June 2025 to assess the status of the management actions taken by us to address the findings of the Internal Control Assessment (the “**Follow-up Assessment**”). We had improved our internal control system and the Internal Control Consultant did not have any further recommendation in the Follow-up Assessment.

Our Board of Directors is responsible for establishing and assessing the effectiveness of our internal control system, which includes the implementation of a range of policies and measures designed to maintain the integrity and efficiency of our operations. Additionally, we are committed to providing regular compliance training for our Directors, senior management, and employees, enabling them to proactively identify and address any potential compliance issues.

We have established comprehensive internal control policies that cover all major aspects of our business operations, including, among others, financial reporting and control, asset management, procurement and inventory processes, and risk management. These policies are designed to:

- ensure segregation of duties by clearly defining roles within financial and accounting management, as well as other departments, to prevent compliance issues such as conflicts of interest and fraud;
- implement authorization and approval mechanisms across our funds and bills management, financing, investment, and reimbursement policies, requiring managerial oversight for significant transactions and expenditures;

BUSINESS

- enforce physical control to safeguard our fixed assets and inventory, complemented by specific control policies for warehouse and seal management;
- implement documentation and record-keeping controls to ensure compliance and traceability, particularly in our contract and asset management;
- promote a culture of ethical compliance through anti-corruption, anti-bribery, and anti-fraud policies and measures;
- embed internal control procedures within our insurance, claims, and risk management policies to proactively identify and mitigate potential threats; and
- conduct periodic reviews and internal audits, as part of our compliance management system, to continuously assess the effectiveness of our internal controls.

In addition, in order to ensure the compliance culture is embedded into everyday workflow and set the expectations for individual behavior across our Group, we have adopted and implemented a series of new internal control policies as well as measures and procedures designed to provide further assurance on effective and efficient operation, reliable financial reporting and regulatory compliance. In particular:

- our Directors have attended trainings conducted by our Hong Kong legal advisor on the ongoing obligations, duties and responsibilities of directors of [REDACTED] companies under the Companies Ordinance, the SFO and the Listing Rules and the Directors are fully aware of their obligations, duties and responsibilities as directors of a [REDACTED] company in Hong Kong;
- we have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, regulations, rules, codes and guidelines.

Going forward, we will continue to regularly review and improve our internal control policies, measures and procedures.

BUSINESS

OUR BUSINESS SUSTAINABILITY

We operate in the steadily growing and increasingly competitive China’s family care and nutrition product industry in lower-tier market. We focus on the sustainable and long-term growth of our business instead of short-term financial returns or non-persistent net operating cash inflow.

Historical Performance

We recorded an overall increase in our revenue during the Track Record Period. Our total revenue increased from RMB895.3 million in 2022 to RMB1,066.8 million in 2023, and remained stable at RMB1,032.4 million in 2024, representing a CAGR of 7.4% from 2022 to 2024. Despite our overall revenue growth, our net profit or loss fluctuated during the Track Record Period. We recorded net profit of RMB1.0 million for the year ended December 31, 2022, and recorded net losses of RMB56.5 million and RMB78.8 million for the years ended December 31, 2023 and 2024, respectively.

We incurred fair value gain on convertible redeemable preferred shares of RMB157.2 million in 2022, and recorded fair value loss on convertible redeemable preferred shares of RMB73.0 million and RMB76.2 million in 2023 and 2024, respectively, relating to the redemption right granted to our [REDACTED] Investors. As all preferred shares will be automatically converted to ordinary shares upon the [REDACTED], the convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED], and we will no longer recognize fair value changes or interest thereof. Should the impact brought by convertible redeemable preferred shares and equity-settled share-based payments be excluded, we would record adjusted net loss (non-HKFRS financial measure) of RMB131.1 million for the year ended December 31, 2022, and record adjusted net profit (non-HKFRS financial measure) of RMB19.3 million and RMB25.8 million for the years ended December 31, 2023 and 2024, respectively. For details of our net profit or loss during the Track Record Period, please see “Financial Information — Year to Year Comparison of Results of Operations.”

Moreover, as of December 31, 2022, 2023 and 2024, we recorded net current liabilities of RMB1,802.9 million, RMB2,041.6 million and RMB2,132.4 million, respectively. As of December 31, 2022, 2023 and 2024, we recorded net liabilities of RMB1,732.6 million, RMB1,917.3 million and RMB2,001.2 million, respectively. See “Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position” for details. In addition, our net cash outflow from operating activities amounted to RMB132.6 million, RMB6.0 million and RMB112.3 million, respectively, in 2022, 2023 and 2024. See “Financial Information — Liquidity and Capital Resources — Cash Flows.”

BUSINESS

Sustainable Growth

Driving Continuous Revenue Growth

Our revenue growth has been driven by common factors affecting China’s family care and nutrition product industry in lower-tier market, including (i) enhancing product development to address unmet market demand; (ii) increasing consumption frequency through refined consumer needs; and (iii) fostering brand-platform collaboration to improve distribution efficiency in lower-tier market. According to Frost & Sullivan, the market size of China’s family care and nutrition product industry in lower-tier market in terms of retail sales is expected to grow from RMB1.9 trillion in 2024 to RMB2.4 trillion in 2029 with a CAGR of 5.0%. In addition, the market size of China’s commerce and service of family care and nutrition product industry in lower-tier market is expected to grow from RMB85.7 billion in 2024 to RMB125.8 billion in 2029 with a CAGR of 8.0%, indicating great market potential. As the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, we benefit from our first-mover advantage in reorganizing the family care and nutrition product supply chain and deepening nationwide market penetration, thereby holding the preeminent competitive advantages in the steadily growing China’s family care and nutrition product industry in lower-tier market.

Moreover, our revenue is expected to be further driven by the following measures:

- (i) ***Further extend the leading advantage of digital marketplace business.*** As the cornerstone of our business, our digital marketplace business has achieved substantial growth during the past decade, during which we have fostered deep collaboration with upstream brands, distributors and manufacturers, as well as built a royal downstream buyer base. Leveraging our established advantage as the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, we plan to diversify our revenue source under such business and further enhance our profitability.
- ***Enhancing the commission rate for advantageous categories.*** As the largest family care and nutrition product commerce and service platform in China in terms of GMV generated from infant formula products in 2024, we are well-positioned to provide vendors with cost-effective, immediate access to geographically dispersed markets, particularly in lower-tier market. Building on our extensive sales network and industry expertise, we plan to continuously enhance our service capacity for brand owners, provide them with personalized data-driven market analyses and highly efficient customized marketing services in exchange for higher commission rates, and expand our customer base under our customized marketing service.

BUSINESS

- *Expansion of product categories.* According to Frost & Sullivan, as the key decision-makers in household consumption, mothers have been increasingly attentive to the health and nutritional needs of family members. Meanwhile, offline retail stores generally offer product recommendations and professional guidance tailored to local consumer needs, becoming an effective sales channel of dietary supplements, which also drive the growth of consumption demand for such products. Grasping the growing consumer health awareness and consumer demand for household immunity enhancement in the post-pandemic era, we plan to further expand the product category of dietary supplements on our platform.
 - *Enhancing buyer engagement.* The buyers transacting ratio, calculated as transacting buyers as a percentage of buyers which logged into our *Hipac* platform for at least once in the relevant years, increased from 81.3% in 2022 to 83.3% in 2023, and further increased to 84.8% in 2024. We plan to further enhance buyer engagement on our platform through facilitating their efficient and sustainable business operation. We plan to further promote online marketing and operation management tools, such as store mini programs, designed to provide store owners with convenient and user-friendly, lightweight solutions for managing private-domain traffic and conducting marketing promotions.
- (ii) ***Our strategic shift from a scale-driven approach to a profitability-focused model.*** As the average conversion rate of GMV to gross profit under self-operated business is substantially higher than the conversion rate of our digital marketplace business for the same years, we plan to continue expanding our self-operated business to further enhance our profitability.
- *Elevating profit margin under general self-operated business.* We plan to further strengthen our collaboration with upstream brand owners, especially infant formula brands, through direct procurement or designated channel arrangements, thereby expanding our brand and product portfolio under our self-operated business and elevating our gross profit.
 - *Releasing the potential of our second growth curve.* Dietary supplements became the second growth curve of our self-operated business during the Track Record Period. Our revenue generated from dietary supplements under our proprietary brand business surged from RMB0.2 million in 2022 to RMB32.6 million in 2024, and the number of new dietary supplement SKUs launched increased from four in 2022 to 100 in 2024. Drawing insights from customer feedback at our extensive nationwide retail network, we plan to further expand our proprietary dietary supplement brand and product portfolio and develop products tailored for the diverse needs of specific age groups.

BUSINESS

- *Enhancing the mutual promotional effects among our sales channels.* We take pride in maintaining a streamlined yet highly motivated sales and marketing team. As of December 31, 2024, our sales and marketing team comprised 484 full-time personnel stationed across 26 provinces, municipalities and autonomous regions with an average of approximately eight years of industry experience, who dive deep into the neighborhood, conduct offline visits and gather valuable feedback from offline retail stores through in-person interactions. Leveraging the mutual promotional effects among our sales and marketing team, our *Hipac* platform, sales through major e-commerce platforms and offline trading partners, we plan to further enhance the brand appeal of our proprietary brand and extend our market reach.

Improving cost-efficiency and profitability

(i) *Managing our cost of sales.* In 2022, 2023 and 2024, our cost of sales amounted to RMB502.4 million, RMB665.3 million and RMB697.1 million respectively, representing 56.1%, 62.4% and 67.5% of our total revenue for the same years, respectively. The increase in our cost of sales during the Track Record Period was mainly due to our strategic adjustment of our business focus from scale-oriented digital marketplace business to profit-oriented self-operated business, where we directly procure products from suppliers and recognize revenue on a gross basis from our subsequent products sales. Therefore, our cost of goods, being our largest cost component, increased during the Track Record Period, which was generally in line with our revenue generated from self-operated business. Particularly, the vast majority of our cost of goods were attributable to infant formula products, due to their high penetration in the market, relatively transparent profit margins, higher procurement costs and higher bonded warehousing and logistics costs for imported infant formula products. See “Financial Information — Description of Key Items of Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income — Cost of Sales.” Going forward, we expect to achieve long-term profitability through effective cost control measures.

- *Increasing procurement of products with higher gross margin.* We intend to enhance procurement of other product categories with higher gross profit margins, such as dietary supplements and non-edible family care products, in addition to infant formula. Drawing on our cooperation experience with global leading infant formula brands, we plan to increase procurement of promising new brands and product series with less established brand presence but higher gross profit margins.
- *Lowering cost of goods for proprietary brands.* We intend to expand the scale of our proprietary dietary supplement brands, which command higher gross profit margins attributable to their premium pricing compared to our other proprietary products, reflecting their specialized ingredients and functional value. Moreover, we plan to increase orders for our best-selling products to achieve economies of scale, thereby reducing the proportion of cost of goods.

BUSINESS

(ii) **Enhancing our selling and distribution efficiency.** In 2022, 2023 and 2024, our selling and distribution expenses amounted to RMB378.8 million, RMB309.5 million and RMB255.8 million respectively, representing 42.3%, 29.0% and 24.8% of our total revenue for the same years, respectively, indicating that we have been benefitting from economies of scale and our continuous efforts to elevate operational efficiency have been paying off. To further improve our selling and distribution efficiency in the future, we plan to control the proportion of advertising and promotion expenses in the future as the brand awareness of our proprietary brands enhances. Moreover, we seek to further improve per capita operational efficiency by strategic shift of our business focus from scale-oriented development to profit-oriented development and implementing multi product category strategies, with a view to increasing per capita revenue and effectively reducing the proportion of employee benefit expenses in relation to revenue (excluding the impact of share-based payment expenses relating to our [REDACTED] Share Incentive Schemes).

(iii) **Enhancing our administrative efficiency.** In 2022, 2023 and 2024, our administrative expenses amounted to RMB96.8 million, RMB59.4 million and RMB71.2 million respectively, representing 10.8%, 5.6% and 6.9% of our total revenue for the same years, respectively. We have been persistently improving the efficiency of our administrative activities. We seek to achieve higher administrative cost-effectiveness (excluding the impact of share-based payment expenses relating to our [REDACTED] Share Incentive Schemes) by optimizing organizational structure and slimming down our in-house administrative or managerial staff who do not directly contribute to our business growth and outsourcing certain preliminary administrative activities, while at the same time maintaining adequate requisite employees to support our business growth.

We closely monitor the adequacy of our cash position in light of our business operations and future expansion. During the Track Record Period, we funded our cash requirements primarily with cash flow from operations and bank loans. As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents of RMB334.4 million, RMB388.3 million and RMB368.5 million, respectively. In addition, we have worked to maintain strong relationships with banks to secure and fully utilize available credit facilities, ensuring access to necessary funding. As of April 30, 2025, we had unutilized credit facilities of RMB82.1 million. Taking into account the financial resources available to us, including cash flow from operating activities, cash and cash equivalents, available banking facilities and the estimated [REDACTED] from the [REDACTED], our Directors are of the view, and the Sole Sponsor concurs, that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining borrowings or default in repayment of borrowings. Considering our good credit history and our current credit status, we do not expect we will encounter any major difficulties in obtaining additional borrowings to fund our business growth and improve our working capital sufficiency in the future.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

OUR SINGLE LARGEST SHAREHOLDER GROUP

As of the Latest Practicable Date and the date of this document, Mr. Zhao Chen is able to exercise approximately 42.62% and 42.88% voting rights in our Company, respectively, through (i) Cross Maze, (ii) HIPAC Incentive and (iii) the voting rights entrusted by Entrusting Shareholders under an acting-in-concert agreement dated September 15, 2022, and such voting rights will represent approximately [REDACTED]% of our issued share capital immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme). Therefore, Mr. Zhao together with Cross Maze are considered as the Single Largest Shareholder Group of our Company for the purpose of the Listing Rules.

On June 26, 2025, 15,367,381 ordinary shares held by Cross Maze have been charged in favor of Series D Investors on a pro rata basis. However, it is agreed that the share charge shall only become enforceable if and only if (i) the Company fails to complete the [REDACTED] by the relevant deadline and (ii) the Company fails to issue new promissory notes to Series D Investors. Further, each of the Series D Investors have undertaken that (i) it will not take any action to enforce the share charge and (ii) it shall not be entitled to exercise or direct the exercise of the voting rights and other rights attached to the shares that are subject to the share charge until the relevant deadline. See “History, Reorganization and Corporate Structure — Our Major Corporate Development — (5) Shareholder Divestments — (iii) 2025 Divestment” for details.

BUSINESS DELINEATION AND COMPETITION

Our Single Largest Shareholder Group and our Directors confirm that as of the Latest Practicable Date, neither of them or their respective close associates was interested in any business, other than our Group, which competes or is likely to compete, either directly or indirectly, with our Group’s business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Single Largest Shareholder Group and its close associates after the [REDACTED].

Operational Independence

Our Company makes business decisions independently. We have established our own organizational structure with independent departments, and each department is assigned to specific areas of responsibilities. We maintain a set of comprehensive internal control procedures and policies to facilitate the effective operation of our business. We have independent access to suppliers and customers and are not dependent on our Single Largest Shareholder Group and its close associates for our business operations. We are also in

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

possession of all relevant licenses necessary to carry out and operate our business and we have sufficient operational capacity in terms of capital, facilities and employees to operate independently.

Accordingly, our Directors are satisfied that we will be able to function and operate independently from our Single Largest Shareholder Group and its close associates.

Management Independence

Our business is managed and conducted by our Board and senior management. The Board comprises two executive Directors, two non-executive Directors and three independent non-executive Directors. See “Directors and Senior Management” in this document for further details. Although Mr. Zhao is our Chairman, an executive Director, the chief executive officer and one of our Single Largest Shareholder Group members, the daily operation of our Group is carried out by our experienced executive Directors and management team, most of whom have served our Group for a long time, and we have the capabilities and personnel to perform all essential administrative functions, including finance, accounting, business operation and corporate management on a standalone basis.

Each Director is aware of his or her fiduciary duties as a Director, which require, among other things, that he or she acts for the benefit and in the best interests of our Company and any conflict between his or her duties as a Director and his or her personal interests is not allowed. Further, we believe our independent non-executive Directors have the depth and breadth of experience which will enable them to bring independent judgment to the decision-making process of our Board. Our independent non-executive Directors [have been appointed] in accordance with the requirements of the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum. See “— Corporate Governance” below for further details.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Financial Independence

Our Group has established an independent financial department with a team of independent financial staff, as well as a sound and independent financial system and makes financial decisions according to our Group’s own business needs. Our Group has adequate capital to operate our business independently, and has sufficient internal resources to support our daily operations.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

As of the Latest Practicable Date, there were no outstanding loans, advances or non-trade balances due to or from our Single Largest Shareholder Group or its close associates, nor were there any other outstanding pledges or guarantees provided for our benefit by our Single Largest Shareholder Group or its close associates.

Our Group has sufficient capital to operate its business independently, and has adequate internal resources and a strong credit profile to support its daily operations. There will be no financial assistance, security and/or guarantee provided by our Single Largest Shareholder Group or its close associates in favor of our Group or vice versa upon the [REDACTED]. We have engaged an independent internal control consultant to assist us in putting in place controls in relation to transactions with connected persons and their respective associates to ensure that any advances to or from such persons are in compliance with the Listing Rules.

Having considered that our future operations are not expected to be financed by our Single Largest Shareholder Group or its close associates, we believe our Group is financially independent from our Single Largest Shareholder Group and its close associates.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage potential conflicts of interest between our Group and the Single Largest Shareholder Group and/or Directors:

- (i) where a Shareholders’ meeting is held for considering proposed transaction in which our Single Largest Shareholder Group or any of its close associates have a material interest, the Single Largest Shareholder Group shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;
- (ii) 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 resolutions and shall not be counted in the quorum for the voting;
- (iii) any transaction between (or proposed to be made between) our Group and the connected persons will be subject to the requirements under Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders’ approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER GROUP

- (iv) in the event that our independent non-executive Directors are requested to review any conflicts of interest between our Group and the Single Largest Shareholder Group and/or Directors, the Single Largest Shareholder Group and/or Directors 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 report or by way of announcements to the public;
- (v) when our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company’s expense; and
- (vi) our Company has appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors’ duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Single Largest Shareholder Group and/or Directors to protect the minority Shareholders’ rights after the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board will consist of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The Board is responsible, and has the general authority, for the management and operation of our Company. Our Directors are appointed for a term of three years and are eligible for re-election.

Our senior management are responsible for the management of day-to-day operations of our Company.

Directors

The following table sets forth certain information regarding our Directors:

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities
Executive Directors					
Mr. ZHAO Chen (趙晨)	43	Chairman of the Board, executive Director, and chief executive officer	April 2015	April 28, 2015	Formulating the overall strategy and overseeing the implementation of the strategy and the operation and management of our Group
Ms. XU Hong (徐虹)	43	Executive Director and chief operation officer	June 2016	August 1, 2023	Overseeing the comprehensive business operations and management of our Group
Non-executive Directors					
Mr. WU Tao (吳濤)	50	Non-executive Director and director of external strategic cooperation department	February 2015	April 28, 2015	Providing strategic advice and making recommendations on financial management and business development to our Board
Mr. WANG Mengzhi (王夢之)	36	Non-executive Director	December 2019	December 18, 2019	Providing strategic advice and making recommendations on financial management and business development to our Board
Independent Non-executive Directors					
Mr. SHEN Kai (慎凱)	44	Independent non-executive Director	[•]	[•]	[Providing independent opinion and judgement to our Board]
Ms. CHEN Jie	44	Independent non-executive Director	[•]	[•]	[Providing independent opinion and judgement to our Board]
Ms. WANG Xun (王詢)	43	Independent non-executive Director	[•]	[•]	[Providing independent opinion and judgement to our Board]

DIRECTORS AND SENIOR MANAGEMENT

Senior Management

The following table sets forth certain information regarding our senior management.

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. ZHAO Chen (趙晨)	43	Chairman of the Board, executive Director and chief executive officer	April 2015	April 8, 2015	Formulating the overall strategy and overseeing the implementation of the strategy and the operation and management of our Group
Ms. XU Hong (徐虹)	43	Executive Director and chief operation officer	June 2016	June 1, 2016	Overseeing the comprehensive business operations and management of our Group
Ms. YANG Qianqian (楊倩倩)	43	Chief financial officer	December 2020	December 1, 2020	Formulating the overall strategy, overseeing financial management and investor relations affairs and business development
Mr. XIAO Jiantao (肖建濤)	50	Chief technology officer	April 2015	April 21, 2015	Overseeing the implementation and execution of the digital strategy of our Group

EXECUTIVE DIRECTORS

Mr. ZHAO Chen (趙晨), aged 43, is a founder of our Group, an executive Director, the chairman of the Board and the chief executive officer of our Company. He was appointed as a Director of our Company on April 28, 2015 and was re-designated as our executive Director on June 14, 2025. He is primarily responsible for formulating the overall strategy and overseeing the implementation of the strategy and the operation and management of our Group.

Mr. Zhao is a sophisticated and resourceful veteran with about 20 years of industry experience. He gained in-depth understanding of the industry where our Group operates and acquired rich management experience from his previous work experience and the management and development of our business. Prior to the establishment of our Group, Mr. Zhao held various positions in Alibaba Group Holding Limited (阿里巴巴集團控股有限公司) (“Alibaba”) from May 2006 to April 2015, a leading global conglomerate listed on New York Stock Exchange (stock code: BABA) and Hong Kong Stock Exchange (stock code: 9988), where Mr. Zhao’s last position was senior business expansion specialist (高級業務拓展專家), primarily responsible for the establishment, maintenance and operation of Tmall Global, a cross-border e-commerce platform.

Mr. Zhao also holds directorships and senior management positions in a number of our Group members, including (i) the general manager of Hangzhou Yangtuo Internet, (ii) the director and manager of Hangzhou HIPAC Supply Chain Management Co., Ltd., (iii) the director of Ningbo HIPAC Internet Technology Co., Ltd. and (iv) a director and chief executive officer of Yangtuo Technology (HK).

Mr. Zhao obtained his bachelor’s degree in English from Beijing Foreign Studies University (北京外國語大學) in the PRC in July 2003.

DIRECTORS AND SENIOR MANAGEMENT

Ms. XU Hong (徐虹), aged 43, is an executive Director and the chief operation officer of our Company. Ms. Xu was appointed as a Director of our Company on August 1, 2023 and was re-designated as our executive Director on June 14, 2025. She is primarily responsible for overseeing the comprehensive business operations and management of our Group.

Prior to joining our Group, Ms. Xu held various positions in Alibaba from August 2004 to January 2016, with her last position as a senior manager, primarily responsible for management of multiple projects and the operation of several independent business units, including AliWangWang (阿里旺旺) (Alibaba’s instant messaging platform) and Taobao Coins (淘金幣) (consumer loyalty program).

Ms. Xu also holds directorships and senior management positions in a number of our Group members, including (i) the director and general manager of Hangzhou Hi Hu Trading Co., Ltd. (杭州嗨虎貿易有限公司), (ii) the director and general manager of Hangzhou Laisu Trading Co., Ltd. (杭州來蘇貿易有限公司), (iii) the director and manager of Hangzhou Hi Er Trading Co., Ltd. (杭州嗨貳貿易有限公司), (iv) the director and manager of Hangzhou Hi Yi Trading Co., Ltd. (杭州嗨軼貿易有限公司) and (v) a director of Yangtuo Technology (HK).

Ms. Xu obtained her college’s degree in marketing from Zhejiang Gongshang University (浙江工商大學) in the PRC in June 2004.

NON-EXECUTIVE DIRECTORS

Mr. WU Tao (吳濤), aged 50, is a founder of our Group, a non-executive Director and the director of external strategic cooperation department of our Company. Mr. Wu was appointed as a Director of our Company on April 28, 2015 and was re-designated as our non-executive Director on June 14, 2025. He is primarily responsible for providing strategic advice and making recommendations on financial management and business development to our Board.

Prior to the establishment of our Group, Mr. Wu held various positions in Alibaba from May 2002 to September 2012 with his last position as an operation specialist. From March 2013 to December 2014, he works as a partner in Hangzhou Elementary Particles Investment Management Partnership (LP) (杭州基本粒子投資管理合夥企業(有限合夥)), where he was responsible for investment management.

Mr. Wu also holds directorships and senior management positions in a number of our Group members, including (i) a director of Hangzhou Yangtuo Internet, (ii) a director and manager of Hangzhou Yangtuo Trading, (iii) a director of Hangzhou HIPAC Internet, (iv) the director and manager of Hangzhou Avocado Brand Management Co., Ltd. (杭州牛油果品牌管理有限公司), (v) a director of Hangzhou Borou Trading Co., Ltd. (杭州帛柔貿易有限公司), (vi) a director of Hangzhou Boshu Trading Co., Ltd. (杭州帛殊貿易有限公司), (vii) a director of Yangtuo Technology (HK), and (viii) a director of Hongkong Hiyang.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu obtained his bachelor’s degree in engineering (majoring in industrial automation) from Zhejiang University of Technology (浙江工業大學) in the PRC in July 1998.

Mr. WANG Mengzhi (王夢之), aged 36, was appointed as a Director of our Company on December 18, 2019 and was re-designated as our non-executive Director on June 14, 2025. He is primarily responsible for providing strategic advice and making recommendations on financial management and business development to our Board.

Mr. Wang’s extensive experience in investment, business development, and finance spans over 15 years. He joined Anchor Equity Partners (Asia) Ltd in 2018, and currently serves as a managing director, leading the firm’s investment activities in Greater China. Prior to this, he worked at as private equity professional at Warburg Pincus and Apax Partners. He started his career with UBS AG in investment banking department in 2011.

Mr. Wang obtained his bachelor’s degree in business administration from Georgetown University in 2010 and Master of Business Administration from Havard University in 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SHEN Kai (慎凱), aged 44, was appointed as our independent non-executive Director on [•] with effect from the [REDACTED] and is primarily responsible for providing independent opinion and judgement to our Board.

Mr. Shen has over 14 years of management experience in the e-commerce industry. He served as the senior director (資深總監) at Alibaba from February 2011 to October 2019, where he was primarily responsible for the legal and internal control affairs for Taobao and Tmall Group. Mr. Shen has served as the chief public affairs and risk officer of Full Truck Alliance Co. Ltd. (滿幫集團), a Chinese leading digital freight platform listed on the New York Stock Exchange (stock code: YMM) since April 2025, where he is primarily responsible for corporate risk management framework, legal compliance matters, and government public relations strategy. Mr. Shen previously served as the chief risk officer and general counsel of Full Truck Alliance Co. Ltd. from October 2019 to April 2025.

Mr. Shen served as an arbitrator at the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) since May 2021. In July 2022, he was recognized as a Nanjing Category C High-Level Recommended Talent (南京市高層次舉薦人才(C類)) by the Nanjing Municipal Committee of the Chinese Communist Party (中共南京市委) and Nanjing Municipal People’s Government (南京市人民政府). In July 2023, he was honored as “ALB China Top 15 General Counsels 2023 (2023 ALB CHINA十五佳總法律顧問)” by Thomson Reuters ALB. Mr. Shen was rewarded the Chinese Legal Professional Qualification Certificate by the Ministry of Justice of the PRC in February 2006.

Mr. Shen obtained his bachelor’s degree in law from Hunan University (湖南大學) in the PRC in June 2003 and master’s degree in project management from Zhejiang University (浙江大學) in the PRC in September 2014, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Ms. CHEN Jie, aged 44, was appointed as our independent non-executive Director on [•] with effect from the [REDACTED] and is primarily responsible for providing independent opinion and judgement to our Board.

Ms. Chen has been serving as an associate professor at the School of Entrepreneurship and Management of ShanghaiTech University (上海科技大學) since December 2019. From June 2006 to December 2007, Ms. Chen worked in Cofactor Group, a well-known consulting firm. From May 2012 to November 2019, Ms. Chen worked as an assistant professor at the Lee Kuan Yew School of Public Policy of the National University of Singapore. Further, Ms. Chen served as an independent director of Hesai Group, a company listed on Nasdaq (stock code: HSAI), since February 2023.

Ms. Chen obtained her bachelor’s degree of science (majoring in computer science) from Washington University in St. Louis in the United States in May 2003, master’s degree of arts (majoring in economics) from Yale University in the United States in May 2005 and doctor’s degree of philosophy (majoring in economics) from Yale University in the United States in May 2012.

Ms. WANG Xun (王恂), aged 43, was appointed as our independent non-executive Director on [•] with effect from the [REDACTED] and is primarily responsible for providing independent opinion and judgement to our Board.

Ms. Wang has over 20 years of professional experience in auditing and financial management. Ms. Wang has been serving as a vice president of finance in Four Seasons Education (Cayman) Inc., a service provider of both tourism and education-related services in China listed on New York Stock Exchange (stock code: FEDU) since July 2018, where she is in charge of all finance and investor-related affairs.

Prior to this, she worked as an auditor at Deloitte Touche Tohmatsu Cpa Ltd (德勤華永會計師事務所有限公司, currently known as Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合伙))) from July 2004 to October 2010, where she was responsible for the initial public offering and annual auditing affairs. From November 2010 to November 2015, she held various positions in Wuxi PharmaTech, a leading global pharmaceutical, biopharmaceutical and medical device platform previously listed on New York Stock Exchange (stock code: WX) and delisted in December 2015, including senior manager (高級經理) of finance department. From December 2015 to November 2017, she served as the finance director (財務總監) in Zhejiang Thinktown Education Co., Ltd. (浙江新課堂教育股份有限公司, previously known as Zhejiang Thinktown Education Consulting Co., Ltd (浙江新課堂教育諮詢有限公司)), an education company listed on the National Equities Exchange and Quotations (NEEQ code: 871748), where she was in charge of the financial affairs, reconstruction and the preparation of the listing on NEEQ.

Ms. Wang obtained her bachelor’s degree (majoring in finance) from Fudan University (復旦大學) in the PRC in July 2004.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

For biographical details of **Mr. ZHAO Chen (趙晨)** and **Ms. XU Hong (徐虹)**, see “— Executive Directors” in this section.

Ms. YANG Qianqian (楊倩倩), aged 43, joined our Group in December 2020 as the chief financial officer of our Company. Ms. Yang is primarily responsible for formulating the overall strategy, overseeing financial management and investor relations affairs and business development.

Ms. Yang’s extensive financial management and strategic investment experience spans over 10 years. Prior to joining our Group, she served as a principal (投資總監) at Chinese Culture (Shanghai) Investment Management Center (Limited Partnership) (華人文化(上海)投資管理中心(有限合夥)), a private equity investment fund from August 2014 to April 2015. From May 2015 to November 2020, she served as a partner in Lighthouse Equity Investment Management (Shanghai) Co., Ltd. (遠瞻股權投資管理(上海)有限公司), a private equity investment fund.

Ms. Yang obtained her bachelor’s degree (majoring in finance) from Fudan University in the PRC in July 2003.

Mr. XIAO Jiantao (肖建濤), aged 50, a founder of our Group and the chief technology officer of our Company. Mr. Xiao is primarily responsible for overseeing the implementation and execution of the digital strategy of our Group.

Mr. Xiao’s career demonstrates a consistent dedication to information technology. Prior to the establishment of our Group, Mr. Xiao worked in Hangzhou Beyondsoft Information Technology Co., Ltd. (杭州博彥信息技術有限公司), a wholly-owned subsidiary of Beyondsoft Technology Co., Ltd. (博彥科技股份有限公司), which is a global IT consultant company offering cloud, data, AI and related solutions listed on Shenzhen Stock Exchange (stock code: 002649), from January 2011 to August 2012. From August 2012 to April 2015, Mr. Xiao served as a technology specialist (技術專家) in Zhejiang Tmall Technology Co., Ltd. (浙江天貓技術有限公司), where he was responsible for the functional iteration and architecture upgrade of Juhuasuan (聚劃算).

In December 2024, he was recognized as a Hangzhou Category E High-Level Talent (杭州市高層人才(E類)) by the Talent Office of Hangzhou Municipal Committee of the Chinese Communist Party (中共杭州市委人才辦) and Human Resources and Social Security Bureau of Hangzhou Municipal People’s Government (杭州市人力資源和社會保障局).

Mr. Xiao obtained his college degree (majoring in computer application (電腦及應用)) from Hubei Institute of Industry (湖北工學院, currently known as Hubei University of Technology (湖北工業大學)) in the PRC in July 1997.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Ms. YANG Qianqian (楊倩倩), was appointed as one of the joint company secretaries of our Company on June 14, 2025. For biographical details of Ms. Yang, see “— Senior Management.”

Ms. CHONG Wan Kai (莊運啟), was appointed as one of the joint company secretaries of our Company on June 14, 2025. Ms. Chong is a manager of Company Secretarial Services of Tricor Services Limited, having over 10 years of experience in compliance and corporate secretarial fields for Hong Kong listed companies and is a Chartered Secretary, a Chartered Governance Professional and an associate member of both of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chong obtained a Master’s degree of science in professional accounting and corporate governance from City University of Hong Kong in February 2014.

Ms. Chong is currently serving as joint company secretary of Shanghai Henlius Biotech, Inc., a company listed on Hong Kong Stoch Exchange (stock code: 2696) and is a core member of the company secretarial service team for Shanghai Fosun Pharmaceutical (Group) Co., Ltd., a company listed on Hong Kong Stoch Exchange (stock code: 2196).

BOARD COMMITTEES

Audit Committee

Our Company [has established] an audit committee with written terms of reference in compliance with the requirements under the Listing Rules. The audit committee consists of three members, being Ms. Wang Xun, Mr. Shen Kai and Ms. Chen Jie. The chairperson of the audit committee is Ms. Wang Xun, who is the independent non-executive Director. The primary duties of the audit committee include, among others:

- reviewing our compliance, accounting policies and financial reporting procedures;
- supervising the implementation of our internal audit system;
- advising on the appointment or replacement of external auditors;
- liaising between our internal audit department and external auditors; and
- other responsibilities as authorized by our Board.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

Our Company [has established] a remuneration committee with written terms of reference in compliance with the requirements under the Listing Rules. The remuneration committee consists of three members, being Mr. Shen Kai, Ms. Chen Jie and Ms. Wang Xun. The chairperson of the remuneration committee is Mr. Shen Kai. The primary duties of the remuneration committee include, among others:

- making recommendations to the Board on our policy and structure concerning remuneration of our Directors and members of the senior management;
- making recommendations to the Board on the specific remuneration package of each Director and members of the senior management;
- reviewing and approving compensations payable to executive Directors and members of senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of any Director for his or her misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate; and
- other responsibilities as authorized by our Board.

Nomination Committee

Our Company [has established] a nomination committee with written terms of reference in compliance with the requirements under the Listing Rules. The nomination committee consists of three members, being Mr. Zhao Chen, Ms. Chen Jie and Mr. Shen Kai. The chairperson of the nomination committee is Mr. Zhao Chen. The primary duties of the nomination committee include, among others:

- reviewing the structure, size and composition of the Board annually, and advising on any changes of the Board proposed in accordance with the strategies of our Company;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- making recommendations to the Board on relevant matters relating to the appointment and re-appointment of our Directors;
- assessing the independence of independent non-executive Directors; and
- other responsibilities as authorized by our Board.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability. Our Company has adopted the code provisions stated in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Pursuant to code provision C.2.1 in the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Zhao is currently serving as the chairman of the Board as well as the chief executive officer of our Company. As Mr. Zhao is the founder of our Group and has been managing our Group’s business and overall strategic planning since its establishment, our Directors consider that vesting the roles of chairman and chief executive officer in Mr. Zhao is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. Taking into account all the corporate governance measures that we are going to implement upon [REDACTED], our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of its chairman and chief executive officer. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at an appropriate time if necessary, taking into account the circumstances of our Group as a whole.

Saved as disclosed above, as of the Latest Practicable Date and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, the Directors are not aware of any deviation from provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

BOARD DIVERSITY

We [have adopted] a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity on our Board that would be conducive to our business growth. Selection of candidates will be based on a range of diversity considerations, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Appointment decisions will be based on merits and contribution that the selected candidates will bring to the Board with due regard to our board diversity policy.

Our Directors have a balanced mix of knowledge and skills, including corporate governance, retail, e-commerce, law, marketing, accounting and financial management. They obtained degrees in various majors, including in marketing, law, English, economics, finance and engineering. Furthermore, the ages of our Directors range from 36 years old to 50 years old. We have also taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation to the Board and senior management levels. In particular, three of our Directors are female upon [REDACTED]. Taking into account our existing business models and specific needs as well as the different background of our Directors, we are of the view that the composition of our Board satisfies our board diversity policy.

DIRECTORS AND SENIOR MANAGEMENT

Our nomination committee is responsible for ensuring the diversity of our Board. After the [REDACTED], our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

DIRECTORS’ CONFIRMATIONS

Save as disclosed in this section, each of the Directors and members of the senior management (i) had no other relationship with any of the other Directors and senior management as of the Latest Practicable Date; and (ii) did not hold any other directorship in listed companies in the three years prior to the Latest Practicable Date. For the Directors’ interests in the Shares within the meaning of Part XV of the SFO, see the section headed “Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interest — (a) Disclosure of interest — interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations.”

Save as disclosed in this section, to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, there are no other matters in respect of the appointment of each of our Directors and the members of our senior management that are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other material matters relating to our Directors and the members of our senior management that need to be brought to the attention of our Shareholders.

Each of our Directors confirms that as of the Latest Practicable Date, he or she was not interested in any business, apart from our 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.

Each of our Directors confirms that he or she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 14, 2025 and understands his or her obligations as a director of a [REDACTED] issuer under the Listing Rules.

Each of the independent non-executive Directors has confirmed (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 our Company or our subsidiaries or any connection with any core connected person of our 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.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management members receive compensation from our Company in the form of salaries, bonuses, social insurance and housing provident fund and other benefits.

DIRECTORS AND SENIOR MANAGEMENT

The aggregate amounts of remuneration (including salaries, bonuses, social insurance and housing provident fund and other benefits) paid to our Directors for the three years ended December 31, 2022, 2023 and 2024 were approximately RMB2.3 million, RMB2.5 million and RMB4.8 million, respectively.

The five highest paid individuals of our Company for the three years ended December 31, 2022, 2023 and 2024 included one, two and two Directors, respectively, whose remunerations are included in the aggregate amount of remuneration set out above. For the three years ended December 31, 2022, 2023 and 2024, the aggregate amount of remuneration (including salaries, bonuses, social insurance and housing provident fund and other benefits) for the remaining four, three and three highest paid individuals who are not Directors of our Group were approximately RMB24.1 million, RMB2.7 million and RMB5.3 million, respectively.

It is estimated that remuneration equivalent to approximately RMB7.6 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2025 based on the arrangements currently in force.

No remuneration was paid by our Company to the Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and share repurchases;
- where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner that is different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the [REDACTED] or [REDACTED] volume of the Shares, the possible development of a false market in the Shares or any other matters under Rule 13.10 of the Listing Rules.

The terms of the appointment of the compliance advisor will commence on the [REDACTED] and is expected to end on the date when our Company distributes the annual report of its financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme), the following persons are expected to have an interest and/or short positions in the Shares or the underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Number of Shares held as of the Latest Practicable Date	Number of Shares held immediately following the completion of the [REDACTED]	Approximate percentage of shareholding in our Company immediately following the completion of the [REDACTED] ⁽¹⁾
Mr. Zhao	Interest in a controlled corporation ⁽²⁾	44,205,882 ⁽⁵⁾	44,294,222 ⁽⁵⁾	[REDACTED]
	Interest held through voting powers entrusted by other persons ⁽³⁾	38,159,710	38,159,710	[REDACTED]
	Other ⁽⁴⁾	16,776,414	16,776,414	[REDACTED]
Cross Maze ⁽²⁾	Beneficial interest	44,205,882 ⁽⁵⁾	44,294,222 ⁽⁵⁾	[REDACTED]
Shunwei Angels II Limited	Beneficial interest	35,062,322 ⁽⁵⁾	40,712,948 ⁽⁵⁾	[REDACTED]
HH HPK Holdings Limited	Beneficial interest	17,436,544 ⁽⁵⁾⁽⁶⁾	37,910,175 ⁽⁵⁾	[REDACTED]
Anchor	Beneficial interest	22,691,168 ⁽⁵⁾⁽⁶⁾	52,674,912 ⁽⁵⁾	[REDACTED]

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme).
- (2) Cross Maze is wholly owned by Mr. Zhao.
- (3) Pursuant to an acting-in-concert agreement dated September 15, 2022, Mr. Zhao is able to exercise voting rights entrusted from the Entrusting Shareholders and is therefore deemed to be interested in an additional of [REDACTED]% shareholding interest in our Company after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme). For further details, see “History, Development and Corporate Structure — Voting Rights Entrustment Arrangements.”
- (4) The voting rights of HIPAC Incentive is controlled by Mr. Zhao in his capacity as the sole member of the advisory committee. Mr. Zhao is therefore deemed to be interested in the Shares held by HIPAC Incentive under the SFO.

SUBSTANTIAL SHAREHOLDERS

- (5) For details of the conversion mechanism of the Preferred Shares, see “History, Development and Corporate Structure — Capitalization of our Company.”
- (6) On June 26, 2025, our Company repurchased 1,427,269 Series D Preferred Shares from Series D Investors. For details, see “History, Reorganization and Corporate Structure — Our Major Corporate Development — (5) Shareholder Divestments — (iii) 2025 Divestment.”

Save as disclosed above and in the section headed “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders” in Appendix IV to this document, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

We are not aware of any arrangement which may result in any change of control in our Company or our subsidiary at any subsequent date.

SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the [REDACTED].

Authorized Share Capital			Aggregate par value
500,000,000	Shares of US\$0.0001 each		US\$50,000
1. SHARE CAPITAL AS OF THE LATEST PRACTICABLE DATE AND THE DATE OF THIS DOCUMENT			
Issued and to be issued, fully paid or credited as fully paid		Aggregate par value	% of the issued share capital
232,609,330	Shares in issue as of the Latest Practicable Date	US\$23,260.9330	100
231,182,061	Shares in issue as of the date of this document	US\$23,118.2061	100
2. SHARE CAPITAL IMMEDIATELY AFTER THE COMPLETION OF THE [REDACTED]			
Issued and to be issued, fully paid or credited as fully paid		Aggregate par value	% of the issued share capital
319,773,633	Shares in issue immediately prior to the [REDACTED] (including the Shares on conversion of the Preferred Shares) ⁽¹⁾	US\$31,977.3633	[REDACTED]
[REDACTED]	Shares to be issued pursuant to the [REDACTED]	US\$[REDACTED]	[REDACTED]
[REDACTED]	Total	US\$[REDACTED]	100

Note:

- (1) The Preferred Shares will be converted to ordinary Shares based on the conversion mechanism agreed among the Company and Shareholders in the framework contract dated May 30, 2025. See “History, Reorganization and Development — Capitalization of Our Company”

SHARE CAPITAL

ASSUMPTION

The above table assumes that the [REDACTED] has become unconditional. It takes no account of any Shares (a) which may be issued pursuant to the exercise of the [REDACTED]; (b) which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise; or (c) which may be issued upon the exercise of any outstanding options or vesting of restricted shares granted pursuant to the 2015 Share Incentive Scheme.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank *pari passu* in all respects with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid after the date of this document.

[REDACTED] Share Incentive Schemes

We adopted (i) the 2015 Share Incentive Scheme on September 1, 2015, which was further amended on November 19, 2020 and June 12, 2025, respectively; and (ii) 2023 Share Incentive Scheme on August 1, 2023, which was further amended on June 12, 2025. Please see “Statutory and General Information — D. [REDACTED] Share Incentive Schemes” in Appendix IV to this document for further details.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital; (ii) consolidate or divide its capital into shares of larger or smaller amount than its existing shares; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may reduce its share capital or any capital redemption reserve fund or other undistributable reserve in any way by special shareholders’ resolution, subject to the provisions of the Cayman Companies Act. For more details, see the section headed “Summary of the Constitution of the Company and Cayman Companies Act” in Appendix III to this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and

SHARE CAPITAL

issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of:

- (i) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and exercise of outstanding options or vesting of restricted shares granted under the 2015 Share Incentive Scheme); and
- (ii) the nominal amount of our share capital repurchased by our Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders. This mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or
- (iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting.

For further details of this general mandate, please see the section headed “Statutory and General Information — A. Further information about our Company and our Subsidiaries — 3. Resolutions in writing of our Shareholders passed on [•], [2025]” in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the exercise of outstanding options or vesting of restricted shares granted under the 2015 Share Incentive Scheme).

This mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be [REDACTED] (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information — A. Further information about our Company and our Subsidiaries — 3. Resolutions in writing of our Shareholders passed on [•], [2025]” in Appendix IV to this document.

SHARE CAPITAL

This general mandate to repurchase Shares will remain in effect until the earliest of:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or
- (iii) the date on which it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting.

For further details of this general mandate, please see the section headed “Statutory and General Information — A. Further information about our Company and our Subsidiaries — 3. Resolutions in writing of our Shareholders passed on [•], [2025]” in Appendix IV to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements together with the accompanying notes as set forth in the Accountants’ Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which may differ in certain aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed “Risk Factors” and “Business” in this document.

OVERVIEW

We are a leading commerce and service platform in China, specializing in family care and nutrition products. Through reorganizing the family care and nutrition product supply chain, we empower our business customers with a high-quality, considerate-featured, stable-supplied and reasonable-priced portfolio of family care and nutrition products, optimizing consumer experience and facilitating consumption upgrades in lower-tier market. In 2024, our GMV generated from China’s family care and nutrition products in lower-tier market reached RMB8.6 billion, making us the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, with a market share of 10.1%, according to Frost & Sullivan.

During the Track Record Period, we generated our revenue primarily from (i) digital marketplace business, and (ii) self-operated business, which includes (a) general self-operated business, and (b) proprietary brand business. Our total revenue increased from RMB895.3 million for the year ended December 31, 2022 to RMB1,066.8 million for the year ended December 31, 2023, and remained stable at RMB1,032.4 million for the year ended December 31, 2024. We recorded net profit of RMB1.0 million for the year ended December 31, 2022, while recording net losses of RMB56.5 million and RMB78.8 million for the years ended December 31, 2023 and 2024, respectively. However, should the impact brought by convertible redeemable preferred shares and equity-settled share-based payments be excluded, we would record adjusted net loss (non-HKFRS financial measure) of RMB131.1 million for the year ended December 31, 2022, and record adjusted net profit (non-HKFRS financial measure) of RMB19.3 million and RMB25.8 million for the years ended December 31, 2023 and 2024, respectively.

FINANCIAL INFORMATION

BASIS OF PREPARATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on April 28, 2015. In preparation for the [REDACTED], we underwent the Reorganization, the details of which are set out in “History, Reorganization and Corporate Structure.” The Reorganization is merely a recapitalization of our Group’s business with no substantive change in the economic substance of the ownership and our Group’s business before and after the Reorganization. Accordingly, the historical financial information has been prepared and presented as a continuation of the financial information of our Group’s business prior to the Reorganization.

Our historical financial information has been prepared in accordance with HKFRS Accounting Standards (including all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted on a consistent basis by our 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 equity investments designated at fair value through other comprehensive income (“FVTOCI”), financial assets at fair value through profit or loss (“FVTPL”), derivative financial instruments and convertible redeemable preferred shares which have been measured at fair value. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on consolidation.

The preparation of the historical financial information in conformity with HKFRS Accounting Standards 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 3 to the Accountants’ Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Development of China’s Family Care and Nutrition Product Industry in Lower-tier Market and Its Competition Landscape

We operate in China’s steadily growing and increasingly competitive family care and nutrition product industry in lower-tier market. Our business, financial performance, results of operations and future growth are affected by the development of China’s family care and nutrition product industry in lower-tier market, including the general factors affecting such industry and market, the macroeconomic conditions and regulatory

FINANCIAL INFORMATION

environment, as well as the market acceptance, adoption and demand for commerce and service platform in such industry and market. According to Frost & Sullivan, the market size of China’s family care and nutrition product industry in lower-tier market experienced significant growth from RMB1.6 trillion in 2019 to RMB1.9 trillion in 2024 at a CAGR of 3.4%, and is expected to reach RMB2.4 trillion in 2029 with a CAGR of 5.0% from 2024 to 2029, indicating great market potential. In particular, China’s family care and nutrition product industry in lower-tier market is driven by enhanced product development to address unmet market demand, increasing consumption frequency through refined consumer needs, and improved distribution efficiency via stronger brand-platform collaboration. See “Industry Overview — Overview of China’s Family Care and Nutrition Product Industry in Lower-tier Market” for details.

Meanwhile, we face competition in China’s family care and nutrition product industry in lower-tier market primarily from other competitors with diverse capabilities, some of which may have longer operating history, greater business scale and resources, higher market recognition and more effective pricing strategies than us. We believe our competitive advantage in this market is driven by several key factors, including strong relationship with ecosystem participants, deep consumer insights into lower-tier market demands, an integrated digital platform and IT infrastructure, an extensive sales network, competitive pricing and brand recognition. As a leading commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market, we believe we are well-positioned to capture such market opportunity with our extensive sales network resources and in-depth industry understanding. However, increased competition or our inability to sustain our competitive advantage could adversely affect our results of operations.

Our Ability to Expand Ecosystem Participants Transacting on Our Platform as well as Maintain and Enhance Relationships with Suppliers and Buyers

We are the largest commerce and service platform serving businesses in China’s family care and nutrition product industry in lower-tier market in terms of GMV in 2024, with a market share of 10.1%, according to Frost & Sullivan. Ecosystem participants transacting on our platform include family care and nutrition product vendors and diverse buyers. We also source products from suppliers and rely on OEM suppliers to provide a broad spectrum of high-quality products at competitive prices under our self-operated business. Our ability to attract and grow the number of participants on our platform and to maintain and enhance relationships with suppliers and buyers is fundamental to the success of our business, which depends on, among other things, our ability to continue to cultivate an efficient ecosystem, create value for the participants, offer a wide variety of SKUs, facilitate fulfilment and fast delivery, and provide high-quality service to industry participants along the value chain.

FINANCIAL INFORMATION

Our *Hipac* platform efficiently connects family care and nutrition product vendors with diverse buyers through an efficient, scalable and secure marketplace that streamlines supply chains and facilitates transactions. As of December 31, 2024, we attracted approximately 4,200 registered vendors and approximately 290,000 registered buyers covering 31 provinces, municipalities and autonomous regions and across over 3,000 counties and villages nationwide. The number of registered vendors on our platform increased from 2,450 as of December 31, 2022 to 4,241 as of December 31, 2024, representing a CAGR of 31.6%. The buyers transacting ratio, calculated as transacting buyers as a percentage of buyers which logged into our *Hipac* platform for at least once in the relevant years, increased from 81.3% in 2022 to 83.3% in 2023, and further increased to 84.8% in 2024. We are also able to maintain high buyer engagement, with the average number of orders per transacting buyer per month amounting to 7 and the average number of orders per core buyer per month amounting to 11 in 2024, respectively. We have also established strategic cooperation with leading manufacturers, which has enhanced our supply chain capabilities. Increased ecosystem participant base as well as enhanced relationships with suppliers and buyers positively affected each other and formed a virtuous cycle and symbiotic ecosystem, laying a solid foundation for our sustainable development.

We have devoted, and expect to continue to devote, substantial resources to our sales and marketing initiatives to deepen our penetration, enlarge our ecosystem participant base and achieve higher market recognition. During the Track Record Period, our selling and distribution expenses were RMB378.8 million, RMB309.5 million and RMB255.8 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 42.3%, 29.0% and 24.8% of our total revenue for the same years, respectively. As we continue to scale up our business operations, we expect to achieve greater cost efficiency with our sales and marketing initiatives. Going forward, we believe our success will continue to largely depend on our ability to attract and grow the number of participants on our platform and to maintain and enhance buyer engagement.

Our Ability to Manage Our Mix of Product and Service Offerings

Our results of operations are also affected by the mix of products and services we offer, each of which complements and benefits each other and ensures our ability to withstand the market competition while maintaining a strong financial growth trajectory. During the Track Record Period, we generated our revenue primarily from (i) digital marketplace business, where we collect commissions and recognize revenue on a net basis; and (ii) self-operated business, where we generate revenue from sale of products and recognize revenue on a gross basis. As the cost structure and gross profit margin of each business line varies, our business mix may affect our financial performance and results of operations.

FINANCIAL INFORMATION

During the Track Record Period, we recorded higher gross profit margin for digital marketplace business, while we recorded lower gross profit margin for self-operated business, primarily due to the different revenue recognition methods. The decrease in our overall gross profit margin during the Track Record Period was primarily due to the continuously growing contribution from self-operated business, which carries inherently lower gross profit margin due to its business nature and revenue model. See “— Description of Key Statement of Profit or Loss and Consolidated Statements of Comprehensive Income — Gross Profit and Gross Profit Margin” for further details. Changes in our business structure and strategies in the future could have a significant impact on our profitability.

Our Ability to Optimize Cost Structure and Improve Operational Efficiency

While we value and encourage innovation, our ability to achieve and maintain profitability is dependent in part on our ability to control costs. During the Track Record Period, our cost of sales was RMB502.4 million, RMB665.3 million and RMB697.1 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 56.1%, 62.4% and 67.5% of our total revenue for the same years, respectively. Our cost of sales primarily consisted of cost of goods, warehousing and logistics costs, transaction processing costs, server costs and staff costs. Changes in any major component of our cost of sales and our overall cost structure could have an impact on our gross profit and gross profit margin. For instance, the largest component of our cost of sales was cost of goods, which amounted to RMB422.3 million, RMB604.4 million and RMB651.5 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing 84.1%, 90.8% and 93.4% of our total cost of sales for the same years, respectively. Our ability to effectively control such costs as we expand our operations has affected and will continue to affect our financial results. We aim to deepen our collaborations with suppliers to enhance the stability and affordability of supply and optimize our cost structure.

In order to assess the hypothetical financial impacts of our cost of sales, the following table sets forth a sensitivity analysis illustrating the impact of hypothetical fluctuations in cost of sales on our gross profit for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<u>Change in</u> <u>gross profit</u> <i>RMB'000</i>	<u>% change in</u> <u>gross profit</u> <i>%</i>	<u>Change in</u> <u>gross profit</u> <i>RMB'000</i>	<u>% change in</u> <u>gross profit</u> <i>%</i>	<u>Change in</u> <u>gross profit</u> <i>RMB'000</i>	<u>% change in</u> <u>gross profit</u> <i>%</i>
+ 5%	(25,122.1)	(6.4)	(33,266.3)	(8.3)	(34,854.7)	(10.4)
–5%	25,122.1	6.4	33,266.3	8.3	34,854.7	10.4
+ 10%	(50,244.2)	(12.8)	(66,532.5)	(16.6)	(69,709.4)	(20.8)
–10%	50,244.2	12.8	66,532.5	16.6	69,709.4	20.8

FINANCIAL INFORMATION

In addition, our operating efficiency is affected by our ability to control operating expenses, which primarily comprise selling and distribution expenses, administrative expenses, research and development expenses and other expenses during the Track Record Period. We anticipate our operating expenses may increase as we continue to expand our business operations and account for a significant portion of our revenue. In addition, during the Track Record Period, our total staff costs, which include staff costs recorded in cost of sales and employee benefit expenses recorded in selling and distribution expenses, administrative expenses and research and development expenses, amounted to RMB395.9 million, RMB271.9 million and RMB259.1 million, accounted for 44.2%, 25.5% and 25.1% of our revenue for the years ended December 31, 2022, 2023 and 2024, respectively. The decrease in total staff costs during the Track Record Period was primarily due to our concerted efforts to streamline our personnel in order to optimize our labor structure and increase overall operational efficiency. As we further increase our revenue, we expect to benefit from economies of scale and further improve our operational efficiency.

Seasonality

A significant portion of our revenue is related to purchase orders placed by offline retail stores on our digital marketplace. We experience seasonality in our business, reflecting a combination of traditional retail seasonality patterns and emerging patterns associated with online platforms in particular. We typically record higher revenue in the second half of the year attributable to the promotional campaigns we held, such as the year-end grand promotion in December, which capitalizes on buyers’ year-end shopping demands. Moreover, the seasonal patterns of offline consumption play a crucial role. As the year progresses, consumers tend to increase their spending and purchase products in advance in anticipation of the year-end festive season, which in turn boosts our revenue in the second half of the year. We generally experience less user traffic and purchase orders during the Chinese New Year holiday season in the first quarter of each year, when lower-tier market experiences widespread closures as manufacturers halt production and offline retail stores cease operations. See “Business — Seasonality” for more details. We expect our revenue to continue to fluctuate based on the seasonal factor that affects the family care and nutrition product industry as a whole.

The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision. If seasonal demand exceeds our expectation, we may not have sufficient stock or arrange for timely delivery. If seasonal demand is lower than our expectation, we could be left with excess inventory, higher working capital and liquidity requirements, as well as the risk of impairment losses on our inventory.

FINANCIAL INFORMATION

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and accounting judgments and estimates that we believe are significant to the preparation of our consolidated financial statements. 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 operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from 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 to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe to be critically important to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, significant accounting judgments and estimates, which are important for understanding our financial position and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants’ Report set out in Appendix I to this document.

Revenue Recognition

We generate revenue from (i) digital marketplace business, and (ii) self-operated business, which includes (a) general self-operated business, and (b) proprietary brand business.

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 we expect to be entitled in exchange for those goods or services. A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are recognized as revenue when we perform under the contract (i.e., transfers control of the related goods or services to the customer).

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

FINANCIAL INFORMATION

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether we are acting as a principal or an agent in the transaction. If we are acting as a principal in a transaction, we report revenue on a gross basis. If we are acting as an agent in a transaction, we report revenue on a net basis. The determination of whether we are acting as a principal or an agent in a transaction involves judgement and is based on an evaluation of the terms of the arrangement. We are considered a principal if we control a promised good or service before transferring that good or service to the customer. We consider several factors to determine if we control the good or service and therefore is the principal. These factors include: (a) if we are primarily responsible for fulfilling the promise to provide the specified good or service; (b) if we have inventory risk before the specified good or service has been transferred to a customer or after the transfer of control to the customer; and (c) if we have discretion in establishing price for the specified good or service.

Digital Marketplace Business

Our digital marketplace business facilitates the transactions between vendors and buyers on the platform. Revenue from the provision of digital marketplace business is recognized at the point in time when the service is provided and the order transactions are completed.

We are an agent in this arrangement as we do not control the specified products before the products are delivered to the buyers, because (i) it is the vendors, rather than us, who are primarily responsible for the sale of products to the buyers; (ii) the vendors are identified and determined by the buyers, rather than by us, and we do not commit to acquiring the specified products before transferring to the buyers. Therefore, we are not the principal in executing these transactions. We report the amounts received from the buyers and the amounts paid to the vendors related to these transactions on a net basis.

In addition, we also provide customized marketing services to the vendors on the platform, including targeted advertisement, brand marketing and other promotional services. Revenue from customized marketing services is primarily recognized at the point in time when the performance obligations for the services are completed.

FINANCIAL INFORMATION

Self-operated Business

Revenue from self-operated business represents payments for the sale of products, which is recognized at the point in time when control of the products is transferred to the customer, generally on delivery of the products at the customer’s location or upon confirmation of receipt of the products.

Certain contracts for the sale of products provide customers with rights of return giving rights to variable consideration, and coupons giving rise to a separate performance obligation.

Rights of Return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which we will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Coupons

We give coupons to customers in transactions, which allow customers to utilize in exchange for products or services. The coupons give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the coupons given to customers based on the relative stand-alone selling price and recognized as a contract liability until the coupons are utilized. Revenue is recognized upon utilization of the coupons for products by the customer. When estimating the stand-alone selling price of the coupons, we consider the likelihood that the customer will utilize the coupons. We update our estimates of the coupons that will be utilized on a yearly basis and any adjustments to the contract liability balance are charged against revenue.

FINANCIAL INFORMATION

Fair Value Measurement

We measure our financial assets at FVTPL, equity investments designated at FVTOCI, derivative financial instruments and convertible redeemable preferred shares at fair value at the end of each of 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 us. 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.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 — Fair value measured using only Level 1 inputs, i.e. based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — Fair value measured using Level 2 inputs, i.e. based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — Fair value measured using significant unobservable inputs, i.e. 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 recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

FINANCIAL INFORMATION

Credit Losses and Impairment of Assets

Impairment of Financial Assets

We recognize an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General Approach

ECLs are recognized 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, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare 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 consider reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. We consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

We consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, we may also consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

FINANCIAL INFORMATION

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for 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 we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. We have 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.

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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized 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.

FINANCIAL INFORMATION

An assessment is made at the end of each of the relevant periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized 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/amortization) had no impairment loss been recognized 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.

Estimation of the Fair Value of Convertible Redeemable Preferred Shares

The convertible redeemable preferred shares issued by us are not traded in an active market and the respective fair value is determined by using valuation techniques. We applied the income approach to determine the underlying equity value of our Company and adopted the option-pricing method and equity allocation model to determine the fair value of convertible redeemable preferred shares. Key assumptions such as the timing of the liquidation, redemption or the liquidation event as well as the probability of the various scenarios were based on our best estimates.

Share-based Payments

We operate a share option scheme as well as a share award scheme. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value on the date when they are granted the share options.

The cost of equity-settled transactions is recognized in employee benefit expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized 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 our 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 recognized as at the beginning and end of that period.

FINANCIAL INFORMATION

DESCRIPTION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth key consolidated statements of profit or loss and consolidated statements of comprehensive income items for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue	895,268	1,066,785	1,032,399
Cost of sales	(502,442)	(665,325)	(697,094)
Gross profit	392,826	401,460	335,305
Other income and gains	23,719	39,850	32,471
Selling and distribution expenses	(378,810)	(309,470)	(255,846)
Administrative expenses	(96,830)	(59,407)	(71,225)
Research and development expenses	(63,371)	(35,335)	(33,585)
Impairment losses on financial assets, net	(863)	(1,175)	(1,443)
Other expenses	(32,085)	(18,849)	(5,250)
Finance costs	(657)	(466)	(2,964)
Fair value gain/(loss) on convertible redeemable preferred shares	157,227	(72,989)	(76,183)
Share of loss of an associate	(88)	(53)	(106)
Profit/(loss) before tax	1,068	(56,434)	(78,826)
Income tax credit/(expense)	(56)	(106)	1
Profit/(loss) for the year	1,012	(56,540)	(78,825)
Profit/(loss) for the year attributable to:			
Owners of the parent	1,803	(52,131)	(78,403)
Non-controlling interests	(791)	(4,409)	(422)
	1,012	(56,540)	(78,825)
Total comprehensive loss for the year attributable to:			
Owners of the parent	(156,138)	(83,422)	(111,832)
Non-controlling interests	(791)	(4,409)	(422)
	(156,929)	(87,831)	(112,254)

FINANCIAL INFORMATION

Non-HKFRS Financial Measure

To supplement our financial information, which is presented in accordance with HKFRS Accounting Standards, we also provide adjusted net profit or loss as a non-HKFRS financial measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards. We believe that this non-HKFRS financial measure facilitates comparisons of operating performance from year to year, aiming to provide useful information to investors in understanding and evaluating our results of operations in the same manner it helped our management. However, our presentation of adjusted net profit or loss (non-HKFRS financial measure) may not be comparable to similarly titled measures presented by other companies as they do not have a standardized meaning. The application of the non-HKFRS financial measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS Accounting Standards.

We define adjusted net profit or loss (non-HKFRS financial measure) as profit or loss for the year adjusted by adding back fair value gain or loss on convertible redeemable preferred shares and equity-settled share-based payments. We eliminate the potential impacts of these items as they are non-cash in nature. In particular, fair value gain or loss on convertible redeemable preferred shares are related to the redemption right and promissory notes granted to our [REDACTED] Investors. As all Preferred Shares will be automatically converted to ordinary shares upon [REDACTED], such convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED] and are not expected to recur thereafter.

The following table reconciles our adjusted net profit or loss (non-HKFRS financial measure) for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year	1,012	(56,540)	(78,825)
Add:			
Fair value gain or loss on convertible redeemable preferred shares	(157,227)	72,989	76,183
Equity-settled share-based payments	25,121	2,852	28,411
Adjusted net (loss)/profit (non-HKFRS financial measure)	(131,094)	19,301	25,769

FINANCIAL INFORMATION

Revenue

During the Track Record Period, we generated our revenue primarily from (i) digital marketplace business, and (ii) self-operated business, which includes general self-operated business and proprietary brand business. See “Business — Business Model” for more details.

The following table sets forth the breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>	<i>RMB'000</i>	<i>% of revenue</i>
Digital marketplace business	353,975	39.5	296,236	27.8	229,335	22.2
Self-operated business	540,408	60.4	767,800	71.9	801,826	77.7
General self-operated business	266,298	29.7	443,067	41.5	579,623	56.2
Proprietary brand business	274,110	30.7	324,733	30.4	222,203	21.5
Others⁽¹⁾	<u>885</u>	<u>0.1</u>	<u>2,749</u>	<u>0.3</u>	<u>1,238</u>	<u>0.1</u>
Total	<u>895,268</u>	<u>100.0</u>	<u>1,066,785</u>	<u>100.0</u>	<u>1,032,399</u>	<u>100.0</u>

Note:

- (1) Others primarily comprise revenue generated from offline matchmaking services for upstream vendors selling certain cosmetics and electronic products to downstream buyers in rare circumstances, which was recorded on a net basis as the relevant contracts specified that we did not control the products prior to their delivery to the buyers.

Digital Marketplace Business

We operate our *Hipac* platform as an online marketplace where upstream vendors sell family care and nutrition products to downstream buyers. Revenue generated from digital marketplace business consists of commissions from vendors based on the GMV of their sales on our *Hipac* platform. Revenue generated from digital marketplace business is generally recognized at the point in time when the service is provided and the order transactions are completed. We act as an agent under such business as we do not control the specified products prior to their delivery to the buyers. Revenue from customized marketing services is recognized at the point in time when the performance obligations for the services are completed. Our customers of digital marketplace business comprise upstream vendors, including manufacturers, distributors and brands.

FINANCIAL INFORMATION

Our revenue generated from digital marketplace business decreased during the Track Record Period, mainly because we strategically shifted our business focus from scale-oriented development to profit-oriented development. As the cornerstone of our business, our digital marketplace business has achieved substantial growth during the past decade, during which we have fostered deep collaboration with upstream brands, distributors and manufacturers, as well as built a royal downstream buyer base. Leveraging our established advantages in operating our digital marketplace, we strategically devoted more resources to the development of our self-operated business during the Track Record Period, where we maintained full control over supplier selection, pricing strategies, brand management, inventory management, delivery and after-sales customer services, to fully release the growth potential brought by user traffic on our platform. During the Track Record Period, we deepened our collaboration with upstream vendors through negotiating direct procurement or designated channel arrangements, and successfully transitioned certain product categories with high brand concentration and strong downstream demand, such as infant formula, from digital marketplace business, where we only charge commissions based on the GMV of their sales, to our self-operated business, where we directly procure products from them and recognize revenue on a gross basis from our subsequent products sales.

For the years ended December 31, 2022, 2023 and 2024, the average commission rates we charged under the digital marketplace business were approximately 2.5%, 2.6% and 2.3%, respectively, and our gross profit margin of our digital marketplace business was 87.5%, 91.4% and 91.5% for the same years respectively. Therefore, the average conversion rate of GMV to gross profit under the digital marketplace business was approximately 2.1%, 2.3% and 2.0% for the year ended December 31, 2022, 2023 and 2024, respectively.

Self-operated Business

Revenue generated from our self-operated business primarily consists of payments for the sale of family care and nutrition products. We act as a principal under our self-operated business, and recognize revenue on a gross basis at the point in time when control of the products is transferred to the buyer, generally on delivery of the products at the buyer’s location or upon confirmation of receipt of the products. Our customers of self-operated business comprise downstream buyers purchasing products on our *Hipac* platform, individual customers purchasing products through our self-operated stores on major e-commerce platforms, as well as our offline trading partners.

Our revenue generated from self-operated business increased during the Track Record Period, primarily attributable to our strategic shift from a scale-driven approach to a profitability-focused model.

(a) General Self-operated Business

We procure family care and nutrition products and take inventory from upstream suppliers and then sell them to downstream buyers mainly via our *Hipac* platform.

FINANCIAL INFORMATION

Our revenue generated from general self-operated business increased during the Track Record Period, primarily attributable to the rising revenue from infant formula and dietary supplements. Leveraging our deepened collaboration with upstream infant formula brands through negotiating direct procurement or designated channel arrangements, we increased the scope of infant formula brands under our general self-operated business, thereby boosting revenue growth. The increase in revenue derived from dietary supplements was primarily attributable to the expansion of our product portfolio under general self-operated business, and was also in tandem with the heightened awareness of family health preservation in the post-pandemic era, whereby dietary supplements have progressively evolved into daily necessities.

(b) Proprietary Brand Business

We offer our self-developed and OEM-manufactured family care and nutrition products under our proprietary brand business to downstream buyers.

Our revenue generated from proprietary brand business increased in 2023, primarily attributable to the surge of our proprietary brand, *Wonder Miao* (喵小侠), which focuses on unmet consumer demands such as freeze-dried melting rice crackers for infants, and achieved rapid sales growth through major e-commerce platforms following its launch. Our revenue generated from proprietary brand business decreased in 2024, mainly because we reduced our marketing investments in certain non-core sales channels for operational efficiency, and optimized our proprietary SKU portfolio to focus on products with higher repeat purchase rates and higher margins, which was in line with our strategic shift from a scale-driven approach to a profitability-focused model.

The average conversion rate of GMV to gross profit under self-operated business was 10.9%, 13.2% and 12.3% for the years ended December 31, 2022, 2023 and 2024, respectively, which is substantially higher than the conversion rate of our digital marketplace business for the same years. The difference in the GMV-to-gross profit conversion rate between our business lines further validates that our strategic shift from a scale-driven approach to a profitability-focused model is conducive to the long-term and sustainable growth of our business.

Cost of Sales

Our cost of sales primarily consists of (i) cost of goods; (ii) warehousing and logistics costs; (iii) transaction processing costs; (iv) server costs; and (v) staff costs.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Cost of goods	422,295	84.1	604,392	90.8	651,488	93.4
Warehousing and logistics costs	35,915	7.1	35,345	5.3	26,161	3.8
Transaction processing costs	29,643	5.9	15,078	2.3	9,941	1.4
Server costs	9,132	1.8	5,862	0.9	5,239	0.8
Staff costs	5,457	1.1	4,648	0.7	4,265	0.6
Total	502,442	100.0	665,325	100.0	697,094	100.0

Cost of goods primarily comprise product procurement costs for general self-operated business and fees paid to OEM suppliers for our proprietary brand business. Being our largest cost component, cost of goods increased during the Track Record Period, which was generally in line with our revenue generated from self-operated business.

Warehousing and logistics costs relate to the warehousing and product delivery to customers under self-operated business. The majority of these costs are attributed to disposable diapers, as well as the logistics costs incurred for products sold to consumers via our self-operated stores on major e-commerce platforms, which typically feature smaller average sale amounts and higher logistics costs per order. Warehousing and logistics costs decreased in 2024, which was generally in line with the reduced sales to consumers through major e-commerce platforms.

Transaction processing costs represent transaction processing fees paid to third-party payment service providers in connection with our digital marketplace business. Transaction processing costs decreased during the Track Record Period, which was generally in line with our revenue generated from digital marketplace business, and was also attributable to the reduced fee rates charged by third-party payment service providers benefiting from our elevated bargaining power aligning with our industry leading position, and our collaboration with third-party payment service providers under more favorable fee rates.

Server costs comprise the maintenance costs of our self-built data center and the costs of cloud services provided by third parties in connection with our digital marketplace. Server costs decreased during the Track Record Period, mainly due to our shift from self-built data center to third-party cloud services starting from 2023, to optimize operational efficiency and reduce expenses.

Staff costs represent salaries, bonuses, pension and other social security and welfare of our full-time customer service and operational staff under our digital marketplace business. Our staff costs decreased during the Track Record Period, mainly due to our concerted efforts to streamline our full-time customer service and operational staff, optimize our labor structure and enhance overall operational efficiency.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our cost of sales by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Digital marketplace business	44,232	8.8	25,588	3.8	19,445	2.8
Self-operated business	458,210	91.2	639,737	96.2	677,649	97.2
General self-operated business	249,591	49.7	412,772	62.0	536,593	77.0
Proprietary brand business	208,619	41.5	226,965	34.2	141,056	20.2
Others	—	—	—	—	—	—
Total	502,442	100.0	665,325	100.0	697,094	100.0

For analysis on fluctuations in cost of sales by business line, see “— Year to Year Comparison of Results of Operations” for details.

Gross Profit and Gross Profit Margin

For the years ended December 31, 2022, 2023 and 2024, our gross profit was RMB392.8 million, RMB401.5 million and RMB335.3 million, respectively. Gross profit margin represents gross profit divided by revenue, expressed as a percentage. For the years ended December 31, 2022, 2023 and 2024, our gross profit margin was 43.9%, 37.6% and 32.5%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Digital marketplace business	309,743	87.5	270,648	91.4	209,890	91.5
Self-operated business	82,198	15.2	128,063	16.7	124,177	15.5
General self-operated business	16,707	6.3	30,295	6.8	43,030	7.4
Proprietary brand business	65,491	23.9	97,768	30.1	81,147	36.5
Others	885	100.0	2,749	100.0	1,238	100.0
Total	392,826	43.9	401,460	37.6	335,305	32.5

FINANCIAL INFORMATION

Our gross profit remained relatively stable in 2023, primarily attributable to increased gross profit from our self-operated business as a result of (i) increased gross profit from our proprietary brand, *Wonder Miao*, which achieved rapid sales growth in 2023 through major e-commerce platforms following its launch; and (ii) increased gross profit from general self-operated business, as we strengthened our collaboration with upstream infant formula brands through direct procurement or designated channel arrangements, thereby expanding our portfolio of infant formula brands under our self-operated business. Such increases were largely offset by decreased gross profit from our digital marketplace business, which was generally in line with our reduced revenue generated from such business line.

Our gross profit decreased in 2024, primarily due to (i) decreased gross profit from our digital marketplace business, which was generally in line with our reduced revenue generated from such business line; and (ii) decreased gross profit from our proprietary brand business as a result of declined gross profit from our proprietary brand, *Wonder Miao*, which aligned with its reduced revenue as we strategically shifted focus towards meticulous operations and cost-effectiveness, moving away from reliance on heavy promotional expenditure across major e-commerce platforms.

Our gross profit margin decreased during the Track Record Period, generally in line with the fluctuation in gross profit margin for each business line and mix of such business lines. See “— Year to Year Comparison of Results of Operations” for details.

Other Income and Gains

Our other income and gains primarily consist of (i) government grants; (ii) investment income realized from our wealth management products and time deposits; (iii) bank interest income on current bank balances; (iv) income from licensing out of a trademark, representing trademark royalties for licensing our trademark to offline trading partners to facilitate the distribution of our proprietary brand collections; (v) platform management income, representing penalties imposed on vendors for non-compliance with our platform management standards; (vi) VAT and other tax benefits, which mainly represent additional deduction of input VAT and other tax preferences; (vii) fair value gain of financial assets at FVTPL, representing unrealized gain from the fair value changes of our wealth management products; and (viii) gain on disposal of items of property, plant and equipment, which mainly represent disposal of our self-built data center in connection with our digital marketplace.

FINANCIAL INFORMATION

The following table sets forth a breakdown of other income and gains for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Other income						
Government grants	11,698	49.3	9,563	24.0	2,830	8.7
Investment income	—	—	15,116	37.9	11,005	33.9
Bank interest income	5,211	22.0	9,025	22.6	7,504	23.1
Income from licensing out of a trademark	—	—	—	—	6,604	20.3
Platform management income	4,141	17.5	3,976	10.0	2,805	8.6
VAT and other tax benefits	2,335	9.8	1,223	3.1	482	1.5
Others	258	1.1	274	0.7	149	0.5
Total other income	23,643	99.7	39,177	98.3	31,379	96.6
Gains						
Fair value gain of financial assets at FVTPL	—	—	178	0.4	1,092	3.4
Gain on disposal of items of property, plant and equipment	76	0.3	495	1.3	—	—
Total gains	76	0.3	673	1.7	1,092	3.4
Total other income and gains	23,719	100.0	39,850	100.0	32,471	100.0

Government grants recognized under other income and gains primarily represent incentives awarded by local government authorities (i) in recognition of our commercial innovation, economic contribution, and/or business achievements, (ii) in connection with the individual income tax handling fee, and (iii) for providing stable jobs (政府穩崗補貼), all of which are generally non-recurring in nature. There were no unfulfilled conditions or contingencies attached to these government grants.

Our other income and gains increased in 2023, primarily attributable to (i) the significant increase in investment income realized from our investments in wealth management products and time deposits; and (ii) higher bank interest income, which is in line with increased current bank balances in 2023. Our other income and gains decreased in 2024, primarily attributable to (i) decreased government grants, (ii) lower investment income realized from our investments in wealth management products and time deposits, and (iii) lower bank interest income. See “— Year to Year Comparison of Results of Operations” for details.

FINANCIAL INFORMATION

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefit expenses, representing salaries, bonuses and share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; (ii) advertising and promotion expenses primarily relating to the online advertising and promotion of our proprietary brand business; (iii) marketing service expenses, which mainly represent service fees for third-party marketing service providers; (iv) office, utilities and travelling expenses incurred by our sales and marketing personnel; and (v) depreciation and amortization, representing depreciation of equipment, leasehold improvements and right-of-use assets in connection with our sales and marketing activities, and amortization in relation to software which are classified as other intangible assets used for our sales and marketing activities.

The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Employee benefit expenses	259,802	68.6	198,712	64.2	181,874	71.1
Advertising and promotion expenses	51,791	13.7	52,809	17.1	22,445	8.8
Marketing service expenses	38,620	10.2	37,867	12.2	37,911	14.8
Office, utilities and travelling expenses	21,608	5.7	14,763	4.8	10,020	3.9
Depreciation and amortization	4,296	1.1	3,209	1.0	2,470	1.0
Others ⁽¹⁾	2,693	0.7	2,110	0.7	1,126	0.4
Total	378,810	100.0	309,470	100.0	255,846	100.0

Note:

- (1) Others primarily comprise short-term lease expenses and marketing sample fees incurred by our sales and marketing personnel.

Our selling and distribution expenses decreased in 2023, primarily due to (i) decreased employee benefit expenses mainly resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency; and (ii) decreased office, utilities and travelling expenses in line with the downsize of our sales and marketing team. Our selling and distribution expenses further decreased in 2024, primarily due to (i) decreased advertising and promotion expenses, mainly because we strategically shifted focus towards meticulous operations of our proprietary brand business and cost-effectiveness, moving away from reliance on heavy promotional expenditure across major e-commerce platforms; and (ii) decreased employee

FINANCIAL INFORMATION

benefit expenses resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency. See “— Year to Year Comparison of Results of Operations” for details.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses, representing salaries, bonuses and share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; (ii) professional service fees, representing (a) legal, auditing and consulting service fees in our ordinary course of business, (b) process outsourcing fees we paid to third parties for certain preliminary administrative activities we outsourced, and (c) fees for utilizing administrative software systems developed by third-parties; (iii) tax and surcharges, mainly including urban construction tax and education surcharge; (iv) office, utilities and travelling expenses incurred by our administrative personnel; and (v) depreciation and amortization, representing depreciation of equipment, leasehold improvements and right-of-use assets in connection with our administrative activities, and amortization in relation to software which are classified as other intangible assets used for our administrative activities.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Employee benefit expenses	74,334	76.7	37,724	63.6	43,529	61.2
Professional service fees	7,699	8.0	9,999	16.8	17,389	24.4
Tax and surcharges	4,118	4.3	3,946	6.6	3,026	4.2
Office, utilities and travelling expenses	3,639	3.8	2,815	4.7	3,429	4.8
Depreciation and amortization	3,996	4.1	3,732	6.3	1,764	2.5
Others ⁽¹⁾	3,044	3.1	1,191	2.0	2,088	2.9
Total	96,830	100.0	59,407	100.0	71,225	100.0

Note:

- (1) Others mainly comprise short-term lease expenses, bank charges and conference fees incurred by our administrative personnel.

FINANCIAL INFORMATION

Our administrative expenses decreased in 2023, primarily due to decreased employee benefit expenses, resulting from (i) less share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; and (ii) our concerted efforts to streamline our administrative team, optimize our labor structure and enhance overall operational efficiency. Our administrative expenses increased in 2024, primarily attributable to (i) increased professional service fees, resulting from (a) increased legal and consulting fees relating to our business operations; (b) increased process outsourcing fees as we outsourced certain preliminary administrative activities to third parties in 2024 to enhance cost-effectiveness; and (c) increased fees for administrative software system we utilized; and (ii) increased employee benefit expenses, resulting from higher share-based payment expenses relating to the [REDACTED] Share Incentive Schemes. For more details, see “—Year to Year Comparison of Results of Operations.”

Research and Development Expenses

Our research and development expenses relate to our R&D activities of our digital marketplace and proprietary brand collections, which primarily consist of (i) employee benefit expenses, representing salaries, bonuses and share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; (ii) professional service fees, representing fees associated with consulting and professional services and fees for utilizing technological software systems developed by third-parties; and (iii) depreciation and amortization, representing depreciation of equipment, leasehold improvements and right-of-use assets in connection with our R&D activities and facilities, and amortization in relation to software which are classified as other intangible assets used for our R&D activities.

The following table sets forth a breakdown of our research and development expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>
Employee benefit expenses	56,610	89.4	30,812	87.3	29,463	87.8
Professional service fees	1,969	3.1	968	2.7	1,826	5.4
Depreciation and amortization	4,006	6.3	2,841	8.0	1,945	5.8
Others ⁽¹⁾	786	1.2	714	2.0	351	1.0
Total	63,371	100.0	35,335	100.0	33,585	100.0

Note:

- (1) Others mainly comprise office, utilities and travelling expenses and short-term lease expenses incurred by our R&D personnel.

FINANCIAL INFORMATION

Our research and development expenses decreased during the Track Record Period, primarily due to decreased employee benefit expenses resulting from our concerted efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency as our digital marketplace achieved stable and mature performance after continuous upgrades. Our backbone R&D personnel for our core business and product line remained relatively stable during the Track Record Period. Therefore, we did not experience any shortages of R&D personnel, and this optimization did not have a material adverse effect on our R&D activities. The decrease in depreciation and amortization during the Track Record Period was in line with the downsize of our R&D team. See “— Year to Year Comparison of Results of Operations” for details.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets primarily represent net impairment losses on trade receivables and other receivables. We recorded net impairment losses on financial assets under the ECL model of RMB0.9 million, RMB1.2 million and RMB1.4 million in 2022, 2023 and 2024, respectively. Our net impairment losses on financial assets increased during the Track Record Period, mainly attributable to the increase in net impairment losses on other receivables. See “— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Trade Receivables” and “— Prepayments, Deposits and Other Receivables” for details.

Other Expenses

Our other expenses primarily comprise (i) net foreign exchange differences on wealth management products denominated in foreign currencies held by our Company and our offshore subsidiary; (ii) impairment of other intangible assets arising from impairment of a trademark; (iii) net investment loss realized from our wealth management products; and (iv) fair value loss of financial assets at FVTPL, representing unrealized losses from the fair value changes of our wealth management products.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our other expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Foreign exchange differences, net	28,300	88.2	5,980	31.7	4,815	91.7
Impairment of other intangible assets	—	—	11,437	60.7	—	—
Investment loss, net	2,675	8.3	—	—	—	—
Fair value loss of financial assets at FVTPL	613	1.9	—	—	—	—
Others ⁽¹⁾	497	1.6	1,432	7.6	435	8.3
Total	32,085	100.0	18,849	100.0	5,250	100.0

Note:

- (1) Others mainly comprise scrap of packaging materials for our products, donations made by us and penalties incurred for early termination of a warehousing contract.

Our other expenses decreased in 2023, primarily due to decreased foreign exchange losses as we reduced the wealth management products denominated in foreign currencies we held and the appreciation of U.S. dollar against Renminbi slowed down in 2023. Our other expenses decreased in 2024, mainly because we recorded an impairment of a trademark of RMB11.4 million in 2023. See “— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Other Intangible Assets” for details.

Finance Costs

Our finance costs primarily consist of (i) interest on bank loans; (ii) interest on bank loans from discounting bills receivable and letter of credit relating to the discount fee for acceptance bills and letter of credit; and (iii) interest on lease liabilities.

The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on bank loans	—	3	163
Interest on bank loans from discounting bills receivable and letter of credit	—	—	2,664
Interest on lease liabilities	657	463	137
Total	657	466	2,964

FINANCIAL INFORMATION

Our finance costs decreased in 2023, primarily due to decreased interest on lease liabilities resulting from the rent we paid and our downsized office premises as we terminated the lease of certain office areas in 2023. Our finance costs significantly increased in 2024 due to the interest on bank loans from discounting bills receivable and letter of credit resulting from the discount of certain bills receivable and letter of credit accepted by commercial banks issued by one of our subsidiaries with total carrying amounts of RMB116.1 million.

Fair Value Gain/(loss) on Convertible Redeemable Preferred Shares

Our fair value gain or loss on convertible redeemable preferred shares arise primarily from the changes in the carrying amount of our Preferred Shares. Prior to the [REDACTED], such Preferred Shares have not been traded in an active market and their value at each respective reporting date is determined based on valuation. We used the income approach to determine the underlying share value of our Company and adopted the option-pricing method and equity allocation model to determine the fair values of the convertible redeemable preferred shares as of December 31, 2022, 2023 and 2024.

We recorded fair value gains of convertible redeemable preferred shares of RMB157.2 million in 2022, arising from the decrease in fair value of convertible redeemable preferred shares, and recorded fair value losses of convertible redeemable preferred shares of RMB73.0 million and RMB76.2 million in 2023 and 2024, respectively, resulting from the increase in fair value of convertible redeemable preferred shares. All Preferred Shares will be automatically converted to ordinary shares upon the [REDACTED], and we will no longer recognize fair value changes thereof. For more details, please see “History, Reorganization and Corporate Structure — [REDACTED] Investments — (2) Special Rights” and Note 27 to the Accountants’ Report set out in Appendix I to this document.

Share of Loss of an Associate

We account an entity as our associate in which we have a long-term interest of generally not less than 20% of the equity voting rights and over which we have 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.

We recorded share of loss of an associate of RMB88.0 thousand, RMB53.0 thousand and RMB106.0 thousand in 2022, 2023 and 2024, respectively. Our share of results of an associate was from Hangzhou Beiqi Intelligent Technology Co., Ltd. (杭州貝奇智能科技有限公司), in which we held 42% equity interest as of the Latest Practicable Date. We expect that our share of results of an associate will not have a significant impact on our results of operations in the near future.

FINANCIAL INFORMATION

Income Tax Credit/(expense)

During the Track Record Period, our income tax credit or expense consists of current income tax and deferred income tax, which comprises PRC corporate income tax and Hong Kong profits tax.

The following table sets forth a breakdown of our income tax credit or expense for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Charge for the year	56	106	—
Overprovision in prior years	—	—	(1)
Total tax charge/(credit) for the year	<u>56</u>	<u>106</u>	<u>(1)</u>

We are subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of our Group are domiciled and operate.

Pursuant to the laws and regulations of the Cayman Islands, our Company and subsidiaries are not subject to any income tax in the Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Pursuant to the relevant tax law of Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the relevant years.

During the Track Record Period, our PRC subsidiaries were subject to the statutory EIT rate of 25%, except Hangzhou Yangtuo Internet, which enjoyed a preferential EIT rate of 15% for their high-tech enterprises status throughout the Track Record Period.

We recorded income tax expense of RMB56.0 thousand and RMB106.0 thousand in 2022 and 2023, respectively, and we recorded income tax credit of RMB1.0 thousand in 2024.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with relevant tax authorities.

FINANCIAL INFORMATION

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue remained relatively stable at RMB1,066.8 million for the year ended December 31, 2023 and RMB1,032.4 million for the year ended December 31, 2024.

Digital Marketplace Business

Our revenue generated from digital marketplace business decreased by 22.6% from RMB296.2 million for the year ended December 31, 2023 to RMB229.3 million for the year ended December 31, 2024, mainly because we strategically shifted our business focus from scale-oriented development to profit-oriented development. As the cornerstone of our business, our digital marketplace business has achieved substantial growth during the past decade, during which we have fostered deep collaboration with upstream brands, distributors and manufacturers, as well as built a royal downstream buyer base. Leveraging our established advantages in operating our digital marketplace, we strategically devoted more resources to the development of our self-operated business during the Track Record Period, where we maintained full control over supplier selection, pricing strategies, brand management, inventory management, delivery and after-sales customer services, to fully release the growth potential brought by user traffic on our platform. During the Track Record Period, we deepened our collaboration with upstream vendors through negotiating direct procurement or designated channel arrangements, and successfully transitioned certain product categories with high brand concentration and strong downstream demand, such as infant formula, from digital marketplace business, where we only charge commissions based on the GMV of their sales, to our self-operated business, where we directly procure products from them and recognize revenue on a gross basis from our subsequent products sales.

Self-operated Business

Our revenue generated from self-operated business remained relatively stable at RMB767.8 million for the year ended December 31, 2023 and RMB801.8 million for the year ended December 31, 2024, primarily attributable to the increase in our general self-operated business being largely offset by the decrease in our proprietary brand business.

FINANCIAL INFORMATION

Our revenue generated from general self-operated business increased by 30.8% from RMB443.1 million for the year ended December 31, 2023 to RMB579.6 million for the year ended December 31, 2024, primarily attributable to (i) the rising revenue from infant formula resulting from our deepened collaboration with upstream infant formula brands through negotiating direct procurement or designated channel arrangements, thereby increasing the scope of infant formula brands under our general self-operated business; and (ii) increased revenue generated from dietary supplements, which was attributable to the expansion of our product portfolio under general self-operated business, and was also in tandem with the heightened awareness of family health preservation in the post-pandemic era, whereby dietary supplements have progressively evolved into daily necessities.

Our revenue generated from proprietary brand business decreased by 31.6% from RMB324.7 million for the year ended December 31, 2023 to RMB222.2 million for the year ended December 31, 2024, mainly because we reduced our marketing investments in certain non-core sales channels for operational efficiency, and optimized our proprietary SKU portfolio to focus on products with higher repeat purchase rates and higher margins, which was in line with our strategic shift from a scale-driven approach to a profitability-focused model.

Cost of Sales

Our cost of sales remained relatively stable at RMB665.3 million for the year ended December 31, 2023 and RMB697.1 million for the year ended December 31, 2024.

Digital Marketplace Business

Our cost of sales of digital marketplace business decreased by 24.0% from RMB25.6 million for the year ended December 31, 2023 to RMB19.4 million for the year ended December 31, 2024, which was generally in line with the decreased revenue generated from such business line, as well as our shift from self-built data center to third-party cloud services starting from 2023, to optimize operational efficiency and reduce expenses.

Self-operated Business

Our cost of sales of self-operated business increased by 5.9% from RMB639.7 million for the year ended December 31, 2023 to RMB677.6 million for the year ended December 31, 2024, which was generally in line with the revenue growth from such business line.

Our cost of sales of general self-operated business increased by 30.0% from RMB412.8 million for the year ended December 31, 2023 to RMB536.6 million for the year ended December 31, 2024, generally aligning with the increased revenue generated from such business line.

Our cost of sales of proprietary brand business decreased by 37.9% from RMB227.0 million for the year ended December 31, 2023 to RMB141.1 million for the year ended December 31, 2024, primarily due to less fees paid to OEM suppliers as we optimized our proprietary SKU portfolio to focus on products with higher repeat purchase rates and higher margins.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 16.5% from RMB401.5 million for the year ended December 31, 2023 to RMB335.3 million for the year ended December 31, 2024, with our gross profit margin decreased from 37.6% for the year ended December 31, 2023 to 32.5% for the year ended December 31, 2024.

Digital Marketplace Business

Our gross profit margin of digital marketplace business remained relatively stable at 91.4% for the year ended December 31, 2023 and 91.5% for the year ended December 31, 2024.

Self-operated Business

Our gross profit margin of self-operated business decreased from 16.7% for the year ended December 31, 2023 to 15.5% for the year ended December 31, 2024, primarily due to the higher proportion of our general self-operated business, which commands a relatively lower gross profit margin as compared with our proprietary brand business. Notably, the relatively lower gross profit margin of general self-operated business is mainly attributable to infant formula products, especially world top brands, which generally have lower gross profit margins compared with other products under our general self-operated business, primarily due to their high penetration in the market, relatively transparent profit margins, higher procurement costs and higher bonded warehousing and logistics costs for imported infant formula products.

Our gross profit margin of general self-operated business increased from 6.8% for the year ended December 31, 2023 to 7.4% for the year ended December 31, 2024, primarily attributable to increased gross profit margin from infant formula through negotiating direct procurement from upstream infant formula brands leveraging our deepened collaboration relationships.

Our gross profit margin of proprietary brand business increased from 30.1% for the year ended December 31, 2023 to 36.5% for the year ended December 31, 2024, mainly attributable to our successful launch of proprietary dietary supplement brands, such as *Doctor Jepson* and *Prospace*, which have higher gross profit margin due to their higher pricing than our other proprietary products, reflecting their specialized ingredients and functional value.

Other Income and Gains

Our other income and gains decreased by 18.5% from RMB39.9 million for the year ended December 31, 2023 to RMB32.5 million for the year ended December 31, 2024, primarily due to (i) a decrease of RMB6.7 million in government grants; (ii) a decrease of RMB4.1 million in investment income realized from our investments in wealth management products resulting from lower investment return rate; and (iii) a decrease of RMB1.5 million in bank interest income, resulting from the lower overall demand bank deposit interest rates in 2024.

FINANCIAL INFORMATION

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 17.3% from RMB309.5 million for the year ended December 31, 2023 to RMB255.8 million for the year ended December 31, 2024, primarily due to (i) a decrease of RMB30.4 million in advertising and promotion expenses, mainly because we strategically shifted focus towards meticulous operations of our proprietary brand business and cost-effectiveness, moving away from reliance on heavy promotional expenditure across major e-commerce platforms; and (ii) a decrease of RMB16.8 million in employee benefit expenses, resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency.

Administrative Expenses

Our administrative expenses increased by 19.9% from RMB59.4 million for the year ended December 31, 2023 to RMB71.2 million for the year ended December 31, 2024, primarily attributable to (i) an increase of RMB7.4 million in professional service fees, resulting from (a) increased legal and consulting fees relating to our business operations; (b) increased process outsourcing fees as we outsourced certain preliminary administrative activities to third parties in 2024 to enhance cost-effectiveness; and (c) increased fees for administrative software system we utilized; and (ii) an increase of RMB5.8 million in employee benefit expenses, resulting from higher share-based payment expenses relating to the [REDACTED] Share Incentive Schemes.

Research and Development Expenses

Our research and development expenses decreased by 5.0% from RMB35.3 million for the year ended December 31, 2023 to RMB33.6 million for the year ended December 31, 2024, primarily due to (i) a decrease of RMB1.3 million in employee benefit expenses resulting from our concerted efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency as our digital marketplace achieved stable and mature performance after continuous upgrades; and (ii) a decrease of RMB0.9 million in depreciation and amortization in line with the downsize of our R&D team.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets increased by 22.8% from RMB1.2 million for the year ended December 31, 2023 to RMB1.4 million for the year ended December 31, 2024, mainly attributable to the increase in net impairment losses on other receivables.

Other Expenses

Our other expenses decreased significantly by 72.1% from RMB18.8 million for the year ended December 31, 2023 to RMB5.3 million for the year ended December 31, 2024, mainly because we recorded an impairment of a trademark of RMB11.4 million in 2023, whereas no similar impairment loss was recognized in 2024.

FINANCIAL INFORMATION

Financial Costs

Our financial costs significantly increased from RMB0.5 million for the year ended December 31, 2023 to RMB3.0 million for the year ended December 31, 2024, primarily attributable to the interest on bank loans from discounting bills receivable and letter of credit resulting from the discount of certain bills receivable and letter of credit accepted by commercial banks issued by one of our subsidiaries with total carrying amounts of RMB116.1 million.

Income Tax Expense/(credit)

We recorded income tax expense of RMB106.0 thousand for the year ended December 31, 2023, and we recorded income tax credit of RMB1.0 thousand for the year ended December 31, 2024.

Loss for the Year

As a result of the foregoing, our net loss for the year increased by 39.4% from RMB56.5 million for the year ended December 31, 2023 to RMB78.8 million for the year ended December 31, 2024. Our net loss margin increased from 5.3% for the year ended December 31, 2023 to 7.6% for the year ended December 31, 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 19.2% from RMB895.3 million for the year ended December 31, 2022 to RMB1,066.8 million for the year ended December 31, 2023.

Digital Marketplace Business

Our revenue generated from digital marketplace business decreased by 16.3% from RMB354.0 million for the year ended December 31, 2022 to RMB296.2 million for the year ended December 31, 2023, mainly due to the aforementioned strategic adjustment of our business focus from scale-oriented development to profit-oriented development.

Self-operated Business

Our revenue generated from self-operated business increased significantly by 42.1% from RMB540.4 million for the year ended December 31, 2022 to RMB767.8 million for the year ended December 31, 2023, primarily attributable to our strategic shift from a scale-driven approach to a profitability-focused model.

FINANCIAL INFORMATION

Our revenue generated from general self-operated business increased by 66.4% from RMB266.3 million for the year ended December 31, 2022 to RMB443.1 million for the year ended December 31, 2023, primarily attributable to the rising revenue from infant formula resulting from our deepened collaboration with upstream infant formula brands through negotiating direct procurement or designated channel arrangements, thereby increasing the scope of infant formula brands under our general self-operated business.

Our revenue generated from proprietary brand business increased by 18.5% from RMB274.1 million for the year ended December 31, 2022 to RMB324.7 million for the year ended December 31, 2023, primarily attributable to the surge of our proprietary brand, *Wonder Miao*, which focuses on unmet consumer demands such as freeze-dried melting rice crackers for infants, and achieved rapid sales growth through major e-commerce platforms following its launch.

Cost of Sales

Our cost of sales increased by 32.4% from RMB502.4 million for the year ended December 31, 2022 to RMB665.3 million for the year ended December 31, 2023.

Digital Marketplace Business

Our cost of sales of digital marketplace business decreased by 42.2% from RMB44.2 million for the year ended December 31, 2022 to RMB25.6 million for the year ended December 31, 2023, which was generally in line with the decreased revenue generated from such business line, as well as our shift from self-built data center to third-party cloud services starting from 2023, to optimize operational efficiency and reduce expenses.

Self-operated Business

Our cost of sales of self-operated business increased by 39.6% from RMB458.2 million for the year ended December 31, 2022 to RMB639.7 million for the year ended December 31, 2023, which was generally in line with the revenue growth from such business line.

Our cost of sales of general self-operated business increased by 65.4% from RMB249.6 million for the year ended December 31, 2022 to RMB412.8 million for the year ended December 31, 2023, generally aligning with the increased revenue generated from such business line.

Our cost of sales of proprietary brand business increased by 8.8% from RMB208.6 million for the year ended December 31, 2022 to RMB227.0 million for the year ended December 31, 2023, primarily due to higher fees paid to OEM suppliers resulting from the increase sale of our proprietary brand, *Wonder Miao*.

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit remained relatively stable at RMB392.8 million for the year ended December 31, 2022 and RMB401.5 million for the year ended December 31, 2023. Our gross profit margin decreased from 43.9% for the year ended December 31, 2022 to 37.6% for the year ended December 31, 2023.

Digital Marketplace Business

Our gross profit margin of digital marketplace business increased from 87.5% for the year ended December 31, 2022 to 91.4% for the year ended December 31, 2023, primarily attributable to our ongoing efforts to elevate our cost efficiency, where we shifted from self-built data center to third-party cloud services to optimize operational efficiency and reduce expenses.

Self-operated Business

Our gross profit margin of self-operated business increased from 15.2% for the year ended December 31, 2022 to 16.7% for the year ended December 31, 2023, primarily attributable to increased gross profit margin from both of our general self-operated business and proprietary brand business.

Our gross profit margin of general self-operated business increased from 6.3% for the year ended December 31, 2022 to 6.8% for the year ended December 31, 2023, primarily attributable to increased gross profit margin from infant formula through negotiating direct procurement from upstream infant formula brands leveraging our deepened collaboration relationships.

Our gross profit margin of proprietary brand business increased from 23.9% for the year ended December 31, 2022 to 30.1% for the year ended December 31, 2023, mainly attributable to the surge of our proprietary brand, *Wonder Miao*, which have higher gross profit margin than non-edible family care products, reflecting the premium pricing strategy in the baby snack and supplement segment versus the mass-market positioning of family care products.

Other Income and Gains

Our other income and gains increased significantly by 68.0% from RMB23.7 million for the year ended December 31, 2022 to RMB39.9 million for the year ended December 31, 2023, primarily attributable to (i) an increase of RMB15.1 million in investment income realized from our investments in wealth management products resulting from higher investment return rate; and (ii) an increase of RMB3.8 million in bank interest income, which is in line with increased principal amount of our bank deposits in 2023. The increases were partially offset by a decrease of RMB2.1 million in government grants.

FINANCIAL INFORMATION

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 18.3% from RMB378.8 million for the year ended December 31, 2022 to RMB309.5 million for the year ended December 31, 2023, primarily due to (i) a decrease of RMB61.1 million in employee benefit expenses, mainly resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency; and (ii) a decrease of RMB6.8 million in office, utilities and travelling expenses in line with the downsize of our sales and marketing team. Such decreases were partially offset by an increase of RMB1.0 million in advertising and promotion expenses, which was in line with our promotion initiatives for our proprietary brands via major e-commerce platforms.

Administrative Expenses

Our administrative expenses decreased by 38.6% from RMB96.8 million for the year ended December 31, 2022 to RMB59.4 million for the year ended December 31, 2023, primarily due to a decrease of RMB36.6 million in employee benefit expenses, resulting from (i) less share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; (ii) our concerted efforts to streamline our administrative team, optimize our labor structure and enhance overall operational efficiency.

Research and Development Expenses

Our research and development expenses decreased by 44.2% from RMB63.4 million for the year ended December 31, 2022 to RMB35.3 million for the year ended December 31, 2023, primarily due to (i) a decrease of RMB25.8 million in employee benefit expenses resulting from our concerted efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency as our digital marketplace achieved stable and mature performance after continuous upgrades; and (ii) a decrease of RMB1.2 million in depreciation and amortization in line with the downsize of our R&D team.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets increased by 36.2% from RMB0.9 million for the year ended December 31, 2022 to RMB1.2 million for the year ended December 31, 2023, mainly attributable to the increase in net impairment losses on other receivables.

FINANCIAL INFORMATION

Other Expenses

Our other expenses decreased significantly by 41.3% from RMB32.1 million for the year ended December 31, 2022 to RMB18.8 million for the year ended December 31, 2023, primarily due to a decrease of RMB22.3 million in foreign exchange losses as we reduced the wealth management products denominated in foreign currencies we held and the appreciation of U.S. dollar against Renminbi slowed down in 2023.

Financial Costs

Our financial costs decreased by 29.1% from RMB0.7 million for the year ended December 31, 2022 to RMB0.5 million for the year ended December 31, 2023, primarily due to a decrease of RMB0.2 million in interest on lease liabilities resulting from the rent we paid and our downsized office premises.

Income Tax Expense

Our income tax expenses increased from RMB56.0 thousand for the year ended December 31, 2022 to RMB106.0 thousand for the year ended December 31, 2023, primarily attributable to increased tax losses and temporary differences not recognized.

Profit/(loss) for the Year

As a result of the foregoing, we recorded net loss for the year of RMB56.5 million with a net loss margin of 5.3% for the year ended December 31, 2023, compared to net profit for the year of RMB1.0 million with a net profit margin of 0.1% for the year ended December 31, 2022.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN KEY ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth statements of our financial position as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	3,701	1,366	380
Right-of-use assets	9,360	5,545	1,386
Other intangible assets	18,546	5,427	4,478
Investments in an associate	18,976	18,650	18,544
Equity investments designated at FVTOCI	—	2,294	1,849
Time deposits	21,407	92,080	104,583
Total non-current assets	71,990	125,362	131,220
Current assets			
Inventories	59,467	46,826	74,737
Trade receivables	3,192	6,028	13,535
Prepayments, deposits and other receivables	134,884	118,397	127,488
Financial assets at FVTPL	183,494	25,458	46,092
Derivative financial instruments	2,737	1,734	—
Pledged and time deposits	162,239	148,372	33,263
Restricted cash	165,770	7,680	4,942
Cash and cash equivalents	334,375	388,274	368,461
Total current assets	1,046,158	742,769	668,518
Current liabilities			
Trade payables	40,609	13,773	14,645
Other payables and accruals	540,243	345,728	247,983
Derivative financial instruments	3,845	2,016	—
Convertible redeemable preferred shares	2,255,240	2,366,843	2,399,990
Interest-bearing bank borrowings	1,196	2,199	137,162
Lease liabilities	7,951	4,594	1,146
Due to related parties	—	49,177	—
Total current liabilities	2,849,084	2,784,330	2,800,926
Net current liabilities	(1,802,926)	(2,041,561)	(2,132,408)
Total assets less current liabilities	(1,730,936)	(1,916,199)	(2,001,188)
Non-current liabilities			
Lease liabilities	1,622	1,146	—
Total non-current liabilities	1,622	1,146	—
Net liabilities	(1,732,558)	(1,917,345)	(2,001,188)

FINANCIAL INFORMATION

Property, Plant and Equipment

Our property, plant and equipment consist of office equipment and leasehold improvements.

The table below sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Office equipment	3,636	1,295	355
Leasehold improvements	65	71	25
Total	3,701	1,366	380

The net carrying amount of our property, plant and equipment decreased by 63.1% from RMB3.7 million as of December 31, 2022 to RMB1.4 million as of December 31, 2023, primarily due to a decrease of RMB2.3 million in office equipment as a result of depreciation and disposal of self-built data center in 2023. The net carrying amount of our property, plant and equipment further decreased by 72.2% from RMB1.4 million as of December 31, 2023 to RMB0.4 million as of December 31, 2024, primarily due to depreciation of office equipment provided in 2024.

Depreciation of property, plant and equipment 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 estimated useful lives of our office equipment range from one to five years, and the estimated useful lives of leasehold improvements are over the shorter of the lease terms and estimated useful lives. See Notes 2.3 and 13 to the Accountants’ Report set out in Appendix I to this document for details.

Right-of-use Assets

Our right-of-use assets relate to the leases of our office premises. Right-of-use assets are recognized 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 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 recognized, 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.

FINANCIAL INFORMATION

Our right-of-use assets decreased by 40.8% from RMB9.4 million as of December 31, 2022 to RMB5.5 million as of December 31, 2023, primarily due to our downsized office premises as we terminated the lease of certain office areas in 2023. Our right-of-use assets further decreased by 75.0% from RMB5.5 million as of December 31, 2023 to RMB1.4 million as of December 31, 2024, primarily due to the depreciation of the leased office premises provided in 2024.

Other Intangible Assets

Our other intangible assets consist of software, patents and trademarks.

The table below sets forth a breakdown of the net carrying amount of our other intangible assets as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Software	4,504	4,374	3,596
Patents	346	301	202
Trademarks	13,696	752	680
Total	18,546	5,427	4,478

The net carrying amount of our other intangible assets decreased by 70.7% from RMB18.5 million as of December 31, 2022 to RMB5.4 million as of December 31, 2023, primarily due to impairment of a trademark of RMB11.4 million in 2023. Historically, we held a trademark in connection with certain infant formula products under self-operated business and collaborated with a manufacturer who held an infant formula registration certificate for the OEM manufacturing of those infant formula products. Upon the expiration of this infant formula registration certificate in 2023, we evaluated the return from those infant formula products and future operating costs, including those arising from renewing the infant formula registration certificate, and decided not to pursue the development and sales of such infant formula products under the trademark in the future. As a result, we recognized a full impairment of this affected trademark and recorded corresponding losses. The impairment loss recognized was included in other expenses in the consolidated statements of profit or loss.

The net carrying amount of our other intangible assets decreased by 17.5% from RMB5.4 million as of December 31, 2023 to RMB4.5 million as of December 31, 2024, primarily due to amortization of other intangible assets provided in 2024.

FINANCIAL INFORMATION

Equity Investments Designated at FVTOCI

As of the Latest Practicable Date, we held approximately 5.0% equity interests in an unlisted company, Shanghai Heming Jiugao Commercial Development Co., Ltd. (上海鶴鳴九皋商貿發展有限公司), which were irrevocably designated at FVTOCI as we consider such investment to be strategic in nature. We entered into an investment agreement for the investment in such company in May 2023. As of December 31, 2023 and 2024, we recorded equity investments designated at FVTOCI of RMB2.3 million and RMB1.8 million, respectively.

Our equity investments designated at FVTOCI and are categorized within level 3 of the fair value hierarchy. The fair values of equity investments designated at FVTOCI have been estimated using a market-based valuation technique based on assumptions that are supported by price to sales multiples of comparable companies. We believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the relevant years.

Inventories

Our inventories consist of (i) raw materials, representing residual raw materials and packaging materials arising from our historical attempts to develop certain proprietary brand collections which we have ceased to pursue; (ii) work in progress, representing the aforementioned residual raw materials from our historical development of certain proprietary brand collections, which were under production by our processing OEM suppliers; and (iii) finished goods, representing our products under self-operated business. Our OEM suppliers for our proprietary brand business are principally suppliers of finished goods, which process raw materials purchased by themselves and provide us with the finished products. Therefore, we do not maintain a significant inventory of raw materials.

The table below sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	1,813	743	743
Work in progress	218	—	—
Finished goods	58,745	47,780	78,124
Less:			
Write-down of inventories	(1,309)	(1,697)	(4,130)
Total	59,467	46,826	74,737

FINANCIAL INFORMATION

Our inventories decreased by 21.3% from RMB59.5 million as of December 31, 2022 to RMB46.8 million as of December 31, 2023, primarily due to a decrease of RMB11.0 million in finished goods resulting from (i) increased sales of our proprietary brand, *Wonder Miao*, which achieved rapid sales growth through major e-commerce platforms during year-end promotion campaigns; (ii) reduced stock of disposable diapers as we strategically shifted certain underperforming self-operated diaper brands under self-operated business model to digital marketplace model to enhance cost-effectiveness; and (iii) reduced stock of infant formula following our cessation of operating certain infant formula products under a trademark with details described in “— Other Intangible Assets” above. Our inventories increased by 59.6% from RMB46.8 million as of December 31, 2023 to RMB74.7 million as of December 31, 2024, primarily attributable to an increase of RMB30.3 million in finished goods as a result of our increased procurement of certain popular infant formula based on our deepened collaboration with upstream vendors, which was generally in line with the increased scale of our self-operated business.

As of December 31, 2022, 2023 and 2024, we recorded write-down of inventories of RMB1.3 million, RMB1.7 million and RMB4.1 million, respectively. The relatively higher provision for inventories as of December 31, 2024 was primarily attributable to the provision for certain infant formula and dietary supplement products with shorter remaining shelf lives pursuant to the inventory provision policy. Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of finished goods, comprises direct purchase costs. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. We assess impairment to inventories from time to time during the Track Record Period and may make provision to write down our inventories to the net realizable value if the inventories become obsolete or damaged, or their prices went down, and their realizable value substantially decreases. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the year in which the reversal occurs. Having considered (i) the net realizable value of our inventories; (ii) demand and ongoing sales noted for our inventories; (iii) the aging of our inventories during the Track Record Period which are basically within one year; and (iv) our continuous efforts in supply chain management, we believe we have made sufficient impairment provision for inventories during the Track Record Period and there is no material risk that our existing inventories cannot be recovered or will become obsolete.

FINANCIAL INFORMATION

The following table sets forth an aging analysis of our inventories, based on recognition date before provision for write-down, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within one year	52,803	45,657	75,711
One to two years	7,973	2,866	2,462
Over two years	—	—	694
Inventories, gross	60,776	48,523	78,867

Our management monitored our inventories carefully and kept the long-aged inventory at a relatively low level. A vast majority of our inventories are aged within one year.

The following table sets forth the number of our inventory turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days ⁽¹⁾	34	33	36

Note:

- (1) Calculated as the average of the opening and closing balances of the gross amount of inventories for the year, divided by cost of goods for the relevant year, multiplied by the number of days for the relevant year (being 365 days for the years ended December 31, 2022, 2023 and 2024).

Our inventory turnover days remained relatively stable at 34 days in 2022 and 33 days in 2023. Our inventory turnover days increased from 33 days in 2023 to 36 days in 2024, primarily attributable to our increased procurement of infant formula based on our deepened collaboration with upstream vendors.

As of April 30, 2025, approximately RMB69.9 million, or 88.7% of our inventories as of December 31, 2024 had been utilized or sold.

FINANCIAL INFORMATION

Trade Receivables

Our trade receivables mainly represent outstanding balances due from vendors under our digital marketplace business and outstanding balances due from customers under our self-operated business. We do not hold any collateral or other credit enhancements over its trade receivable balances.

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	3,221	6,061	13,637
Less:			
Impairment	<u>(29)</u>	<u>(33)</u>	<u>(102)</u>
Net carrying amount	<u>3,192</u>	<u>6,028</u>	<u>13,535</u>

Our trade receivables increased by 88.8% from RMB3.2 million as of December 31, 2022 to RMB6.1 million as of December 31, 2023, primarily due to an increase in trade receivables due from an offline trading partner engaging in the promotion and sales of infant formula with longer credit term. Our trade receivables increased by 124.5% from RMB6.1 million as of December 31, 2023 to RMB13.6 million as of December 31, 2024, primarily due to increased trade receivables generated from our customized marketing services.

As of December 31, 2022, 2023 and 2024, we recorded impairment of trade receivables of RMB29.0 thousand, RMB33.0 thousand and RMB102.0 thousand, respectively. We recognize a loss allowance for ECLs for trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash shortfalls of trade receivables are discounted using effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material. For details regarding the allowance for impairment of our trade receivables, see Note 2.3 to the Accountants’ Report set out in Appendix I to this document.

FINANCIAL INFORMATION

The following table sets forth an aging analysis of our trade receivables, based on transaction date and net of loss allowance, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	2,543	4,957	9,712
3 to 6 months	150	342	1,729
6 to 12 months	499	729	930
Over 12 months	—	—	1,164
Total	3,192	6,028	13,535

Our trading terms with our offline trading partners are mainly on credit. We generally grant our customers credit terms of up to 30 days. We seek to maintain strict control over our outstanding trade receivables and overdue balances are reviewed regularly by our senior management. Having considered that (i) the trade receivables balances were mainly due from customers with ongoing business relationships with us, (ii) there were no material ongoing disputes with such customers, (iii) these customers had been making continuous subsequent repayment to us and their historical repayment patterns were generally consistent during the Track Record Period, (iv) we have continuously carried out stringent credit management policy, monitored the progress on the recoverability of our trade receivables and increased effort in trade receivables collection, and (v) substantially all of our trade receivables aged within one year during the Track Record Period, we believe the recoverability of our trade receivables is reasonably assured, and our provisions for impairment of trade receivables are sufficient.

The following table sets forth the number of our trade receivables turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days ⁽¹⁾	2	2	4

Note:

- (1) Calculated as the average of the opening and closing balances of the gross amount of trade receivables for the year, divided by revenue for the relevant year, multiplied by the number of days for the relevant year (being 365 days for the years ended December 31, 2022, 2023 and 2024).

FINANCIAL INFORMATION

Our trade receivables turnover days increased in 2024, primarily due to the increase in the balance of trade receivables, in line with the expansion of our business scale.

As of April 30, 2025, approximately RMB5.7 million, or 42.0% of our trade receivables as of December 31, 2024 had been settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consist of (i) advance payments to suppliers, representing the amounts we prepaid for procurement of products under our general self-operated business; (ii) prepaid expense, mainly representing amounts we prepaid for utilizing third-party cloud and professional services; (iii) deposits and other receivables, mainly representing deposits we paid for our leased properties, deposits paid to major e-commerce platforms, deposits paid to upstream vendors to lock in purchase prices in advance, and receivables due from other parties; and (iv) other tax receivables, mainly representing deductible input VAT.

The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Advance payments to suppliers	51,401	15,175	34,931
Prepaid expense	4,346	2,905	2,985
Deposits and other receivables	73,309	93,939	79,861
Other tax receivables	6,831	8,552	12,370
Less:			
Impairment allowance	(1,003)	(2,174)	(2,659)
Total	134,884	118,397	127,488

Our prepayments, deposits and other receivables decreased by 12.2% from RMB134.9 million as of December 31, 2022 to RMB118.4 million as of December 31, 2023, primarily due to a decrease of RMB36.2 million in advance payments to suppliers resulting from the accelerated product delivery period of suppliers following the subsidence of the COVID-19 pandemic in 2023. Such decrease was partially offset by an increase of RMB20.6 million in deposits and other receivables as a result of increased deposits paid to infant formula suppliers to lock in purchase prices in advance. Our prepayments, deposits and other receivables increased by 7.7% from RMB118.4 million as of December 31, 2023 to RMB127.5 million as of December 31, 2024, primarily due to an increase of RMB19.8 million in advance payments to suppliers in line with the growth of our self-operated business.

FINANCIAL INFORMATION

Financial Assets at FVTPL

Our financial assets at FVTPL primarily represent wealth management products issued by commercial banks in the PRC, which are not principal-guaranteed and are categorized within level 2 of the fair value hierarchy. These financial assets 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. The fair value of the financial assets categorized within level 2 is determined based on the unit price published on the websites of the counterparty bank or financial institution. The published unit price is the unit price at which a holder could redeem the fund units at the end of each year presented. During the Track Record Period, there were no transfers between level 2 and level 3 of the fair value hierarchy. Our policy is to recognize transfers between levels of fair value hierarchy as of the end of the reporting period in which they occur. For details of the fair value measurement of financial assets at FVTPL, particularly the fair value hierarchy, the valuation techniques and key inputs, see Note 38 to the Accountants’ Report set out in Appendix I to this document.

Our financial assets at FVTPL decreased from RMB183.5 million as of December 31, 2022 to RMB25.5 million as of December 31, 2023, mainly because we redeemed part of our wealth management products upon maturity. Our financial assets at FVTPL increased from RMB25.5 million as of December 31, 2023 to RMB46.1 million as of December 31, 2024, as we purchased more wealth management products to fully utilize our spare funds.

We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. We endeavor to increase the return of idle cash and bank balances by placing investments in wealth management products with high liquidity and low risk such that our risk exposure arising from such investments is controlled. Our investment policy in relation to the purchase of such financial assets is to monitor our level of idle cash and bank balances and, based on the working capital required at the relevant time, utilize such idle cash to increase the return. In addition, in order to monitor and control the investment risks associated with our portfolio of low-risk wealth management products with banks, we have adopted a comprehensive set of internal policies and guidelines to manage our investments. Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise’s operations. Prior to making any material investments in wealth management products, or modifying our existing investment portfolio, the proposal submitted by the finance department shall be reviewed and approved by our financial vice president. According to our Articles of Association, such decisions do not require a decision by the Board. To control our risk exposure, we make investment decisions related to wealth management products with banks after thoroughly considering a number of factors, including, but not limited to, the macroeconomic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions and the expected profit or potential loss of the investment. These investments will be subject to compliance with Chapter 14 of the Listing Rules after the [REDACTED].

FINANCIAL INFORMATION

Cash and Cash Equivalents

Time deposits with banks represent deposits at commercial banks with fixed terms and were neither past due nor impaired, the annualized return rate of which ranged from 3.20% to 3.85%. We continuously monitor our investment portfolio of wealth management products and time deposits to fully utilize our spare funds.

Pledged deposits represent deposits relating to our derivative financial instruments and earnest money for banker’s acceptance to issue bills which we used for settlement with our suppliers. As of December 31, 2022, 2023 and 2024, bank balances of RMB152.2 million, RMB72.6 million and RMB0.1 million, respectively, were secured for derivative financial instruments. As of December 31, 2024, bank balances of RMB22.4 million were secured for bills issued or received within our Group of RMB66.1 million.

Restricted cash represents payments from buyers on our digital marketplace to the settlement account on our collaboration payment partner before subsequent settlement to vendors.

Substantially all of our cash and cash equivalents during the Track Record Period were denominated in Renminbi, U.S. dollar, Canadian dollar, Euro and Japanese Yen.

The following table sets forth a breakdown of our cash and cash equivalents, pledged and time deposits and restricted cash as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	652,330	468,566	395,883
Time deposits	31,461	167,840	115,366
Less:			
Time deposits with original maturity of more than three months when acquired	(31,461)	(167,840)	(115,366)
Pledged deposits	(152,185)	(72,612)	(22,480)
Restricted cash for digital marketplace	(165,770)	(7,680)	(4,942)
Cash and cash equivalents	334,375	388,274	368,461

FINANCIAL INFORMATION

Our cash and cash equivalents increased by 16.1% from RMB334.4 million as of December 31, 2022 to RMB388.3 million as of December 31, 2023, primarily due to (i) a decrease of RMB158.1 million in restricted cash for digital marketplace, as we were searching for more optimal collaboration payment partner for our digital marketplace and temporarily reduced settlement through our former collaboration payment partner; (ii) an increase of RMB136.4 million in time deposits as a result of our investment management strategy; and (iii) a decrease of RMB79.6 million in pledged deposits in line with the declined derivative financial instruments we held. Our cash and cash equivalents decreased by 5.1% from RMB388.3 million as of December 31, 2023 to RMB368.5 million as of December 31, 2024, primarily due to (i) a decrease of RMB72.7 million in cash and bank balances; and (ii) a decrease of RMB52.5 million in time deposits as a result of our investment management strategy.

Trade Payables

Our trade payables primarily represent outstanding amounts due to our suppliers of products and OEM suppliers under our self-operated business. The trade payables are non-interest-bearing and are normally settled on 30-day terms.

Our trade payables decreased by 66.1% from RMB40.6 million as of December 31, 2022 to RMB13.8 million as of December 31, 2023, primarily attributable to accelerated settlement with suppliers resulting from the shorter product delivery period following the subsidence of the COVID-19 pandemic in 2023. Our trade payables increased by 6.3% from RMB13.8 million as of December 31, 2023 to RMB14.6 million as of December 31, 2024, primarily attributable to increased orders we placed with OEM suppliers for our proprietary nutritional edible and supplement products in anticipation of the rising demand to support our business expansion.

The following table sets forth an aging analysis of our trade payables, based on transaction date, as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	38,284	12,274	12,106
3 to 6 months	2,280	435	1,956
6 to 12 months	43	621	157
Over 12 months	2	443	426
Total	40,609	13,773	14,645

FINANCIAL INFORMATION

The following table sets forth the number of our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade payables turnover days ⁽¹⁾	20	16	8

Note:

- (1) Calculated as the average of the opening and closing balances of trade payables for the year divided by cost of goods for the relevant year, multiplied by the number of days for the relevant year (being 365 days for the years ended December 31, 2022, 2023 and 2024).

Our trade payables turnover days decreased during the Track Record Period, primarily due to our increased procurement from infant formula brands, which generally ask for advance payments from us.

Our Directors confirm that we had no material defaults in payment of our trade payables during the Track Record Period and up to the Latest Practicable Date.

As of April 30, 2025, approximately RMB11.5 million, or 78.6% of our trade payables as of December 31, 2024 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) contract liabilities; (ii) payroll payable, representing salary and bonus payable to our employees and social insurance and housing provident fund contributions to be made for our employees; (iii) settlement obligations, representing payables to vendors on our digital marketplace that we collect from buyers, which are due for settlement on demand or according to the scheduled settlement cycles as agreed by vendors and us; (iv) other payables, representing non-interest-bearing amount arising from (a) deposits paid by vendors upon onboarding our platform to guarantee their performance, service and the quality of products offered on our platform, and (b) employee reimbursement payables; (v) advance from buyers, representing funds deposited by buyers into the prepaid accounts of the collaboration payment partner of our digital marketplace; and (vi) taxes payable other than corporate income tax, representing VAT and urban construction tax payable.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract liabilities	27,149	5,045	6,068
Payroll payable	45,717	33,656	28,602
Settlement obligations	299,506	186,904	111,571
Other payables	88,356	74,673	73,562
Advance from buyers	67,936	37,751	25,328
Taxes payable other than corporate income tax	11,579	7,699	2,852
Total	540,243	345,728	247,983

Our contract liabilities represent non-refundable advanced payments received from customers for products and services that have not yet been delivered or provided to the customers. Our contract liabilities mainly comprise short-term advances arising from (i) commissions received on our digital marketplace prior to product dispatch by vendors; (ii) payments received from customers for product sales under our self-operated business prior to our delivery of products; and (iii) sales proceeds for products sold under our self-operated business allocated to unutilized coupons granted to customers, which are recognized in contract liabilities pursuant to the revenue recognition policy.

The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Digital marketplace business	16,874	3,874	3,307
Self-operated business	4,141	67	1,528
Coupons	6,134	1,104	1,233
Total	27,149	5,045	6,068

Our relatively higher contract liabilities as of December 31, 2022 were primarily attributable to higher contract liabilities generated from our digital marketplace business. Vendors generally faced extended product delivery periods in 2022 due to logistics strain along with the intensifying COVID-19 pandemic, leading to higher contract liabilities arising from payments received from buyers (including our commissions) on our digital marketplace prior to delivery of products by vendors as of December 31, 2022.

FINANCIAL INFORMATION

Our other payables and accruals decreased by 36.0% from RMB540.2 million as of December 31, 2022 to RMB345.7 million as of December 31, 2023, primarily due to (i) a decrease of RMB112.6 million in settlement obligations as a result of expedited settlement cycles on our digital marketplace along with the shorter product delivery period following the subsidence of the COVID-19 pandemic in 2023, as well as the overall decrease in our digital platform business; (ii) a decrease of RMB30.2 million in advance from buyers, as a result of reduced funds deposited by buyers into the prepaid accounts of the collaboration payment partner of our digital marketplace in line with the scale back of the promotional benefits we granted for prepaid accounts; and (iii) a decrease of RMB22.1 million in contract liabilities resulting from expedited subsequent settlement of contract liabilities generated from digital marketplace business along with the shorter product delivery period following the subsidence of the COVID-19 pandemic in 2023. Our other payables and accruals further decreased by 28.3% from RMB345.7 million as of December 31, 2023 to RMB248.0 million as of December 31, 2024, primarily due to (i) a decrease of RMB75.3 million in settlement obligations resulting from expedited settlement cycles on our digital marketplace during our year-end grand promotion in 2024 along with the shorter product delivery period, as well as the overall decrease in our digital platform business; (ii) a decrease of RMB12.4 million in advance from buyers resulting from reduced funds deposited by buyers into the prepaid accounts of the collaboration payment partner of our digital marketplace in line with the scale back of the promotional benefits we granted for prepaid accounts; and (iii) a decrease of RMB5.1 million in payroll payable mainly as a result of our concerted efforts to streamline our personnel, optimize our labor structure and enhance overall operational efficiency.

Our Directors confirm that we had no material defaults in payment of our other payables and accruals during the Track Record Period and up to the Latest Practicable Date.

Derivative Financial Instruments

Our derivative financial instruments represent forward currency contracts, which are not designated for hedge purposes and are measured at FVTPL. As of December 31, 2022, 2023 and 2024, we recorded derivative financial instruments under current assets of RMB2.7 million, RMB1.7 million and nil, respectively, and recorded derivative financial instruments under current liabilities of RMB3.8 million, RMB2.0 million and nil, respectively. Changes in the fair value of non-hedging derivative financial instruments amounting to RMB1.1 million and RMB0.3 million were charged to profit or loss for the year ended December 31, 2022 and 2023, respectively. As of December 31, 2022, 2023 and 2024, our derivative financial instruments were secured by bank balances of RMB152.2 million, RMB72.6 million and RMB0.1 million, respectively.

FINANCIAL INFORMATION

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Convertible Redeemable Preferred Shares

Our convertible redeemable preferred shares represent Preferred Shares we issued to our [REDACTED] investors, which are redeemable upon occurrence of certain future events. Our convertible redeemable preferred shares amounted to RMB2,255.2 million, RMB2,366.8 million and RMB2,400.0 million as of December 31, 2022, 2023 and 2024, respectively. The fluctuation in our convertible redeemable preferred shares was primarily attributable to the changes in fair value of convertible redeemable preferred shares. For details of changes in the fair value of our convertible redeemable preferred shares, see “— Description of Key Items of Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income — Fair Value Gain or Loss on Convertible Redeemable Preferred Shares.”

We used the income approach to determine the underlying share value of our Company and adopted the option-pricing method and equity allocation model to determine the fair values of the convertible redeemable preferred shares as of December 31, 2022, 2023 and 2024.

Although our Preferred Shares will be automatically converted to ordinary shares and such convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED], to the extent we need to revalue the convertible redeemable preferred shares prior to the [REDACTED], any changes in carrying amount of such convertible redeemable preferred shares will affect our financial positions and results of operations. We do not expect to recognize any further fair value gain or loss on convertible redeemable preferred shares in the future upon [REDACTED]. For key terms of the above-mentioned convertible redeemable preferred shares, see Notes 27 to the Accountants’ Report set forth in Appendix I to this document.

FINANCIAL INFORMATION

Lease Liabilities

We lease certain properties as our offices. Leases of office premises generally have lease terms between one and four years. For any lease with a term of more than 12 months, unless the underlying asset is of low value, we recognize a right-of-use asset representing our right to use the underlying leased asset and a lease liability representing our obligation to make lease payments. Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term.

The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current	7,951	4,594	1,146
Non-current	<u>1,622</u>	<u>1,146</u>	<u>—</u>
Total	<u>9,573</u>	<u>5,740</u>	<u>1,146</u>

Our lease liabilities amounted to RMB9.6 million, RMB5.7 million and RMB1.1 million as of December 31, 2022, 2023 and 2024, respectively. The decrease in our lease liabilities over time was primarily due to our downsized office premises as we terminated the lease of certain office areas in 2023 and the rents we paid pursuant to the relevant lease agreements.

FINANCIAL INFORMATION

NET CURRENT LIABILITIES

The following table sets forth our current assets, current liabilities and net current liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
	RMB'000	RMB'000	RMB'000	2025
				(Unaudited)
Current assets				
Inventories	59,467	46,826	74,737	150,187
Trade receivables	3,192	6,028	13,535	8,173
Prepayments, deposits and other receivables	134,884	118,397	127,488	122,692
Financial assets at FVTPL	183,494	25,458	46,092	—
Derivative financial instruments	2,737	1,734	—	—
Pledged and time deposits	162,239	148,372	33,263	56,000
Restricted cash	165,770	7,680	4,942	4,762
Cash and cash equivalents	334,375	388,274	368,461	354,107
Total current assets	1,046,158	742,769	668,518	695,921
Current liabilities				
Trade payables	40,609	13,773	14,645	12,298
Other payables and accruals	540,243	345,728	247,983	173,146
Derivative financial instruments	3,845	2,016	—	—
Convertible redeemable preferred shares	2,255,240	2,366,843	2,399,990	2,449,207
Interest-bearing bank borrowings	1,196	2,199	137,162	105,500
Lease liabilities	7,951	4,594	1,146	—
Amounts due to related parties	—	49,177	—	—
Total current liabilities	2,849,084	2,784,330	2,800,926	2,740,151
Net current liabilities	(1,802,926)	(2,041,561)	(2,132,408)	(2,044,230)

FINANCIAL INFORMATION

We had net current liabilities of RMB2,044.2 million as of April 30, 2025, consisting of current assets of RMB695.9 million and current liabilities of RMB2,740.2 million, which represented a decrease of RMB88.2 million from our net current liabilities of RMB2,132.4 million as of December 31, 2024. This decrease was primarily due to (i) a decrease of RMB74.8 million in other payables and accruals, mainly as a result of decreased settlement obligations in line with the overall decrease in our digital platform business; (ii) an increase of RMB75.5 million in inventories, mainly as a result of increased purchase of infant formula; and (iii) a decrease of RMB31.7 million in interest-bearing bank borrowings, mainly as a result of our repayment of such bank borrowings. This was partially offset by (i) an increase of RMB49.2 million in convertible redeemable preferred shares resulting from the changes in fair value of convertible redeemable preferred shares; and (ii) a decrease of RMB46.1 million in financial assets at FVTPL, mainly because we redeemed our wealth management products upon maturity.

We had net current liabilities of RMB2,132.4 million as of December 31, 2024, consisting of current assets of RMB668.5 million and current liabilities of RMB2,800.9 million, which represented an increase of RMB90.8 million from our net current liabilities of RMB2,041.6 million as of December 31, 2023. This increase was primarily attributable to (i) an increase of RMB33.1 million in convertible redeemable preferred shares resulting from the changes in fair value of convertible redeemable preferred shares; (ii) an increase of RMB135.0 million in interest-bearing bank borrowings, primarily resulting from the discount of certain bills receivable and letter of credit accepted by commercial banks issued by one of our subsidiaries with total carrying amounts of RMB116.1 million; and (iii) a decrease of RMB115.1 million in pledged and time deposits as a result of our investment management strategy. This was partially offset by (i) a decrease of RMB97.7 million in other payables and accruals, mainly due to decreased settlement obligations resulting from expedited settlement cycles on our digital marketplace during our year-end grand promotion in 2024 along with the shorter product delivery period, as well as the overall decrease in our digital platform business; and (ii) an increase of RMB27.9 million in inventories attributable to increased finished goods as a result of our increased procurement of infant formula based on our deepened collaboration with upstream vendors, which was generally in line with the increased scale of our self-operated business.

FINANCIAL INFORMATION

We had net current liabilities of RMB2,041.6 million as of December 31, 2023, consisting of current assets of RMB742.8 million and current liabilities of RMB2,784.3 million, which represented an increase of RMB238.6 million from our net current liabilities of RMB1,802.9 million as of December 31, 2022. This increase was primarily due to (i) a decrease of RMB158.1 million in restricted cash, as we were searching for more optimal collaboration payment partner for our digital marketplace and temporarily reduced settlement through our former collaboration payment partner; (ii) a decrease of RMB158.0 million in financial assets at FVTPL, mainly because we redeemed part of our wealth management products upon maturity; and (iii) an increase of RMB111.6 million in convertible redeemable preferred shares resulting from the changes in fair value of convertible redeemable preferred shares. This was partially offset by (i) a decrease of RMB194.5 million in other payables and accruals, mainly due to decreased settlement obligations as a result of expedited settlement cycles on our digital marketplace along with the shorter product delivery period following the subsidence of the COVID-19 pandemic in 2023, as well as the overall decrease in our digital platform business; and (ii) an increase of RMB53.9 million in cash and cash equivalents.

We had net current liabilities of RMB1,802.9 million as of December 31, 2022, consisting of current assets of RMB1,046.2 million and current liabilities of RMB2,849.1 million.

During the Track Record Period, we had net current liabilities primarily attributable to the large amount of convertible redeemable preferred shares relating to the redemption right and promissory notes granted to our [REDACTED] Investors. We expect to achieve a net current asset position upon [REDACTED], as the convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED]. For details, please see “— Discussion of Certain Key Items from Consolidated Statements of Financial Position — Convertible Redeemable Preferred Shares.”

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including cash and cash equivalents as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash flow from operations, bank loans and capital injection from shareholders and [REDACTED] investments. Going forward, we believe that our working capital and other liquidity requirements will be satisfied by using a combination of cash flow from our operating activities and the [REDACTED] received from the [REDACTED]. As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents of RMB334.4 million, RMB388.3 million and RMB368.5 million, respectively.

FINANCIAL INFORMATION

Cash Flows

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

	Year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating (loss)/profit before changes in working capital	(81,689)	24,218	20,646
Changes in working capital	(56,042)	(39,150)	(140,444)
Cash used in operations	(137,731)	(14,932)	(119,798)
Bank interest received	<u>5,211</u>	<u>9,025</u>	<u>7,504</u>
Income tax (refund)/paid	<u>(56)</u>	<u>(106)</u>	<u>1</u>
Net cash flows used in operating activities	(132,576)	(6,013)	(112,293)
Net cash flows from investing activities	244,235	114,034	116,035
Net cash flows used in financing activities	<u>(9,173)</u>	<u>(56,033)</u>	<u>(24,718)</u>
Net increase/(decrease) in cash and cash equivalents	102,486	51,988	(20,976)
Cash and cash equivalents at the beginning of the year	225,377	334,375	388,274
Exchange gains on cash and cash equivalents	<u>6,512</u>	<u>1,911</u>	<u>1,163</u>
Cash and cash equivalents at the end of the year	<u>334,375</u>	<u>388,274</u>	<u>368,461</u>

Net cash used in operating activities

Our cash from operating activities primarily reflects our profit or loss before taxation adjusted for certain non-cash or non-operating activities related items and changes in working capital.

FINANCIAL INFORMATION

Our net cash flows used in operating activities for the year ended December 31, 2024 was RMB112.3 million, primarily attributable to a loss before taxation of RMB78.8 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) changes in fair value of convertible redeemable preferred shares of RMB76.2 million, (ii) equity-settled share-based payments of RMB28.4 million, and (iii) investment income of RMB11.0 million. Changes in the working capital mainly included (i) a decrease of RMB95.3 million in other payables and accruals, primarily due to decreased settlement obligations resulting from expedited settlement cycles on our digital marketplace during our year-end grand promotion in 2024 along with the shorter product delivery period, as well as the overall decrease in our digital platform business; (ii) an increase of RMB30.7 million in inventories, primarily attributable to increase in finished goods in line with the increased scale of our self-operated business; (iii) an increase of RMB10.5 million in prepayments, deposits and other receivables, primarily attributable to increased advance payments to suppliers in line with the growth of our self-operated business; and (iv) a decrease of RMB2.7 million in restricted cash, as we were searching for more optimal collaboration payment partner for our digital marketplace and temporarily reduced settlement through our former collaboration payment partner.

Our net cash flows used in operating activities for the year ended December 31, 2023, was RMB6.0 million, primarily attributable to a loss before taxation of RMB56.4 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) changes in fair value of convertible redeemable preferred shares of RMB73.0 million, (ii) investment income of RMB15.1 million, and (iii) impairment of other intangible assets of RMB11.4 million. Changes in the working capital mainly included (i) a decrease of RMB194.6 million in other payables and accruals, primarily due to decreased settlement obligations as a result of expedited settlement cycles on our digital marketplace along with the shorter product delivery period following the subsidence of the COVID-19 pandemic in 2023, as well as the overall decrease in our digital platform business; (ii) a decrease of RMB26.8 million in trade payables, as a result of the accelerated settlement with suppliers along with the shorter product delivery period following the subsidence of the COVID-19 pandemic in 2023; (iii) an increase of RMB2.8 million in trade receivables, primarily due to an increase in trade receivables due from an offline trading partner engaging in the promotion and sales of infant formula with longer credit term; (iv) a decrease of RMB158.1 million in restricted cash, as we were searching for more optimal collaboration payment partner for our digital marketplace and temporarily reduced settlement through our former collaboration payment partner; and (v) a decrease of RMB15.3 million in prepayments, deposits and other receivables resulting from the accelerated product delivery period of suppliers following the subsidence of the COVID-19 pandemic in 2023.

FINANCIAL INFORMATION

Our net cash used in operating activities for the year ended December 31, 2022 was RMB132.6 million, primarily attributable to a profit before taxation of RMB1.1 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) changes in fair value of convertible redeemable preferred shares of RMB157.2 million, (ii) net foreign exchange loss of RMB33.7 million, and (iii) equity-settled share-based payment of RMB25.5 million. Changes in the working capital mainly included (i) an increase in prepayments, deposits and other receivables of RMB64.4 million, primarily due to increased advance payments to suppliers in line with the growth of our self-operated business; (ii) an increase in inventories of RMB44.0 million, as a result of our increased procurement of infant formula based on our deepened collaboration with upstream vendors; (iii) an increase in restricted cash of RMB30.9 million from settlement of payment on our digital marketplace through our former collaboration payment partner; (iv) an increase in other payables and accruals of RMB48.7 million, primarily due to the increase in short-term advances received from customers; and (v) an increase in trade payables of RMB34.4 million as a result of increased procurement in anticipation of the rising demand to support our business expansion.

Net cash generated from investing activities

Our cash generated from investing activities primarily reflects proceeds from disposals of financial assets at FVTPL, withdrawal of pledged deposits, withdrawal of time deposits and investment income received. Our cash used in investing activities primarily reflects purchase of financial assets at FVTPL, placement of pledged deposits, placement of time deposits, investment in equity investments designated at FVTOCI, payments for the purchase of property, plant and equipment and additions to other intangible assets.

Our net cash flows generated from investing activities for the year ended December 31, 2024 was RMB116.0 million, primarily attributable to (i) disposal of financial assets at FVTPL of RMB337.5 million; (ii) withdrawal of pledged deposits of RMB176.7 million; and (iii) withdrawal of time deposits of RMB92.0 million. This net cash inflow was partially offset by (i) purchases of financial assets at FVTPL of RMB357.5 million; and (ii) placement of pledged deposits of RMB104.2 million.

Our net cash flows generated from investing activities for the year ended December 31, 2023 was RMB114.0 million, primarily attributable to (i) withdrawal of pledged deposits of RMB1,111.9 million; (ii) disposal of financial assets at FVTPL of RMB578.5 million; and (iii) withdrawal of time deposits of RMB40.0 million. This net cash inflow was partially offset by (i) placement of pledged deposits of RMB1,032.4 million; and (ii) purchases of financial assets at FVTPL of RMB419.7 million.

Our net cash flows generated from investing activities for the year ended December 31, 2022 was RMB244.2 million, primarily attributable to (i) disposal of financial assets at FVTPL of RMB3,587.1 million; (ii) withdrawal of pledged deposits of RMB623.6 million; and (iii) withdrawal of time deposits of RMB100.0 million. This net cash inflow was partially offset by (i) purchases of financial assets at FVTPL of RMB3,279.5 million; and (ii) placement of pledged deposits of RMB735.1 million.

FINANCIAL INFORMATION

Net cash generated used in financing activities

Our cash flow used in financing activities mainly comprises repurchases of ordinary shares, repurchases of preferred shares, repayment of bank loans, principal portion of lease liabilities, repayment of advance payment for exercise of share options, interest paid and acquisition of non-controlling interest. Our cash inflow generated from financing activities mainly comprises new bank loans and proceeds from advance payment for exercise of share options.

Our net cash used in financing activities for the year ended December 31, 2024 was RMB24.7 million, primarily attributable to (i) repurchases of preferred shares of RMB78.1 million; and (ii) repurchase ordinary shares of RMB49.2 million. This net cash inflow was partially offset by new bank loans of RMB137.1 million.

Our net cash used in financing activities for the year ended December 31, 2023 was RMB56.0 million, primarily attributable to (i) repurchase ordinary shares of RMB50.6 million; and (ii) principal portion of lease liabilities of RMB6.1 million.

Our net cash used in financing activities for the year ended December 31, 2022 was RMB9.2 million, primarily attributable to (i) principal portion of lease liabilities of RMB8.1 million; and (ii) repayment of bank loans of RMB1.0 million.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

During the Track Record Period, our indebtedness primarily consisted of convertible redeemable preferred shares, interest-bearing bank borrowings and lease liabilities.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
	RMB'000	RMB'000	RMB'000	2025
				(Unaudited)
Included in current liabilities				
Convertible redeemable preferred shares	2,255,240	2,366,843	2,399,990	2,449,207
Interest-bearing bank borrowings	1,196	2,199	137,162	105,500
Lease liabilities	<u>7,951</u>	<u>4,594</u>	<u>1,146</u>	<u>—</u>
Sub-total	2,264,387	2,373,636	2,538,298	2,554,707
Included in non-current liabilities				
Lease liabilities	<u>1,622</u>	<u>1,146</u>	<u>—</u>	<u>—</u>
Total	<u>2,266,009</u>	<u>2,374,782</u>	<u>2,538,298</u>	<u>2,554,707</u>

Our interest-bearing bank borrowings during the Track Record Period were denominated in Renminbi, and were used to finance our capital expenditure and working capital requirements. The bank borrowings bear interest at fixed interest rates. Depending on the term of the borrowings, for the years ended December 31, 2022, 2023 and 2024, the effective interest rates of our interest-bearing bank borrowings ranged from 1.14% to 3.85% per annum. Our bank loans during the Track Record Period were secured by our chief technology officer, Mr. Xiao Jiantao and his spouse's buildings situated in mainland China and our subsidiaries, Hangzhou HIPAC Internet and Hangzhou Yangtuo Internet. For the year ended December 31, 2024, we discounted certain bills receivable and letter of credit accepted by commercial banks issued by one of our subsidiaries with total carrying amounts of RMB116.1 million, which was recorded in interest-bearing bank borrowings.

Our bank loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in obtaining bank loans and other borrowings or default in repayment of bank loans and other borrowings.

As of April 30, 2025, we had unutilized credit facilities of RMB82.1 million. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

FINANCIAL INFORMATION

Save as disclosed above, as of April 30, 2025, being the latest practicable date for determining our indebtedness, we did not have any material outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness position since April 30, 2025, and up to the Latest Practicable Date.

Contingent Liabilities

As of December 31, 2022, 2023 and 2024, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or for the years indicated:

	Year ended December 31,		
	2022	2023	2024
		%	
Profitability ratios			
Gross profit margin ⁽¹⁾	43.9	37.6	32.5
Net profit/(loss) margin ⁽²⁾	0.1	(5.3)	(7.6)
Adjusted net (loss)/profit margin (non-HKFRS financial measure) ⁽³⁾	(14.6)	1.8	2.5
	As of December 31,		
	2022	2023	2024
Liquidity ratios			
Current ratio ⁽⁴⁾	0.4	0.3	0.2

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Net profit/loss margin is calculated based on profit/loss for the year divided by revenue and multiplied by 100%.
- (3) Adjusted net profit/loss margin (non-HKFRS financial measure) is calculated based on adjusted net profit/loss (non-HKFRS financial measure) divided by revenue and multiplied by 100%.
- (4) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the relevant year.

FINANCIAL INFORMATION

Profitability Ratio

See “— Description of Key Items of Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income” for details.

Current Ratio

Our current ratio decreased from 0.4 as of December 31, 2022 to 0.3 as of December 31, 2023, primarily due to decrease in current assets resulting from decreased financial assets at FVTPL and restricted cash. Our current ratio further decreased to 0.2 as of December 31, 2024, primarily due to increase in current liabilities resulting from elevated convertible redeemable preferred shares.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of expenditures on (i) purchases of property, plant and equipment, and (ii) purchase of other intangible assets.

The following table sets forth a breakdown of our capital expenditures for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	1,390	94	52
Other intangible assets	587	1,052	63
Total	1,977	1,146	115

We expect to incur additional capital expenditure in terms of office equipment and office software. We intend to fund our planned capital expenditures through a combination of the [REDACTED] from the [REDACTED] as well as cash flow from operating activities.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, financial condition and results of operations, economic conditions in China and changes in the regulatory environment in China. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

As of December 31, 2022, 2023 and 2024, we did not have any significant capital commitments.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with related parties. For the year ended December 31, 2023, our Company repurchased 14,144,584, 7,818,640, 7,818,640 and 2,418,136 shares from Fun Can, Penelope Goose Co., Ltd., Lotus Lantern Co., Ltd. and The Black Bone Co., Ltd., respectively. The considerations for the share repurchase were fully settled on December 10, 2024. For details, please see “History, Reorganization and Corporate Structure — [REDACTED] Share Incentive Schemes — (2) 2023 Share Incentive Scheme.”

Our Directors believe that our transactions with related parties during the Track Record Period disclosed above (i) were conducted on arm’s length basis; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

Balances with Related Parties

The following table sets forth a breakdown of our balances with related parties as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Due to related parties (non-trade)			
Fun Can	—	43,558	—
Penelope Goose Co., Ltd.	—	2,433	—
Lotus Lantern Co., Ltd.	—	2,433	—
The Black Bone Co., Ltd.	—	753	—
Total	—	49,177	—

All the non-trade payables due to related parties as of the relevant dates were unsecured, interest-free and repayable on demand, and had been settled as of the Latest Practicable Date. We will discontinue all non-trade related party transactions after the [REDACTED], except as in compliance with the Listing Rules.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements. We have not entered into any derivative contracts that are indexed to our equity interest and classified as owners’ equity, or that are not reflected in our consolidated financial statements. 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 variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or R&D services with us.

FINANCIAL INFORMATION

FINANCIAL RISKS

We are exposed to a variety of financial risks, including foreign currency risk, credit risk, liquidity risk and credit management, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, see Note 39 to the Accountants’ Report set out in Appendix I to this document.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. At present, we do not intend to hedge our exposure to foreign exchange fluctuations. However, our management constantly monitors the economic situation and our foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

Credit Risk

We trade mainly with recognized and creditworthy third parties. It is our 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. For other receivables, we make periodic collective assessments as well as individual assessments on the recoverability of these instruments based on historical settlement records and past experience.

Since we only trade with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within us as the customer bases of our trade receivables are widely dispersed in different sectors and industries.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations. Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize Shareholders’ value.

FINANCIAL INFORMATION

We manage our capital structure and make 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, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the relevant years.

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared by our Company during the Track Record Period. We do not have a formal dividend policy or a predetermined payout ratio for dividend distribution.

We are a holding company incorporated under the laws of the Cayman Islands. Therefore, the payment and amount of any future dividends will be contingent upon the availability of dividends received from our subsidiaries. As advised by our Cayman Islands counsel, subject to the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Any declaration of dividends will be at the absolute discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors consider relevant. Our Board may also from time to time declare interim dividends as it deems fit. We cannot guarantee in what form dividends will be paid in the future. In accordance with the Cayman Companies Act and our Articles of Association, dividends may be declared and paid out of our profits and reserves lawfully available for distribution.

We would distribute dividends to our shareholders, mainly through our share premium and retained earnings, in the future. As we are a holding company, our ability to declare and pay dividends may also depend on the availability of funding received from group companies in the PRC and Hong Kong. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in the PRC. Distributions of dividends or settlements from our PRC subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

FINANCIAL INFORMATION

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including cash flow from operating activities, cash and cash equivalents, available banking facilities and the estimated [REDACTED] from the [REDACTED], our Directors are of the view, and the Sole Sponsor concurs, that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had no distributable reserves available for distribution to our Shareholders.

[REDACTED]

Our [REDACTED] primarily include [REDACTED], professional fees paid to legal advisers, the Reporting Accountants and other professional parties for their services rendered in relation to the [REDACTED] and the [REDACTED]. The estimated total [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) (including (i) [REDACTED], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [REDACTED] of approximately HK\$[REDACTED]; and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED], which consist of (a) fees and expenses of legal advisers and accountants of approximately HK\$[REDACTED]; and (b) sponsor fee and other fees and expenses of approximately HK\$[REDACTED]), representing [REDACTED]% of the [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. During the Track Record Period, we did not incur any [REDACTED]. Subsequent to the Track Record Period, approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) is expected to be recognized as administrative expenses in the consolidated statements of profit or loss and approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]) is expected to be recognized as a deduction in equity directly upon the [REDACTED].

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules, and is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible liabilities attributable to equity shareholders of our Company as of December 31, 2024, as if the [REDACTED] had taken place on December 31, 2024. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the [REDACTED] been completed as of December 31, 2024 or at any future date.

				Unaudited pro forma adjusted net tangible assets	
Consolidated net tangible assets attributable to owners of the parent as of December 31, 2024 ⁽¹⁾		Estimated impact to the change of terms of convertible redeemable preferred shares ⁽³⁾	Estimated attributable to owners of the parent immediately after completion of the [REDACTED]	Unaudited pro forma adjusted net tangible assets per Share attributable to owners of the parent immediately after completion of the [REDACTED] ⁽⁴⁾⁽⁵⁾	
RMB'000		RMB'000	RMB'000	RMB'	HK\$ ⁽⁵⁾
Based on an [REDACTED] of HK\$[REDACTED] per Share		(2,005,671)	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share		(2,005,671)	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The consolidated net tangible liabilities attributable to equity shareholders of our Company as of December 31, 2024 is arrived at after deducting intangible assets of RMB4,478,000 from the consolidated total deficit attributable to equity shareholders of our Company of RMB2,001,193,000 as of December 31, 2024, which is extracted from Accountants' Report in Appendix I to this document.
- (2) The estimated [REDACTED] from the [REDACTED] are based on the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share, being the lower end price and higher end price of the indicative [REDACTED] range respectively, after deduction of the [REDACTED] and other related expenses paid or payable by our Company and do not take into account any Shares which may be issued upon the exercise of the [REDACTED].

FINANCIAL INFORMATION

- (3) Upon the [REDACTED] and the completion of the [REDACTED], all the convertible redeemable preferred shares will be converted into ordinary shares of our Company. The convertible redeemable preferred shares will be re-classified from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to the owners of the parent will be increased by RMB[REDACTED], which is arrived at after deducting the repurchase amounts of USD[REDACTED] (approximately RMB[REDACTED]) as if the repurchase of 3,454,613 convertible redeemable preferred shares after the relevant periods had taken place on December 31, 2024 from the carrying amount of the convertible redeemable preferred shares of RMB[REDACTED] as of December 31, 2024.
- (4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [REDACTED] Shares were in issue immediately following the completion of the [REDACTED], without taking into account any Shares which may be allotted and issued upon exercise of the [REDACTED] and/or share options granted under the 2015 Share Incentive Scheme and upon vesting of restricted shares granted under the 2015 Share Incentive Scheme.
- (5) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB1.00 to HK\$[1.0949].
- (6) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to December 31, 2024.
- (7) No dividend has been declared by our Company subsequent to December 31, 2024.

EVENTS AFTER THE TRACK RECORD PERIOD

On May 30, 2025, we reached an agreement with the holders of the convertible redeemable preferred shares that we repurchased 3,454,613 Series D Preferred Shares at a total consideration of USD24,000,000 in June 2025 and the holders would not exercise the redemption rights to request us to repurchase their outstanding Preferred Shares on or before December 31, 2026. See “History, Reorganization and Development — Our Major Corporate Development — (5) Shareholder Divestments — (iii) 2025 Divestment” and Note 27 to the Accountants’ Report set out in Appendix I to this document.

In June 2025, we granted certain share options and restricted shares to eligible persons under the 2015 Share Incentive Scheme, and granted all the shares to selected participants under the 2023 Share Incentive Scheme. See “History, Reorganization and Development — [REDACTED] Share Incentive Schemes” and Note 31 to the Accountants’ Report set out in Appendix I to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material changes to our business model and the general economic and regulatory environment in which we operate, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the date of the latest audited consolidated financial position of our Group as set out in the Accountants’ Report in Appendix I to this document.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT

FINANCIAL INFORMATION

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the [REDACTED] of the Shares on the Stock Exchange.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

Please see the section headed “Business — Our Strategies” for a detailed description of our future plans.

[REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-end of the [REDACTED] range stated in this document), will be approximately HK\$[REDACTED], after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

We intend to use the [REDACTED] of the [REDACTED] for the following purposes:

- approximately [REDACTED]% (or HK\$[REDACTED]) will be used to strengthen our collaborations with other participants in the ecosystem in the next five years. In particular,
 - (i) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used to further develop our general self-operated business. For product categories characterized by high penetration, diverse supply source with fragmented yet resilient downstream demand, we plan to further expand the scale of our general self-operated business and negotiate more advantageous pricing terms with upstream brands and manufacturers. Specifically, we plan to deepen our collaboration with world top infant formula brands, which is a cornerstone product for our platform, increase our purchase scale from them, and negotiate more advantageous terms and business opportunities such as designated channel arrangements with them. See “Business — Our Strategies — Strengthening linkages with upstream brands and deepening cooperative relationships” for more details;
 - (ii) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used to strengthen the development capabilities of our proprietary brands. We will fully capitalize on the consumer insights and feedback amassed from retail stores to enhance our new product development prowess, expedite the product iteration cycle and expand our product matrix. Specifically, we plan to seek collaboration with top-tier universities or leading laboratories and allocate resources to the R&D of new nutrition products for adults. We also intend to carry out comprehensive market and consumer research to further apprehend the diversified needs and preferences of consumers, which shall include engaging market research institutions, conducting customer service interviews, and arranging for our sales and marketing personnel to continue visiting offline retail stores nationwide to collect customer feedback. See “Business — Our Strategies — Continuing to delve deep into consumer demands and strengthening the development capabilities of proprietary brands” for more details;

FUTURE PLANS AND [REDACTED]

- (iii) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used to further development our proprietary brand business. We are committed to strengthening our supply chain management capabilities and expanding our presence in raw material procurement, aiming to optimize costs and safeguard the stability of the supply chain. Specifically, we plan to deepen our collaboration with OEM suppliers and scale up procurement volumes, especially for nutrition products, which serve as the second growth curve of our self-operated business. Through strategic sourcing and closer collaboration with suppliers, we seek to enhance our cost-effectiveness while ensuring a reliable and uninterrupted flow of supplies. See “Business — Our Strategies — Continuing to delve deep into consumer demands and strengthening the development capabilities of proprietary brands” for more details; and
- (iv) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used to introduce select proprietary brands to international markets, such as Southeast Asia, and to forge partnerships with major local sales channels. Specifically, we will conduct market research, establish overseas subsidiaries, lease offices and recruit approximately 10 sales and marketing personnel with deep understanding of local markets and experience of customer management to support local business development and marketing activities. Moreover, we plan to invest in marketing and promotion initiatives in overseas markets to promote our proprietary brands, including placing advertisements on local social media platforms and offline advertising channels, and share the up-to-date trends of the family care and nutrition product industry for our overseas potential customers and collaboration partners. See “Business — Our Strategies — Expanding our global presence” for more details.
- approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used to bolster our technological capabilities and improve our IT infrastructure in the next five years. In particular,
 - (i) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used for building a digital marketing management system for all upstream brands and manufactures, which will empower brands to exercise unified management over retail stores nationwide, conduct real-time monitoring of market expansion initiatives, and obtain accurate and up-to-date sales data. Specifically, we intend to integrate our digital marketing management system with third-party AI systems and cloud infrastructure to provide enhanced and personalized data analysis and insights for brands and manufacturers. We also plan to recruit approximately six engineers with deep experience in programming, data engineering, testing, software operation and maintenance, who will be responsible for developing and iterating our digital marketing system as well as fine-tuning the AI algorithms;

FUTURE PLANS AND [REDACTED]

- (ii) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to further enhance our online marketing and operation management tools for retail stores, which will endow retail stores with comprehensive digital marketing management capabilities, enabling them to proficiently handle private-domain traffic, manage potential consumer data, and conduct in-depth consumer profiling, thereby facilitating more targeted and effective business operations. Specifically, we intend to recruit approximately eight engineers and product manager with extensive experience in algorithm engineering, programming, testing and product management, who will be responsible for developing and iterating our online marketing and operation management tools; and
- (iii) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used to elevate the intelligence quotient of our internal IT infrastructure to further enhance our data processing capabilities and optimize internal organizational efficiency through continuous subscription of third-party cloud services and professional office software.
- approximately [REDACTED]% (or HK\$[REDACTED]) will be used to selectively pursue strategic alliances, acquisitions and/or investments opportunities in the industry value chain when appropriate opportunities arise. In particular,
 - (i) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used for the acquisition of one or two and/or the investment in three to five profit-making nutrition product brands that exhibit rapid sales growth and promising market prospects when appropriate opportunities arise in the next five years to enrich and diverse our product matrix. When evaluating potential targets, we will also take into consideration the brand value, scale of business, product quality and portfolio, research capabilities, existing distribution channels, profitability, the standardization of their financial and internal control procedures and fairness of valuations. See “Business — Our Strategies — Integrating the industry value chain through strategic acquisitions and/or investments” for more details. According to Frost & Sullivan, there are sufficient targets in the market that meet our selection criteria. As of the Latest Practicable Date, we had not entered into any letters of intent or agreements with respect to acquisitions and/or investments and had not identified any definite acquisitions and/or investments targets; and
 - (ii) approximately [REDACTED]% (or HK\$[REDACTED]) is expected to be used to pursue strategic alliances with upstream brands and manufacturers to leverage complementary strengths. Specifically, we intend to enter into joint ventures with brands boasting strong brand appeal, including but not limited to infant formula brands, with a view to developing new product lines. However, the implementation of our strategic alliances, acquisition and investment plans will depend on a number of factors, including, among others, the local market condition, the availability of suitable targets and

FUTURE PLANS AND [REDACTED]

opportunities, the business negotiation on terms acceptable to us and our then business strategies. See “Risk Factors — Risks Relating to Our Business and Industry — Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.”

- approximately [REDACTED]% (or HK\$[REDACTED]) for working capital and other general corporate purposes.

In the event that the [REDACTED] is set at HK\$[REDACTED] per [REDACTED] or HK\$[REDACTED] per [REDACTED] (being the high-end and the low-end of the [REDACTED] range stated in this document, respectively), the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively. To the extent that the [REDACTED] from the [REDACTED] (including the [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we will adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

To the extent that the [REDACTED] are not immediately applied to the above purposes, we will only deposit the [REDACTED] into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions.

In the event of any material change in our use of [REDACTED] of the [REDACTED] from the purposes described above or in our allocation of the [REDACTED] among the purposes described above, a formal announcement will be made.

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[REDACTED]

[REDACTED]

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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead with official address upon final stage]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YANGTUO TECHNOLOGY INC. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Yangtuo Technology Inc. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [I-4] to [I-89], which comprises the consolidated statements of profit or loss, statements of 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-4] to [I-89] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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

APPENDIX I

ACCOUNTANTS’ REPORT

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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[•]

Certified Public Accountants

Hong Kong

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

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 Hong Kong Institute of Certified Public Accountants (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	895,268	1,066,785	1,032,399
Cost of sales		<u>(502,442)</u>	<u>(665,325)</u>	<u>(697,094)</u>
Gross profit		392,826	401,460	335,305
Other income and gains	5	23,719	39,850	32,471
Selling and distribution expenses		(378,810)	(309,470)	(255,846)
Administrative expenses		(96,830)	(59,407)	(71,225)
Research and development expenses		(63,371)	(35,335)	(33,585)
Impairment losses on financial assets, net		(863)	(1,175)	(1,443)
Other expenses	5	(32,085)	(18,849)	(5,250)
Finance costs	7	(657)	(466)	(2,964)
Fair value gain/(loss) on convertible redeemable preferred shares	27	157,227	(72,989)	(76,183)
Share of loss of an associate		<u>(88)</u>	<u>(53)</u>	<u>(106)</u>
PROFIT/(LOSS) BEFORE TAX	6	1,068	(56,434)	(78,826)
Income tax credit/(expense)	10	<u>(56)</u>	<u>(106)</u>	<u>1</u>
PROFIT/(LOSS) FOR THE YEAR		<u>1,012</u>	<u>(56,540)</u>	<u>(78,825)</u>
Attributable to:				
Owners of the parent		1,803	(52,131)	(78,403)
Non-controlling interests		<u>(791)</u>	<u>(4,409)</u>	<u>(422)</u>
		<u>1,012</u>	<u>(56,540)</u>	<u>(78,825)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic (<i>RMB yuan</i>)		<u>0.02</u>	<u>(0.61)</u>	<u>(1.18)</u>
Diluted (<i>RMB yuan</i>)		<u>0.01</u>	<u>(0.61)</u>	<u>(1.18)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>1,012</u>	<u>(56,540)</u>	<u>(78,825)</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	<u>38,158</u>	<u>6,568</u>	<u>3,765</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	<u>—</u>	<u>(706)</u>	<u>(445)</u>
Exchange differences:			
Exchange differences on translation of the Company’s financial statements	<u>(196,099)</u>	<u>(37,153)</u>	<u>(36,749)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(196,099)</u>	<u>(37,859)</u>	<u>(37,194)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(157,941)</u>	<u>(31,291)</u>	<u>(33,429)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(156,929)</u>	<u>(87,831)</u>	<u>(112,254)</u>
Attributable to:			
Owners of the parent	(156,138)	(83,422)	(111,832)
Non-controlling interests	<u>(791)</u>	<u>(4,409)</u>	<u>(422)</u>
	<u>(156,929)</u>	<u>(87,831)</u>	<u>(112,254)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

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	13	3,701	1,366	380
Right-of-use assets	14(a)	9,360	5,545	1,386
Other intangible assets	15	18,546	5,427	4,478
Investment in an associate	17	18,976	18,650	18,544
Equity investments designated at fair value through other comprehensive income	18	—	2,294	1,849
Time deposits	23	21,407	92,080	104,583
Total non-current assets		71,990	125,362	131,220
CURRENT ASSETS				
Inventories	19	59,467	46,826	74,737
Trade receivables	20	3,192	6,028	13,535
Prepayments, deposits and other receivables	21	134,884	118,397	127,488
Financial assets at fair value through profit or loss	22	183,494	25,458	46,092
Derivative financial instruments	26	2,737	1,734	—
Pledged and time deposits	23	162,239	148,372	33,263
Restricted cash	23	165,770	7,680	4,942
Cash and cash equivalents	23	334,375	388,274	368,461
Total current assets		1,046,158	742,769	668,518
CURRENT LIABILITIES				
Trade payables	24	40,609	13,773	14,645
Other payables and accruals	25	540,243	345,728	247,983
Derivative financial instruments	26	3,845	2,016	—
Convertible redeemable preferred shares	27	2,255,240	2,366,843	2,399,990
Interest-bearing bank borrowings	28	1,196	2,199	137,162
Lease liabilities	14(b)	7,951	4,594	1,146
Due to related parties	36(b)	—	49,177	—
Total current liabilities		2,849,084	2,784,330	2,800,926
NET CURRENT LIABILITIES		(1,802,926)	(2,041,561)	(2,132,408)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,730,936)	(1,916,199)	(2,001,188)

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	1,622	1,146	—
Total non-current liabilities		1,622	1,146	—
Net liabilities		(1,732,558)	(1,917,345)	(2,001,188)
EQUITY				
Equity attributable to owners of the parent				
Share capital	30	63	63	63
Shares held for share incentive scheme	30	—	(99,808)	(99,808)
Reserves	32	(1,737,457)	(1,818,027)	(1,901,448)
		(1,737,394)	(1,917,772)	(2,001,193)
Non-controlling interests		4,836	427	5
Deficiency in assets		(1,732,558)	(1,917,345)	(2,001,188)

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium*	Share option reserve*	Other capital reserve*	Exchange fluctuation reserve*	Accumulated losses*		
	RMB'000 (note 30)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	61	23,799	21,137	8,589	73,800	(1,734,108)	(1,606,722)	(1,601,052)
Profit/(loss) for the year	—	—	—	—	—	1,803	1,803	1,012
Other comprehensive loss for the year:								
Exchange differences on translation	—	—	—	—	(157,941)	—	(157,941)	(157,941)
Total comprehensive income/(loss) for the year	—	—	—	—	(157,941)	1,803	(156,138)	(156,929)
Acquisition of non-controlling interests	—	—	—	(7)	—	—	(7)	(50)
Issue of new shares for share incentive scheme (note 31)	2	20,349	—	—	—	—	20,351	20,351
Equity-settled share option arrangements	—	—	4,770	—	—	—	4,770	4,770
Transfer of share option reserve upon the forfeiture or expiry of share options	—	—	(4,306)	—	—	4,306	—	—
Others	—	—	—	352	—	—	352	352
At 31 December 2022	63	44,148	21,601	8,934	(84,141)	(1,727,999)	(1,737,394)	(1,732,558)

Year ended 31 December 2023

	Attributable to owners of the parent										
						Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated losses*		Non- controlling interests	Total equity
	Share capital	Shares held for share incentive scheme	Share premium*	Share option reserve*	Other capital reserve*				Total		
	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	63	—	44,148	21,601	8,934	—	(84,141)	(1,727,999)	(1,737,394)	4,836	(1,732,558)
Loss for the year	—	—	—	—	—	—	—	(52,131)	(52,131)	(4,409)	(56,540)
Other comprehensive loss for the year:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	(706)	—	—	(706)	—	(706)
Exchange differences on translation	—	—	—	—	—	—	(30,585)	—	(30,585)	—	(30,585)
Total comprehensive loss for the year	—	—	—	—	—	(706)	(30,585)	(52,131)	(83,422)	(4,409)	(87,831)
Shares repurchased	—	(99,808)	—	—	—	—	—	—	(99,808)	—	(99,808)
Equity-settled share option arrangements	—	—	—	2,852	—	—	—	—	2,852	—	2,852
Transfer of share option reserve upon the forfeiture or expiry of share options	—	—	—	(2,597)	—	—	—	2,597	—	—	—
At 31 December 2023	63	(99,808)	44,148	21,856	8,934	(706)	(114,726)	(1,777,533)	(1,917,772)	427	(1,917,345)

APPENDIX I

ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent										
	Share capital	Shares held for share incentive scheme	Share premium*	Share option reserve*	Other capital reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	63	(99,808)	44,148	21,856	8,934	(706)	(114,726)	(1,777,533)	(1,917,772)	427	(1,917,345)
Loss for the year	—	—	—	—	—	—	—	(78,403)	(78,403)	(422)	(78,825)
Other comprehensive loss for the year:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	—	—	—	(445)	—	—	(445)	—	(445)
Exchange differences on translation	—	—	—	—	—	—	(32,984)	—	(32,984)	—	(32,984)
Total comprehensive loss for the year	—	—	—	—	—	(445)	(32,984)	(78,403)	(111,832)	(422)	(112,254)
Equity-settled share option arrangements	—	—	—	28,411	—	—	—	—	28,411	—	28,411
Transfer of share option reserve upon the forfeiture or expiry of share options	—	—	—	(1,600)	—	—	—	1,600	—	—	—
At 31 December 2024	63	(99,808)	44,148	48,667	8,934	(1,151)	(147,710)	(1,854,336)	(2,001,193)	5	(2,001,188)

* These reserve accounts comprise the consolidated negative reserves of RMB1,737,457,000, RMB1,818,027,000 and RMB1,901,448,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		1,068	(56,434)	(78,826)
Adjustments for:				
Finance costs	7	657	466	2,964
Share of loss of an associate		88	53	106
Bank interest income	5	(5,211)	(9,025)	(7,504)
Investment (income)/loss	6	2,675	(15,116)	(11,005)
Gain on disposal of items of property, plant and equipment	5	(76)	(495)	—
Gain on lease modification	14(c)	—	(156)	—
Fair value loss/(gain) on financial assets at fair value through profit or loss	6	613	(178)	(1,092)
Changes in fair value of convertible redeemable preferred shares	27	(157,227)	72,989	76,183
Depreciation of property, plant and equipment	13	4,178	2,200	1,038
Depreciation of right-of-use assets	14(a)	7,543	6,207	4,159
Amortisation of other intangible assets	15	2,670	2,734	1,012
Impairment of other intangible assets	15	—	11,437	—
Write-down of inventories to net realisable value	19	1,296	876	2,818
Impairment of trade receivables, net	20	29	4	69
Impairment of other receivables, net	21	834	1,171	1,374
Equity-settled share-based payments		25,473	2,852	28,411
Foreign exchange differences, net		33,701	4,633	939
		(81,689)	24,218	20,646
Decrease/(increase) in inventories		(44,013)	11,765	(30,729)
Decrease/(increase) in trade receivables		79	(2,840)	(7,576)
Decrease/(increase) in prepayments, deposits and other receivables		(64,355)	15,316	(10,465)
Decrease/(increase) in restricted cash		(30,862)	158,090	2,738
(Decrease)/increase in trade payables		34,432	(26,836)	872
(Decrease)/increase in other payables and accruals		48,677	(194,645)	(95,284)
Cash used in operations		(137,731)	(14,932)	(119,798)
Bank interest received		5,211	9,025	7,504
Income tax refund/(paid)		(56)	(106)	1
Net cash flows used in operating activities		(132,576)	(6,013)	(112,293)

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	13	(1,390)	(94)	(52)
Proceeds from disposal of items of property, plant and equipment		85	724	—
Additions to other intangible assets	15	(587)	(1,052)	(63)
Repayment of loans to an associate		933	273	—
Purchases of financial assets at fair value through profit or loss		(3,279,464)	(419,658)	(357,479)
Disposal of financial assets at fair value through profit or loss		3,587,053	578,454	337,480
Purchases of equity investments designated at fair value through other comprehensive income		—	(3,000)	—
Placement of pledged deposits		(735,108)	(1,032,352)	(104,195)
Withdrawal of pledged deposits		623,627	1,111,925	176,690
Placement of time deposits		(50,000)	(172,266)	(40,000)
Withdrawal of time deposits		100,000	40,000	92,036
Investment income received		(914)	11,080	11,618
Net cash flows from investing activities		244,235	114,034	116,035
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchases of ordinary shares		—	(50,631)	(49,177)
Repurchases of preferred shares	27	—	—	(78,122)
Proceeds from advance payment for exercise of share options		681	130	93
Repayment of advance payment for exercise of share options		—	—	(2,554)
Acquisition of non-controlling interests		(50)	—	—
New bank loans		—	1,000	137,140
Repayment of bank loans		(1,000)	—	(2,195)
Placement of pledged deposits		—	—	(22,363)
Principal portion of lease liabilities		(8,147)	(6,069)	(4,594)
Interest paid		(657)	(463)	(2,946)
Net cash flows used in financing activities		(9,173)	(56,033)	(24,718)

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		102,486	51,988	(20,976)
Cash and cash equivalents at beginning of year		225,377	334,375	388,274
Effect of foreign exchange rate changes, net		<u>6,512</u>	<u>1,911</u>	<u>1,163</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>334,375</u>	<u>388,274</u>	<u>368,461</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	23	<u>334,375</u>	<u>388,274</u>	<u>368,461</u>
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows		<u>334,375</u>	<u>388,274</u>	<u>368,461</u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Investments in subsidiaries	16	<u>1,042,230</u>	<u>1,045,082</u>	<u>1,073,493</u>
CURRENT ASSETS				
Prepayments, deposits and other receivables		58	304	60
Financial assets at fair value through profit or loss	22	122,354	—	—
Due from subsidiaries	36(b)	56,228	16,492	14,406
Cash and cash equivalents	23	<u>83,413</u>	<u>641</u>	<u>208</u>
Total current assets		<u>262,053</u>	<u>17,437</u>	<u>14,674</u>
CURRENT LIABILITIES				
Convertible redeemable preferred shares	27	2,255,240	2,366,843	2,399,990
Other payables and accruals		4,635	4,766	3,738
Due to subsidiaries	36(b)	203,905	5,391	131,900
Due to related parties	36(b)	<u>—</u>	<u>49,177</u>	<u>—</u>
Total current liabilities		<u>2,463,780</u>	<u>2,426,177</u>	<u>2,535,628</u>
NET CURRENT LIABILITIES		<u>(2,201,727)</u>	<u>(2,408,740)</u>	<u>(2,520,954)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
		<u>(1,159,497)</u>	<u>(1,363,658)</u>	<u>(1,447,461)</u>
Net liabilities		<u><u>(1,159,497)</u></u>	<u><u>(1,363,658)</u></u>	<u><u>(1,447,461)</u></u>
EQUITY				
Share capital	30	63	63	63
Shares held for share incentive scheme	30	—	(99,808)	(99,808)
Reserves	32	<u>(1,159,560)</u>	<u>(1,263,913)</u>	<u>(1,347,716)</u>
Deficiency in assets		(1,159,497)	(1,363,658)	(1,447,461)

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 28 April 2015. The registered office address is 2nd Floor, Strathvale House, 90 North Church Street, P.O. Box 1103, George Town, Grand Cayman KY1-1102, Cayman Islands.

During the Relevant Periods, the Company and its subsidiaries (together, the “Group”) were principally involved in the provision of digital marketplace services and the sale of family care and nutrition products in Mainland China.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), and the particulars of the Company’s principal subsidiaries are set out below:

Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yangtuo Technology (HK) Limited <i>(note (a))</i>	Hong Kong 7 May 2015	Hong Kong Dollar (“HKD”) 1	100%	—	Merchandise sales
Hangzhou HIPAC Internet Technology Co., Ltd.* (“Hangzhou HIPAC Internet”) <i>(notes (c) & (d))</i> (杭州海拍客網絡科技有限公司)	People’s Republic of China (the “PRC”)/ Mainland China 18 June 2015	United States Dollar (“USD”) 180,000,000	—	100%	Investment holding
Hangzhou Yangtuo Internet Technology Co., Ltd.* (“Hangzhou Yangtuo Internet”) <i>(notes (c) & (e))</i> (杭州洋駝網絡科技有限公司)	PRC/ Mainland China 28 February 2015	RMB1,167,241	—	100%	Digital marketplace services
Hangzhou Hitun Trading Co., Ltd.* (“Hangzhou Hitun”) <i>(notes (c) & (e))</i> (杭州嗨豚貿易有限公司)	PRC/ Mainland China 20 September 2018	RMB1,000,000	—	100%	Merchandise sales
Hangzhou Yangtuo Trading Co., Ltd.* <i>(notes (c) & (e))</i> (杭州洋駝貿易有限公司)	PRC/ Mainland China 18 January 2016	RMB1,000,000	—	100%	Merchandise sales
Hongkong Hiyang Trade Limited <i>(notes (b) & (e))</i> (香港滙洋貿易有限公司)	Hong Kong 12 August 2020	HKD10,000	—	100%	Merchandise sales
Hangzhou Borou Trading Co., Ltd.* <i>(notes (c) & (e))</i> (杭州帛柔貿易有限公司)	PRC/ Mainland China 31 March 2021	RMB1,000,000	—	100%	Merchandise sales

Notes:

- (a) The statutory financial statements of this entity for the years ended 31 December 2022 and 2023 prepared under Hong Kong Small and Medium-sized Entity Financial Reporting Standard were audited by Uniwin International CPA Limited, certified public accountants registered in Hong Kong.

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) The statutory financial statements of this entity for the period from its date of incorporation to 31 December 2022 and the year ended 31 December 2023 prepared under Hong Kong Small and Medium-sized Entity Financial Reporting Standard were audited by Uniwin International CPA Limited, certified public accountants registered in Hong Kong.
 - (c) No audited statutory financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of establishment.
 - (d) This entity is registered as a wholly-foreign-owned enterprise under PRC law. No audited financial statements have been prepared since the date of incorporation as this entity is not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.
 - (e) These entities are controlled by the Company based on a series of contractual arrangements though the Company does not have any direct or indirect equity interest in these entities. Details of these contractual arrangements are included in note 2.1 to the Historical Financial Information.
- * *The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.*

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.

2.1 BASIS OF PRESENTATION

In July 2015, a wholly-owned subsidiary of the Company, Hangzhou HIPAC Internet, entered into a series of contractual arrangements (the “**2015 Contractual Arrangements**”) with Hangzhou Yangtuo Internet and its subsidiaries (the “**Consolidated Affiliated Entities**”) and their respective equity holders, through which Hangzhou HIPAC Internet was able to exercise effective control over the Consolidated Affiliated Entities and obtain substantially all economic benefits and returns of the Consolidated Affiliated Entities.

In February 2020, Hangzhou Yangtuo Internet entered into a series of contractual arrangements with (the “**2020 Contractual Arrangements**”) Hangzhou Hitun and its then shareholder, through which Hangzhou Yangtuo Internet was able to exercise effective control over Hangzhou Hitun and obtain substantially all economic benefits and returns of Hangzhou Hitun.

Pursuant to the Reorganisation, as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Corporate Structure” in the Document, the 2015 Contractual Arrangements and 2020 Contractual Arrangements have been terminated in June 2025. The respective equity holders of the Consolidated Affiliated Entities transferred 100% of equity interests in Hangzhou Yangtuo Internet to Hangzhou HIPAC Internet and the shareholder of Hangzhou Hitun transferred 100% of equity interests in Hangzhou Hitun to Hangzhou Yangtuo Internet, upon completion of which, Hangzhou Yangtuo Internet was wholly owned by Hangzhou HIPAC Internet and Hangzhou Hitun was wholly owned by Hangzhou Yangtuo Internet.

The Reorganisation is merely a recapitalisation of the Group’s business with no substantive change in the economic substance of the ownership and the Group’s business before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial information of the Group’s business prior to the Reorganisation.

APPENDIX I

ACCOUNTANTS’ REPORT

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted on a consistent basis 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 equity investments designated at fair value through other comprehensive income (“FVTOCI”), financial assets at fair value through profit or loss (“FVTPL”), derivative financial instruments and convertible redeemable preferred shares which have been measured at fair value.

Going concern assumption

As at 31 December 2024, the Group’s net current liabilities amounted to approximately RMB2,132,408,000, which was mainly due to the convertible redeemable preferred shares of approximately RMB2,399,990,000. As at the approval date of this Historical Financial Information, the Company had reached an agreement with the holders of the convertible redeemable preferred shares that the holders would not exercise their redemption rights to request the Company to repurchase their outstanding Preferred Shares on or before 31 December 2026. In this connection, the Group would become net current assets of RMB267,582,000 after deducting the convertible redeemable preferred shares of RMB2,399,990,000 from current liabilities. In addition, the Group has been implementing some measures (e.g., developing new products and launching promotional campaigns) to attract new and more customers, secure new and recurring orders, improve its working capital and reduce capital expenditure.

The directors of the Company have reviewed the Group’s cash flow forecast prepared by management which covers a period of twelve months from the end of the Relevant Periods. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

Accordingly, the Historical Financial Information has been prepared on a basis that the Group will be able to continue as a going concern.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries 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 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.

APPENDIX I

ACCOUNTANTS’ REPORT

The financial statements of the subsidiaries are prepared for the same reporting periods 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income 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.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 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. HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. 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.

APPENDIX I

ACCOUNTANTS’ REPORT

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Investment in an associate

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 investment in an associate is 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.

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 consolidated other comprehensive income, respectively. 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 an associate is included as part of the Group’s investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit or loss.

Fair value measurement

The Group measures its financial assets at FVTPL, equity investments designated at FVTOCI, derivative financial instruments and convertible redeemable preferred shares 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.

APPENDIX I

ACCOUNTANTS’ REPORT

All assets and liabilities for which fair value is measured or disclosed in the financial statements 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 fair value 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 financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third 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 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 estimated useful lives of property, plant and equipment are as follows:

Office equipment	1 to 5 years
Leasehold improvements	Over the shorter of the lease terms and estimated useful lives

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 the statement of 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.

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.

Software, patents and trademarks

Purchased software, patents and trademarks are stated at cost less any impairment losses and are amortised on a straight-line basis over their estimated useful lives of 10 years.

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

APPENDIX I

ACCOUNTANTS’ REPORT

(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 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:

Office premises	32 to 36 months

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.

The Group’s lease liabilities are presented separately in the consolidated statements of financial position.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 HKFRS 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 other comprehensive income 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.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest 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 designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

APPENDIX I

ACCOUNTANTS’ REPORT

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

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 statements 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

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

APPENDIX I

ACCOUNTANTS’ REPORT

General approach

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.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group’s financial liabilities include trade payables, other payables and accruals, amounts due to related parties, derivative financial instruments, convertible redeemable preferred shares and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, interest-bearing borrowings and amounts due to related parties 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of finished goods, comprises direct purchase costs. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

APPENDIX I

ACCOUNTANTS’ REPORT

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 the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the 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 an associate, 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, and 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 an associate, 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 by the end of the reporting period.

APPENDIX I

ACCOUNTANTS’ REPORT

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.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Digital marketplace services

The Group provides digital marketplace services by facilitating the transactions between the vendors of the products and the buyers on the platform. Revenue from the provision of digital marketplace services is recognised at the point in time when the service is provided and the order transactions are completed.

The Group is an agent in this arrangement as the Group does not control the specified products before the products are delivered to the buyers, because (i) it is the vendors, rather than the Group, who are primarily responsible for the sale of products to the buyers; (ii) the vendors are identified and determined by the buyers, rather than the Group, and the Group does not commit to acquiring the specified products before transferring to the buyers. Therefore, the Group is not the principal in executing these transactions. The Group reports the amounts received from the buyers and the amounts paid to the vendors related to these transactions on a net basis.

APPENDIX I

ACCOUNTANTS’ REPORT

In addition, the Group also provides value-added services to the vendors on the platform, including targeted advertisement, brand marketing and other promotional services. Revenue from value-added services is primarily recognised at the point in time when the performance obligations for the services are completed.

(b) Sale of family care and nutrition products

Revenue from the sale of family care and nutrition products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the products at the customer’s location or upon confirmation of receipt of the products.

Some contracts for the sale of family care and nutrition products provide customers with rights of return giving rise to variable consideration, and coupons giving rise to a separate performance obligation.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Coupons

The Group gives coupons to customers in transactions, which allow customers to utilise in exchange for products or services. The coupons give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the coupons given to customers based on relative stand-alone selling price and is recognised as a contract liability until the coupons are utilised. Revenue is recognised upon utilisation of the coupons for products by the customer. When estimating the stand-alone selling price of the coupons, the Group considers the likelihood that the customer will utilise the coupons. The Group updates its estimates of the coupons that will be utilised on a yearly basis or a half-year basis and any adjustments to the contract liability balance are charged against revenue.

Revenue from other sources

Income from providing advance payments on behalf of the customers is recognised on an accrual basis using the effective interest method on the basis of considering the amounts of the advance payments, the duration of the advance payments provided and the pre-determined interest rate.

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.

APPENDIX I

ACCOUNTANTS’ REPORT

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) 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 option scheme as well as a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**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.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

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. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

APPENDIX I

ACCOUNTANTS’ REPORT

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

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.

Foreign currencies

The functional currency of the Company is the USD. As the majority of the Group’s revenues and assets are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the financial statements. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of the initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

3. SIGNIFICANT ACCOUNTING JUDGEMENTS 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.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Gross versus net revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as a principal or an agent in the transaction. If the Group is acting as a principal in a transaction, the Group reports revenue on a gross basis. If the Group is acting as an agent in a transaction, the Group reports revenue on a net basis. The determination of whether the Group is acting as a principal or an agent in a transaction involves judgement and is based on an evaluation of the terms of the arrangement. The Group is considered a principal if it controls a promised good or service before transferring that good or service to the customer. The Group considers several factors to determine if it controls the good or service and therefore is the principal. These factors include: (a) if the Group is primarily responsible for fulfilling the promise to provide the specified good or service; (b) if the Group has inventory risk before the specified good or service has been transferred to a customer or after the transfer of control to the customer; and (c) if the Group has discretion in establishing price for the specified good or service.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the 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.

Estimation of the fair value of convertible redeemable preferred shares

The convertible redeemable preferred shares issued by the Company are not traded in an active market and the respective fair value is determined by using valuation techniques. The Group applied the income approach to determine the underlying equity value of the Company and adopted the option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions such as the timing of the liquidation, redemption or the liquidation event as well as the probability of the various scenarios were based on the Group’s best estimates. Further details are included in note 27 to the Historical Financial Information.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type). The Group has applied the general approach to provide for ECLs for other receivables and considered the default event and historical loss rate, adjusted for forward-looking macroeconomic data in calculating the expected credit loss rate.

APPENDIX I

ACCOUNTANTS’ REPORT

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and other receivables is disclosed in notes 20 and 21 to the Historical Financial Information, respectively.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. The Group’s non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

The Group is principally involved in the provision of digital marketplace services and the sale of family care and nutrition products in Mainland China.

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and performance assessment does not contain discrete operating segment financial information and the directors review the financial results of the Group as a whole. Therefore, no further information about operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Mainland China	841,416	1,006,863	979,162
Hong Kong	48,274	52,161	41,392
Other countries/regions	5,578	7,761	11,845
Total revenue	895,268	1,066,785	1,032,399

The revenue information above is based on the locations of the customers.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Non-current assets

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Mainland China	31,607	12,338	6,244

The non-current asset information above is based on the locations of the assets and excludes investments in an associate, equity investments designated at FVTOCI and time deposits.

Information about a major customer

No revenue from the Group’s sales to a single customer or a group of customers under common control amounted to 10% or more of the Group’s revenue during each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS AND OTHER EXPENSES

An analysis of revenue is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	895,071	1,065,207	1,032,285
Revenue from other sources	197	1,578	114
Total	895,268	1,066,785	1,032,399

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Digital marketplace services	353,975	296,236	229,335
Sale of family care and nutrition products	540,408	767,800	801,826
Others	688	1,171	1,124
Total	895,071	1,065,207	1,032,285
Geographical markets			
Mainland China	841,219	1,005,285	979,048
Hong Kong	48,274	52,161	41,392
Other countries/regions	5,578	7,761	11,845
Total	895,071	1,065,207	1,032,285
Timing of revenue recognition			
Goods transferred or services provided at a point in time	895,071	1,065,207	1,032,285

APPENDIX I

ACCOUNTANTS’ REPORT

The following table shows the amounts of revenue recognised during 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
Revenue recognised that was included in contract liabilities at the beginning of the year:			
Digital marketplace services	2,744	16,874	3,874
Sale of family care and nutrition products	6,461	10,275	1,171
Total	9,205	27,149	5,045

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Digital marketplace services

The performance obligation for digital marketplace services is satisfied when the order transactions between the customers and the suppliers on the platform are completed and short-term advances are generally required before the digital marketplace services are provided.

Sale of family care and nutrition products

The performance obligations are satisfied when the products are accepted by the customers. Payment is generally made in advance for the sales through online platform and payments are generally due within 30 days from delivery for the sales or from the date of billings through offline channels.

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	27,149	5,045	6,068

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

APPENDIX I

ACCOUNTANTS’ REPORT

An analysis of the Group’s other income and gains is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Other income			
Government grants (<i>note (a)</i>)	11,698	9,563	2,830
Investment income	—	15,116	11,005
Bank interest income	5,211	9,025	7,504
Income from licensing-out of a trademark	—	—	6,604
Platform management income	4,141	3,976	2,805
Value added tax (“VAT”) and other tax benefits	2,335	1,223	482
Others	258	274	149
Total other income	23,643	39,177	31,379
Gains			
Fair value gain of financial assets at FVTPL	—	178	1,092
Gain on disposal of items of property, plant and equipment	76	495	—
Total gains	76	673	1,092
Total other income and gains	23,719	39,850	32,471

Note:

- (a) The government grants mainly represent incentives awarded by the local governments to support the Group’s operation. There were no unfulfilled conditions or contingencies attached to these government grants.

An analysis of the Group’s other expenses is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
Foreign exchange differences, net	28,300	5,980	4,815
Impairment of other intangible assets (<i>note 15</i>)	—	11,437	—
Investment loss, net	2,675	—	—
Fair value loss of financial assets at FVTPL	613	—	—
Others	497	1,432	435
Total other expenses	32,085	18,849	5,250

APPENDIX I

ACCOUNTANTS’ REPORT

6. PROFIT/(LOSS) BEFORE TAX

The Group’s profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB’000	RMB’000	RMB’000
Cost of inventories sold		458,210	639,737	677,649
Cost of services provided		44,232	25,588	19,445
Depreciation of property, plant and equipment	13	4,178	2,200	1,038
Depreciation of right-of-use assets	14(a)	7,543	6,207	4,159
Amortisation of other intangible assets*	15	2,670	2,734	1,012
Research and development expenses		63,371	35,335	33,585
Lease payments not included in the measurement of lease liabilities	14(c)	763	343	177
Auditor’s remuneration		527	614	692
Employee benefit expense (excluding directors’ and chief executive’s remuneration (note 8)):				
Salaries, bonuses and allowances		335,482	246,437	206,872
Equity-settled share-based payments		24,939	2,764	25,597
Pension scheme contributions [@]		12,740	10,139	9,181
Staff welfare expenses		8,092	4,193	7,787
Termination benefits		12,303	5,869	4,877
Total		393,556	269,402	254,314
Impairment of other intangible assets**	15	—	11,437	—
Impairment of financial assets, net:				
Impairment of trade receivables, net	20	29	4	69
Impairment of other receivables, net	21	834	1,171	1,374
Total		863	1,175	1,443
Write-down of inventories to net realisable value, net***	19	1,296	876	2,818
Investment loss/(income), net	5	2,675	(15,116)	(11,005)
Fair value loss/(gain) of financial assets at FVTPL	5	613	(178)	(1,092)

* The amortisation of other intangible assets is included in “Selling and distribution expenses”, “Administrative expenses” and “Research and development expenses” in the consolidated statements of profit or loss.

** Impairment of other intangible assets is included in “Other expenses” in the consolidated statements of profit or loss.

*** Write-down of inventories to net realisable value is included in “Cost of sales” in the consolidated statements of profit or loss.

[@] There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

APPENDIX I

ACCOUNTANTS’ REPORT

7. FINANCE COSTS

An analysis of finance costs is as follows:

	<i>Note</i>	Year ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans		—	3	163
Interest on bank loans from discounting bills receivable and letter of credit		—	—	2,664
Interest on lease liabilities	14(b)	657	463	137
Total		657	466	2,964

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Mr. Zhao Chen and Mr. Wu Tao were appointed as directors on 28 April 2015. Mr. Wang Mengzhi was appointed as a director on 18 December 2019. Ms. Xu Hong was appointed as a director on 1 August 2023. Mr. Zhao Chen was also appointed as the chief executive on 28 April 2015.

Mr. Zhao Chen and Ms. Xu Hong were designated as executive directors on 14 June 2025. Mr. Wu Tao and Mr. Wang Mengzhi were designated as non-executive directors on 14 June 2025.

Mr. Shen Kai, Ms. Chen Jie and Ms. Wang Xun were appointed as independent non-executive directors on [Date].

The remuneration of each of the Company’s directors and chief executive is set out below:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	1,194	1,197	1,799
Performance related bonuses	900	1,190	180
Equity-settled share-based payments	182	88	2,814
Pension scheme contributions	21	20	24
Subtotal	2,297	2,495	4,817
Total	2,297	2,495	4,817

During the Relevant Periods, certain directors were granted share-based benefits, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the Historical Financial Information. The fair value of such share-based benefits, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors’ and chief executive’s remuneration disclosures.

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Independent non-executive directors

The Company has not appointed any independent non-executive directors during the Relevant Periods. Accordingly, there were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and the chief executive

	Salaries, allowances and benefits in kind <i>RMB'000</i>	Performance related bonuses <i>RMB'000</i>	Equity-settled share-based payments <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Year ended 31 December 2022					
Executive directors:					
Mr. Zhao Chen*	308	400	—	7	715
Ms. Xu Hong	369	400	182	7	958
Subtotal	677	800	182	14	1,673
Non-executive directors:					
Mr. Wu Tao	517	100	—	7	624
Mr. Wang Mengzhi	—	—	—	—	—
Subtotal	517	100	—	7	624
Total	1,194	900	182	21	2,297
Year ended 31 December 2023					
Executive directors:					
Mr. Zhao Chen*	309	660	—	6	975
Ms. Xu Hong	370	420	88	7	885
Subtotal	679	1,080	88	13	1,860
Non-executive directors:					
Mr. Wu Tao	518	110	—	7	635
Mr. Wang Mengzhi	—	—	—	—	—
Subtotal	518	110	—	7	635
Total	1,197	1,190	88	20	2,495
Year ended 31 December 2024					
Executive directors:					
Mr. Zhao Chen*	850	144	—	8	1,002
Ms. Xu Hong	430	36	2,814	8	3,288
Subtotal	1,280	180	2,814	16	4,290
Non-executive directors:					
Mr. Wu Tao	519	—	—	8	527
Mr. Wang Mengzhi	—	—	—	—	—
Subtotal	519	—	—	8	527
Total	1,799	180	2,814	24	4,817

* Mr. Zhao Chen is also the chief executive of the Company.

APPENDIX I

ACCOUNTANTS’ REPORT

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

During the Relevant Periods, no remuneration was paid by the Group to the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2022, 2023 and 2024 included one, two and two director, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four, three and three highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,608	1,820	1,496
Performance related bonuses	997	800	142
Equity-settled share-based payments	20,461	107	3,632
Pension scheme contributions	28	20	24
Total	24,094	2,747	5,294

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees		
	Year ended 31 December		
	2022	2023	2024
Nil to HKD1,000,000	2	2	—
HKD1,000,001 to HKD1,500,000	1	1	—
HKD1,500,001 to HKD2,000,000	—	—	2
HKD2,000,001 to HKD2,500,000	—	—	1
HKD2,500,001 to HKD3,000,000	1	—	—
Total	4	3	3

During the Relevant Periods, no remuneration was paid by the Group to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

APPENDIX I

ACCOUNTANTS’ REPORT

The provision for Mainland China current income tax is based on the statutory rate of 25% on the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, except for certain subsidiaries of the Group in Mainland China which are granted tax concession and are taxed at preferential tax rates.

During the Relevant Periods, Hangzhou Yangtuo Internet was qualified as a high and new technology enterprise and was entitled to a preferential income tax rate of 15%.

The major components of income tax credit/(expense) of the Group during the Relevant Periods are analysed as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Charge for the year	56	106	—
Overprovision in prior years	—	—	(1)
Total tax charge/(credit) for the year	56	106	(1)

A reconciliation of the tax credit/(expense) applicable to profit/(loss) before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax credit/(expense) at the effective tax rate is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit/(loss) before tax	1,068	(56,434)	(78,826)
Tax at the statutory tax rates	(35,853)	4,495	327
Preferential income tax rates applicable to subsidiaries	24,632	313	(2,167)
Additional deduction allowance for research and development expenses	(5,893)	(3,926)	(3,064)
Expenses not deductible for tax	4,458	1,648	5,047
Adjustments in respect of current tax of previous periods	—	—	(1)
Tax losses utilised from previous periods	(80)	(16,847)	(13,346)
Tax losses and temporary differences not recognised	12,792	14,423	13,203
Tax charge/(credit) at the Group’s effective tax rate	56	106	(1)

11. DIVIDENDS

No dividend has been paid or declared by the Company during the Relevant Periods.

– I-43 –

APPENDIX I

ACCOUNTANTS’ REPORT

13. PROPERTY, PLANT AND EQUIPMENT

	<u>Office equipment</u> <i>RMB'000</i>	<u>Leasehold improvements</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
31 December 2022			
At 1 January 2022:			
Cost	14,135	5,445	19,580
Accumulated depreciation	<u>(8,250)</u>	<u>(4,832)</u>	<u>(13,082)</u>
Net carrying amount	<u>5,885</u>	<u>613</u>	<u>6,498</u>
At 1 January 2022, net of accumulated depreciation	5,885	613	6,498
Additions	1,390	—	1,390
Disposals	(9)	—	(9)
Depreciation provided during the year (<i>note 6</i>)	<u>(3,630)</u>	<u>(548)</u>	<u>(4,178)</u>
At 31 December 2022, net of accumulated depreciation	<u>3,636</u>	<u>65</u>	<u>3,701</u>
At 31 December 2022:			
Cost	15,050	4,615	19,665
Accumulated depreciation	<u>(11,414)</u>	<u>(4,550)</u>	<u>(15,964)</u>
Net carrying amount	<u>3,636</u>	<u>65</u>	<u>3,701</u>
31 December 2023			
At 1 January 2023:			
Cost	15,050	4,615	19,665
Accumulated depreciation	<u>(11,414)</u>	<u>(4,550)</u>	<u>(15,964)</u>
Net carrying amount	<u>3,636</u>	<u>65</u>	<u>3,701</u>
At 1 January 2023, net of accumulated depreciation	3,636	65	3,701
Additions	32	62	94
Disposals	(229)	—	(229)
Depreciation provided during the year (<i>note 6</i>)	<u>(2,144)</u>	<u>(56)</u>	<u>(2,200)</u>
At 31 December 2023, net of accumulated depreciation	<u>1,295</u>	<u>71</u>	<u>1,366</u>
At 31 December 2023:			
Cost	11,649	189	11,838
Accumulated depreciation	<u>(10,354)</u>	<u>(118)</u>	<u>(10,472)</u>
Net carrying amount	<u>1,295</u>	<u>71</u>	<u>1,366</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<u>Office equipment</u> <i>RMB’000</i>	<u>Leasehold improvements</u> <i>RMB’000</i>	<u>Total</u> <i>RMB’000</i>
31 December 2024			
At 1 January 2024:			
Cost	11,649	189	11,838
Accumulated depreciation	<u>(10,354)</u>	<u>(118)</u>	<u>(10,472)</u>
Net carrying amount	<u>1,295</u>	<u>71</u>	<u>1,366</u>
At 1 January 2024, net of accumulated depreciation	1,295	71	1,366
Additions	52	—	52
Depreciation provided during the year (<i>note 6</i>)	<u>(992)</u>	<u>(46)</u>	<u>(1,038)</u>
At 31 December 2024, net of accumulated depreciation	<u>355</u>	<u>25</u>	<u>380</u>
At 31 December 2024:			
Cost	11,701	189	11,890
Accumulated depreciation	<u>(11,346)</u>	<u>(164)</u>	<u>(11,510)</u>
Net carrying amount	<u>355</u>	<u>25</u>	<u>380</u>

14. LEASES

The Group as a lessee

The Group has lease contracts for items of office premises used in its operations. Leases of office premises generally have lease terms between 6 and 36 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

	<u>Office premises</u> <i>RMB’000</i>
As at 1 January 2022	16,903
Depreciation provided during the year (<i>note 6</i>)	<u>(7,543)</u>
As at 31 December 2022 and 1 January 2023	9,360
Additions	5,319
Depreciation provided during the year (<i>note 6</i>)	(6,207)
Lease modification	<u>(2,927)</u>
As at 31 December 2023 and 1 January 2024	5,545
Depreciation provided during the year (<i>note 6</i>)	<u>(4,159)</u>
As at 31 December 2024	<u>1,386</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	17,720	9,573	5,740
New leases	—	5,319	—
Lease modification	—	(3,083)	—
Accretion of interest recognised during the year (note 7)	657	463	137
Payments	(8,804)	(6,532)	(4,731)
Carrying amount at 31 December	9,573	5,740	1,146
Analysed into:			
Lease liabilities repayable:			
Within one year	7,951	4,594	1,146
In the second to fifth years, inclusive	1,622	1,146	—
Total	9,573	5,740	1,146

The maturity analysis of lease liabilities is disclosed in note 39 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	657	463	137
Depreciation charge of right-of-use assets	7,543	6,207	4,159
Gain on lease modification	—	(156)	—
Expenses relating to short-term leases (included in administrative expenses)	763	343	177
Total amount recognised in profit or loss	8,963	6,857	4,473

(d) The total cash outflow for leases is disclosed in note 33(c) to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

15. OTHER INTANGIBLE ASSETS

	<u>Software</u> <i>RMB'000</i>	<u>Patents</u> <i>RMB'000</i>	<u>Trademarks</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
31 December 2022				
At 1 January 2022:				
Cost	7,195	943	17,606	25,744
Accumulated amortisation and impairment	<u>(1,966)</u>	<u>(503)</u>	<u>(2,646)</u>	<u>(5,115)</u>
Net carrying amount	<u>5,229</u>	<u>440</u>	<u>14,960</u>	<u>20,629</u>
Cost at 1 January 2022, net of accumulated amortisation and impairment	5,229	440	14,960	20,629
Additions	28	—	559	587
Amortisation provided during the year (<i>note 6</i>)	<u>(753)</u>	<u>(94)</u>	<u>(1,823)</u>	<u>(2,670)</u>
At 31 December 2022	<u>4,504</u>	<u>346</u>	<u>13,696</u>	<u>18,546</u>
At 31 December 2022:				
Cost	7,223	943	18,165	26,331
Accumulated amortisation and impairment	<u>(2,719)</u>	<u>(597)</u>	<u>(4,469)</u>	<u>(7,785)</u>
Net carrying amount	<u>4,504</u>	<u>346</u>	<u>13,696</u>	<u>18,546</u>
31 December 2023				
At 1 January 2023:				
Cost	7,223	943	18,165	26,331
Accumulated amortisation and impairment	<u>(2,719)</u>	<u>(597)</u>	<u>(4,469)</u>	<u>(7,785)</u>
Net carrying amount	<u>4,504</u>	<u>346</u>	<u>13,696</u>	<u>18,546</u>
Cost at 1 January 2023, net of accumulated amortisation and impairment	4,504	346	13,696	18,546
Additions	612	75	365	1,052
Impairment (<i>note 6</i>)*	—	—	(11,437)	(11,437)
Amortisation provided during the year (<i>note 6</i>)	<u>(742)</u>	<u>(120)</u>	<u>(1,872)</u>	<u>(2,734)</u>
At 31 December 2023	<u>4,374</u>	<u>301</u>	<u>752</u>	<u>5,427</u>
At 31 December 2023:				
Cost	7,672	1,018	18,530	27,220
Accumulated amortisation and impairment	<u>(3,298)</u>	<u>(717)</u>	<u>(17,778)</u>	<u>(21,793)</u>
Net carrying amount	<u>4,374</u>	<u>301</u>	<u>752</u>	<u>5,427</u>

APPENDIX I

ACCOUNTANTS’ REPORT

- * As at 31 December 2023, the Group would no longer engage in the sales of the specific products with regard to the trademark, the recoverable amount of the trademark was nil and the carrying amount of the trademark was fully impaired by RMB11,437,000 during the year ended 31 December 2023. The impairment loss recognised was included in “Other expenses” in the consolidated statements of profit or loss.

	<u>Software</u> <i>RMB'000</i>	<u>Patents</u> <i>RMB'000</i>	<u>Trademarks</u> <i>RMB'000</i>	<u>Total</u> <i>RMB'000</i>
31 December 2024				
At 1 January 2024:				
Cost	7,672	1,018	18,530	27,220
Accumulated amortisation and impairment	<u>(3,298)</u>	<u>(717)</u>	<u>(17,778)</u>	<u>(21,793)</u>
Net carrying amount	<u>4,374</u>	<u>301</u>	<u>752</u>	<u>5,427</u>
Cost at 1 January 2024, net of accumulated amortisation and impairment	4,374	301	752	5,427
Additions	—	—	63	63
Amortisation provided during the year (note 6)	<u>(778)</u>	<u>(99)</u>	<u>(135)</u>	<u>(1,012)</u>
At 31 December 2024	<u>3,596</u>	<u>202</u>	<u>680</u>	<u>4,478</u>
At 31 December 2024:				
Cost	7,672	1,018	18,593	27,283
Accumulated amortisation and impairment	<u>(4,076)</u>	<u>(816)</u>	<u>(17,913)</u>	<u>(22,805)</u>
Net carrying amount	<u>3,596</u>	<u>202</u>	<u>680</u>	<u>4,478</u>

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Yangtuo Technology (HK) Limited, at cost	953,945	953,945	953,945
Investments arising from equity-settled share-based payments*	<u>88,285</u>	<u>91,137</u>	<u>119,548</u>
Total	<u>1,042,230</u>	<u>1,045,082</u>	<u>1,073,493</u>

- * The amounts represent equity-settled share-based payment expenses arising from the share options of the Company and the Company’s shares awarded to employees and business partners of the subsidiaries (note 31) in exchange for their services provided to these subsidiaries, which were deemed to be investments made by the Company in these subsidiaries.

APPENDIX I

ACCOUNTANTS’ REPORT

17. INVESTMENT IN AN ASSOCIATE

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of net assets	8,309	8,256	8,150
Loans to the associate	10,667	10,394	10,394
Total	18,976	18,650	18,544

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Hangzhou Beiqi Intelligent Technology Co., Ltd. (“ Hangzhou Beiqi ”)	Ordinary shares	Mainland China/PRC	42%	Information technology services

The following table illustrates the financial performance of the Group’s associate:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of the associate’s loss for the year	(88)	(53)	(106)
Share of the associate’s total comprehensive loss	(88)	(53)	(106)

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Equity investments designated at FVTOCI			
Unlisted equity investments, at fair value			
Shanghai Heming Jiugao Commercial Development Co., Ltd. (“ Heming Jiugao ”) (上海鶴鳴九皋商貿發展有限公司)	—	2,294	1,849

The above equity investments were irrevocably designated at FVTOCI as the Group considers this investment to be strategic in nature.

APPENDIX I

ACCOUNTANTS’ REPORT

19. INVENTORIES

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Raw materials	1,813	743	743
Work in progress	218	—	—
Finished goods	58,745	47,780	78,124
	60,776	48,523	78,867
Write-down of inventories	(1,309)	(1,697)	(4,130)
Total	59,467	46,826	74,737

20. TRADE RECEIVABLES

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables	3,221	6,061	13,637
Impairment	(29)	(33)	(102)
Net carrying amount	3,192	6,028	13,535

The Group’s trading terms with its customers for the sales through offline channels are mainly on credit. The credit period is generally 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group’s trade receivables relate to a large number of 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. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of loss allowance, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	2,543	4,957	9,719
3 to 6 months	150	342	1,729
6 to 12 months	499	729	930
Over 12 months	—	—	1,157
Total	3,192	6,028	13,535

APPENDIX I

ACCOUNTANTS’ REPORT

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	—	29	33
Impairment losses, net	29	4	69
At end of year	29	33	102

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

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 2022

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
Ageing			
Within 12 months	3,199	0.22%	7
Over 12 months	22	100.00%	22
Total	3,221	0.90%	29

As at 31 December 2023

	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
Ageing			
Within 12 months	6,035	0.12%	7
Over 12 months	26	100.00%	26
Total	6,061	0.54%	33

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024

	<u>Gross carrying amount</u> <i>RMB'000</i>	<u>Expected credit loss rate</u>	<u>Expected credit losses</u> <i>RMB'000</i>
Ageing			
Within 12 months	12,448	0.56%	70
Over 12 months	25	100.00%	25
Individually identified as low expected credit loss rate while the ageing is over 12 months	<u>1,164</u>	0.60%	<u>7</u>
Total	<u>13,637</u>	0.75%	<u>102</u>

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<u>As at 31 December</u>		
	<u>2022</u> <i>RMB'000</i>	<u>2023</u> <i>RMB'000</i>	<u>2024</u> <i>RMB'000</i>
Advance payments to suppliers	51,401	15,175	34,931
Prepaid expense	4,346	2,905	2,985
Deposits and other receivables	73,309	93,939	79,861
Other tax receivables	<u>6,831</u>	<u>8,552</u>	<u>12,370</u>
	135,887	120,571	130,147
Impairment allowance (<i>note (a)</i>)	<u>(1,003)</u>	<u>(2,174)</u>	<u>(2,659)</u>
Total	<u>134,884</u>	<u>118,397</u>	<u>127,488</u>

Note (a):

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for other receivables under HKFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

APPENDIX I

ACCOUNTANTS’ REPORT

The movements in the loss allowance for impairment of other receivables are as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	375	1,003	2,174
Impairment losses, net	834	1,171	1,374
Amount written off as uncollectible	(206)	—	(889)
At end of year	<u>1,003</u>	<u>2,174</u>	<u>2,659</u>

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments, at fair value	<u>183,494</u>	<u>25,458</u>	<u>46,092</u>

The Company

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments, at fair value	<u>122,354</u>	<u>—</u>	<u>—</u>

The above unlisted investments were certain financial products issued by commercial banks. 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.

APPENDIX I

ACCOUNTANTS’ REPORT

23. CASH AND CASH EQUIVALENTS, PLEDGED AND TIME DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	652,330	468,566	395,883
Time deposits	31,461	167,840	115,366
Subtotal	683,791	636,406	511,249
Less:			
Time deposits with original maturity of more than three months when acquired (<i>note (a)</i>)	31,461	167,840	115,366
Pledged deposits (<i>note (b)</i>)	152,185	72,612	22,480
Restricted cash for digital marketplace services (<i>note (c)</i>)	165,770	7,680	4,942
Cash and cash equivalents	334,375	388,274	368,461
Denominated in:			
RMB	262,456	232,269	368,257
USD	71,901	155,987	196
Other currencies	18	18	8
Cash and cash equivalents	334,375	388,274	368,461

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and bank balances	83,413	641	208
Denominated in:			
RMB	20,148	21	104
USD	63,265	620	104
Cash and cash equivalents	83,413	641	208

Note (a):

As at 31 December 2024, bills of RMB30,000,000 issued by one of the Company’s subsidiaries to another subsidiary for digital marketplace services were secured by the time deposits of RMB30,993,000.

Note (b):

As at 31 December 2022, 2023 and 2024, derivative financial instruments were secured by bank balances of RMB152,185,000, RMB72,612,000 and RMB117,000, respectively (note 26).

As at 31 December 2024, bills issued/received within the Group of RMB66,140,000 were secured by bank balances of RMB22,363,000.

APPENDIX I

ACCOUNTANTS’ REPORT

Note (c):

As at 31 December 2022, 2023 and 2024, cash and bank balances of RMB165,770,000, RMB7,680,000 and RMB4,942,000, respectively, were restricted for use in the provision of digital marketplace services.

Note (d):

A currency analysis of the time deposits, pledged deposits and restricted cash as at 31 December 2022, 2023 and 2024 is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Denominated in:			
RMB	210,109	175,520	142,671
Canadian dollar (“CAD”)	95,539	65	61
Euro (“EUR”)	43,768	47	45
Japanese Yen (“JPY”)	—	72,489	—
Other currencies	—	11	11
Total	349,416	248,132	142,788

The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for periods of more than 3 months to 3 years and earn interest at the respective time deposit rates. The bank balances, pledged deposits and restricted cash are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	38,284	12,274	12,106
3 to 6 months	2,280	435	1,956
6 to 12 months	43	621	157
Over 12 months	2	443	426
Total	40,609	13,773	14,645

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

APPENDIX I

ACCOUNTANTS’ REPORT

25. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Contract liabilities	(a)	27,149	5,045	6,068
Payroll payable		45,717	33,656	28,602
Advance from buyers	(b)	67,936	37,751	25,328
Settlement obligations	(c)	299,506	186,904	111,571
Other payables	(d)	88,356	74,673	73,562
Taxes payable other than corporate income tax		11,579	7,699	2,852
Total		<u>540,243</u>	<u>345,728</u>	<u>247,983</u>

Notes:

(a) Details of contract liabilities are as follows:

	1 January		31 December	
	2022	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<i>Short-term advances received from customers</i>				
Digital marketplace services	2,744	16,874	3,874	3,307
Sale of family care and nutrition products	—	4,141	67	1,528
Coupons	<u>6,461</u>	<u>6,134</u>	<u>1,104</u>	<u>1,233</u>
Total	<u>9,205</u>	<u>27,149</u>	<u>5,045</u>	<u>6,068</u>

Contract liabilities mainly include short-term advances received from the provision of digital marketplace services and the sale of family care and nutrition products, and unused coupons. The increase in contract liabilities from 1 January 2022 to 31 December 2022 was mainly due to the increase in short-term advances received from customers in relation to digital marketplace services and sale of family care and nutrition products. The decrease in contract liabilities from 31 December 2022 to 31 December 2023 was mainly due to the Group’s fulfilment of digital marketplace services and the sale of family care and nutrition products. The increase in advances received from customers from 31 December 2023 to 31 December 2024 was mainly due to the increase in short-term advances received from customers in relation to the sale of family care and nutrition products.

- (b) Advance from buyers represents the prepayment from buyers that can be used in subsequent transactions on the platform.
- (c) Settlement obligations represent payables to vendors of products for digital marketplace services that the Group collects from the buyers of order transactions on the platform. The amounts are due for settlement on demand.
- (d) Other payables mainly represent deposits and earnest money received from vendors, and are non-interest-bearing and repayable on demand.

APPENDIX I

ACCOUNTANTS’ REPORT

26. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Assets			
Forward currency contracts	2,737	1,734	—
Liabilities			
Forward currency contracts	3,845	2,016	—

Forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging derivative financial instruments amounting to RMB1,108,000 and RMB271,000 were charged to profit or loss during the years ended 31 December 2022 and 2023, respectively.

As at 31 December 2022, 2023 and 2024, derivative financial instruments were secured by bank balances of RMB152,185,000, RMB72,612,000 and RMB117,000, respectively.

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The Group and the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At fair value through profit or loss	2,255,240	2,366,843	2,399,990

Convertible redeemable preferred shares (the “Preferred Shares”) issued by the Company are redeemable upon the occurrence of certain future events. These instruments can also be converted into ordinary shares of the Company at any time at the option of the holders, or automatically upon the occurrence of a [REDACTED] of the Company’s shares, or when agreed by the majority of the holders of each class of the Preferred Shares.

Since the date of incorporation, the Company has completed several rounds of financing arrangements by issuing the Preferred Shares, details of which are included below:

Preferred Shares	Date of issuance	Purchase price (USD/Share)	Number of Preferred Shares	Total consideration USD
Series A	2015	0.102	33,058,823	3,372,000
Series B	2016	0.374	13,368,984	5,000,000
Series B+	2017	0.623	36,793,410	22,933,333
Series C	2018	1.465	15,565,049	22,800,000
Series C+	2018	1.634	12,242,685	20,000,000
Series D	2019	2.923	40,191,083	117,492,014

Certain numbers of Preferred Shares were repurchased by the Company before the Relevant Periods. During the year ended 31 December 2024, 2,616,661 Series D Preferred Shares were repurchased by the Company at a total consideration of USD11,000,000.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 1 January 2022, 31 December 2022 and 2023, the numbers of Series A Preferred Shares, Series B Preferred Shares, Series B+ Preferred Shares, Series C Preferred Shares, Series C+ Preferred Shares and Series D Preferred Shares were 28,352,689, 11,231,015, 31,876,081, 14,923,658, 12,242,685 and 40,191,083, respectively.

As at 31 December 2024, the numbers of Series A Preferred Shares, Series B Preferred Shares, Series B+ Preferred Shares, Series C Preferred Shares, Series C+ Preferred Shares and Series D Preferred Shares were 28,352,689, 11,231,015, 31,876,081, 14,923,658, 12,242,685 and 37,574,422, respectively.

The key terms of the convertible redeemable preferred shares are summarised as follows:

(1) Dividends

Each holder of the Preferred Shares shall be entitled to receive dividends, out of any funds legally available therefor, at the amount distributed among the ordinary shares pro rata based on the number of ordinary shares held by each holder of Preferred Shares (calculated on an as-converted basis). Unless and until any dividends or other distributions in like amount have been paid in full on the Preferred Shares (on an as-converted basis), the Company shall not declare, pay or set apart for payment, any dividend and other distributions on any ordinary share or make any payment on account of, or set apart for payment, money for a sinking or other similar fund for, the purchase, redemption or other retirement of, any ordinary share or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any ordinary share, or make any distribution in respect thereof, either directly or indirectly, and whether in cash, obligations or shares of the Company or other property.

(2) Conversion rights

Right to convert Preferred Shares

Unless converted earlier pursuant to automatic conversion below, each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the issuance of such Preferred Share into such number of fully paid and non-assessable ordinary shares as determined by dividing the applicable issue price of such Preferred Share by the applicable conversion price of such Preferred Share, determined as hereinafter provided, in effect at the time of the conversion. The applicable conversion price shall initially be equal to the applicable issue price and shall be subject to adjustment as hereinafter provided. For the avoidance of doubt, the initial conversion ratio for Preferred Shares to ordinary shares is 1:1 as of the date of adoption of the Articles of Association of the Company (the “Articles”).

Automatic conversion

Each Preferred Share shall automatically be converted into ordinary shares at the then-effective applicable conversion price upon the consummation of a [REDACTED], without the payment of additional consideration for such conversion. In the event of the automatic conversion, the holders entitled to receive the ordinary shares issuable upon such conversion of Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the consummation of such [REDACTED].

APPENDIX I

ACCOUNTANTS’ REPORT

(3) *Liquidation*

In the event of any liquidation, dissolution, bankruptcy or winding up of the Company (the “**Liquidation Event**”), either voluntary or involuntary, distributions to the members of the Company shall be made in the following manner (after satisfaction of all creditors’ claims and claims that may be preferred by law):

- (a) Each holder of the Series D Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Series C+ Preferred Shares, the Series C Preferred Shares, the Series B+ Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares, the ordinary shares or any other class or series of shares by reason of their ownership of such shares, an amount equal to one hundred and twenty-five percent (125%) of the Series D issue price (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to such shares) for each Series D Preferred Share it holds, plus all accrued or declared but unpaid dividends on its Series D Preferred Shares (the “**Series D Preference Amount**”). If upon the occurrence of the Liquidation Event, the assets and funds thus distributed among the holders of the Series D Preferred Shares shall be insufficient to permit the full payment of the Series D Preference Amount to the holders of the Series D Preferred Shares, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series D Preferred Shares in proportion to the Series D Preference Amount each such holder is otherwise entitled to receive.
- (b) After paying in full the Series D Preference Amount, each holder of the Series C+ Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Series B+ Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares, the ordinary shares or any other class or series of shares by reason of their ownership of such shares, an amount equal to one hundred and twenty-five percent (125%) of the Series C+ issue price (as adjusted for share splits, share dividends, combinations, recapitalisations and similar events with respect to such shares) for each Series C+ Preferred Share it holds, plus all accrued or declared but unpaid dividends on its Series C+ Preferred Shares (the “**Series C+ Preference Amount**”). Each holder of the Series C Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Series B+ Preferred Shares, the Series B Preferred Shares, the Series A Preferred Shares, the ordinary shares or any other class or series of shares by reason of their ownership of such shares, an amount equal to one hundred and twenty-five percent (125%) of the Series C issue price (as adjusted for share splits, share dividends, combinations, recapitalisations and similar events with respect to such shares) for each Series C Preferred Share it holds, plus all accrued or declared but unpaid dividends on its Series C Preferred Shares (the “**Series C Preference Amount**”). If upon the occurrence of the Liquidation Event, the assets and funds thus distributed among the holders of the Series C+ Preferred Shares and the Series C Preferred Shares shall be insufficient to permit the full payment of the Series C+ Preference Amount and the Series C Preference Amount to the holders of the Series C+ Preferred Shares and the Series C Preferred Shares, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series C+ Preferred Shares and the Series C Preferred Shares in proportion to the Series C+ Preference Amount and the Series C Preference Amount each such holder is otherwise entitled to receive.

APPENDIX I

ACCOUNTANTS’ REPORT

- (c) After paying in full the Series D Preference Amount, the Series C + Preference Amount and the Series C Preference Amount as described above, each holder of the Series B + Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Series B Preferred Shares, the Series A Preferred Shares, the ordinary shares or any other class or series of shares by reason of their ownership of such shares, an amount equal to one hundred and twenty-five percent (125%) of the Series B + issue price (as adjusted for share splits, share dividends, combinations, recapitalisations and similar events with respect to such shares) for each Series B + Preferred Share it holds, plus all accrued or declared but unpaid dividends on its Series B + Preferred Shares (the “**Series B + Preference Amount**”). If upon the occurrence of the Liquidation Event, the assets and funds thus distributed among the holders of the Series B + Preferred Shares shall be insufficient to permit the full payment of Series B + Preference Amount to the holders of Series B + Preferred Shares, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series B + Preferred Shares in proportion to the Series B + Preference Amount each such holder is otherwise entitled to receive.
- (d) After paying in full the Series D Preference Amount, the Series C + Preference Amount, the Series C Preference Amount and the Series B + Preference Amount as described above, each holder of the Series B Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Series A Preferred Shares, the ordinary shares or any other class or series of shares by reason of their ownership of such shares, an amount equal to one hundred and twenty-five percent (125%) of the Series B issue price (as adjusted for share splits, share dividends, combinations, recapitalisations and similar events with respect to such shares) for each Series B Preferred Share it holds, plus all accrued or declared but unpaid dividends on its Series B Preferred Shares (the “**Series B Preference Amount**”). If upon the occurrence of the Liquidation Event, the assets and funds thus distributed among the holders of the Series B Preferred Shares shall be insufficient to permit the full payment of Series B Preference Amount to the holders of Series B Preferred Shares, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series B Preferred Shares in proportion to the Series B Preference Amount each such holder is otherwise entitled to receive.
- (e) After paying in full the Series D Preference Amount, the Series C + Preference Amount, the Series C Preference Amount, the Series B + Preference Amount and the Series B Preference Amount as described above, each holder of the Series A Preferred Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the ordinary shares or any other class or series of shares by reason of their ownership of such shares, an amount equal to one hundred and twenty-five percent (125%) of the Series A issue price (as adjusted for share splits, share dividends, combinations, recapitalisations and similar events with respect to such shares) for each Series A Preferred Share it holds, plus all accrued or declared but unpaid dividends on its Series A Preferred Shares (the “**Series A Preference Amount**”, collectively with the Series D Preference Amount, the Series C + Preference Amount, the Series C Preference Amount, the Series B + Preference Amount and the Series B Preference Amount and as applicable, the “**Preference Amount**”). If upon the occurrence of the Liquidation Event, the assets and funds thus distributed among the holders of the Series A Preferred Shares shall be insufficient to permit the full payment of Series A Preference Amount to the holders of Series A Preferred Shares, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Shares in proportion to the Series A Preference Amount each such holder is otherwise entitled to receive.

APPENDIX I

ACCOUNTANTS’ REPORT

- (f) After setting aside or paying in full the Preference Amount as described above, the remaining assets (if any) of the Company available for distribution to members, if any, shall be distributed to the holders of Preferred Shares and ordinary shares on a pro rata basis, based on the number of ordinary shares then held by each such holder on an as-converted basis.

(4) Redemption

Redemption events

At any time after the earlier of (i) the occurrence of a breach by the Group or any of the founders of the Company (the “Founders”) and the controlled entities of the Founders (the “Founder Holdcos”, and together with the Founders, the “Founder Parties”) of any of their respective representations, warranties, covenants or undertakings under the Preferred Shares purchase agreements which has caused or is reasonably expected to cause a material adverse effect on the Group or the interests of the holders of Preferred Shares, and such breach is not cured to the reasonable satisfaction of the majority Series A holders, the majority Series B holders, the majority Series B+ holders, the majority Series C holders, the majority Series C+ holders, or the majority Series D holders (as the case may be), within thirty (30) days after the majority Series A holders, the majority Series B holders, the majority Series B+ holders, the majority Series C holders, the majority Series C+ holders, or the majority Series D holders (as the case may be), deliver a notice to the Company of the occurrence of such breach, (ii) the date on which there occurs any adverse change in the regulatory environment, pursuant to which circumstance the Contractual Arrangements have become or will become invalid, illegal or unenforceable, with no alternative structure available after good-faith discussion and determination amongst the Company and the members of the Company or there has been or is reasonably expected to be a material adverse effect on the Group’s principal business, (iii) if the Company has not conducted a [REDACTED] on or prior to 31 December 2023, (iv) the occurrence of any illegal act or wilful misconduct by any of the Founder Parties which causes a material adverse effect on the Group, (v) breach of any non-compete obligations by any Founder, Founder Holdco or key employee under the Preferred Shares purchase agreements and/or non-competition agreements and such breach has not been cured within thirty (30) days after the majority Series A holders, the majority Series B holders, the majority Series B+ holders, the majority Series C holders, the majority Series C+ holders, or the majority Series D holders (as the case may be) deliver a notice to the Founder Party or the key employee (as the case may be), (vi) any Founder or key employee commits an illegal act, which imposes an adverse effect on the [REDACTED] of the Company, or (vii) any holder of other series of Preferred Shares or other securities has requested redemption pursuant to the Articles, each Preferred Share shall be redeemable at the option of each holder of such Preferred Share, out of funds legally available therefor in accordance with the following terms. For the avoidance of doubt, the exercise by any holder of the Preferred Shares of its right pursuant to item (vii) in the preceding sentence shall not be conditioned on the satisfaction of the requirements set forth in item (iii) above.

APPENDIX I

ACCOUNTANTS’ REPORT

Redemption price

The redemption price of each Preferred Share shall be: (A) with respect to any holder of the Series C+ Preferred Shares, Series C Preferred Shares, Series B+ Preferred Shares, Series B Preferred Shares and Series A Preferred Shares, the higher of the following (i) and (ii); and (B) with respect to any holder of the Series D Preferred Shares, the higher of the following (ii) and (iii):

- (i) an amount equal to one hundred and twenty-five percent (125%) of the applicable issue price (as adjusted for share splits, share dividends, combinations, recapitalisations and similar events with respect to such shares) for each such series of Preferred Shares it holds, plus all accrued but unpaid dividends on its such series of Preferred Shares up to the date of redemption;
- (ii) the fair market value of such series of Preferred Shares determined by an independent third-party appraising firm selected jointly by the Company and the majority Series A holders, the majority Series B holders, the majority Series B+ holders, the majority Series C holders, the majority Series C+ holders, or the majority Series D holders, as the case may be; or
- (iii) an amount equal to the applicable issue price plus the interest accrued annually at a compounded interest rate of ten percent (10%) per annum from the original issue date of such Series D Preferred Share to the redemption date.

During the year ended 31 December 2024, the Company received requests for redemption from the holders of the Series D Preferred Shares, requesting redemption of all of the Series D Preferred Shares. The Company undertook to, from all sources of assets or funds legally available therefor on 16 May 2024 (the “**Redemption Date**”) and 21 May 2024, redeem a total of 2,616,661 Series D Preferred Shares at a total consideration of USD11,000,000 (approximately RMB78,122,000).

The Company executed and delivered promissory notes pursuant to the Articles for the remaining Series D Preferred Shares which were not redeemed on the Redemption Date. These promissory notes were issued for the total redemption price of USD157,956,508.51 for the 37,574,422 remaining Series D Preferred Shares and were due and payable no later than 16 November 2024, provided that the Company may discharge the amount outstanding in whole or in part at any time, from time to time, prior to 16 November 2024 in accordance with the Articles (the “**Old PNs**”). Interest shall accrue on the full amount due under these promissory notes on a daily basis (on the basis of a 365-day year) at a rate of twelve percent (12%) per annum.

For the avoidance of doubt, any remaining Preferred Shares to be redeemed shall be carried forward and redeemed as soon as the Company has legally available funds to do so. The balance of any shares subject to redemption under the Articles with respect to which the Company has become obligated to pay the redemption payment but has not paid in full shall continue to have all the powers, designations, preferences and relative participating, optional, and other special rights (including, without limitation, rights to accrue dividends) which such shares had prior to such date, until the redemption payment has been paid in full with respect to such shares.

APPENDIX I

ACCOUNTANTS’ REPORT

The movements of the Preferred Shares during the Relevant Periods is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of year	2,213,581	2,255,240	2,366,843
Changes in fair value	(157,227)	72,989	76,183
Repurchase of preferred shares	—	—	(78,122)
Exchange realignment	198,886	38,614	35,086
At end of year	2,255,240	2,366,843	2,399,990

The Company has used the income approach to determine the underlying share value of the Company and adopted the option-pricing method and equity allocation model to determine the fair values of the convertible redeemable preferred shares as at 31 December 2022, 2023 and 2024.

Set out below is a summary of significant unobservable inputs to the valuation of Preferred Shares as at 31 December 2022, 2023 and 2024:

	As at 31 December		
	2022	2023	2024
Risk-free interest rate	4.7%	4.1%	4.4%
Discount for lack of marketability (“DLOM”)	19%	17%	15%
Equity volatility	47.3%	45.8%	46.8%

Risk-free interest rate — the rate is based on the Chinese government bond yield with the same maturity periods.

DLOM — the rate is calculated using the Finnerty method based on the historical equity volatilities of comparable companies. It reflects the lower value placed on securities that are not freely transferable, as compared to those that are frequently traded in an established market.

Equity volatility — the rate is based on the historical volatilities of several listed comparable companies.

The following table demonstrates the sensitivity to a reasonably possible change in significant unobservable inputs, with all other variables held constant, of the fair value of Preferred Shares.

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
1% increase in risk-free interest rate	(273)	(208)	(133)
1% decrease in risk-free interest rate	273	208	133
1% increase in DLOM	(2,824)	(2,661)	(2,375)
1% decrease in DLOM	2,824	2,661	2,376
10% increase in equity volatility	(2,232)	363	1,566
10% decrease in equity volatility	1,094	(1,172)	(1,947)

APPENDIX I

ACCOUNTANTS’ REPORT

Events after the Relevant Periods

On 30 May 2025, the Company reached an agreement with the holders of the convertible redeemable preferred shares that the Company repurchased 3,454,613 Series D Preferred Shares at a total consideration of USD24,000,000 in June 2025 and the holders would not further exercise the redemption rights to request the Company to repurchase their outstanding Preferred Shares on or before 31 December 2026.

The Old PNs were terminated immediately prior to the Company’s initial submission of its [REDACTED] in June 2025. In the event that the [REDACTED] has not been completed on or prior to 31 December 2026, the Company shall issue new promissory notes (the “New PNs”) to the holders of Series D Preferred Shares on 1 January 2027.

Concurrently with the termination of the Old PNs, Mr. Zhao Chen and his Founder Holdco shall collectively charge 20,682,875 ordinary shares in favor of each former holder of the Old PNs on a pro rata basis as determined by reference to the outstanding amount under their respective Old PNs immediately prior to such termination to secure the Company’s obligations.

For the purpose of the [REDACTED], the conversion ratios of the Preferred Shares shall be adjusted immediately before the Company’s initial submission of its [REDACTED] (the “Conversion Adjustment”): each Preferred Share shall become convertible into certain number of ordinary shares, provided that, following the Conversion Adjustment, if the [REDACTED] is not completed on or prior to 31 December 2026, the conversion ratios of the Preferred Shares applicable to the respective holders pursuant to the Conversion Adjustment shall be reverted to the same ratios immediately prior to the Conversion Adjustment.

28. INTEREST-BEARING BANK BORROWINGS

	<u>Effective interest rate</u> (%)	<u>Maturity</u>	<u>31 December 2022</u> RMB’000
Current			
Bank loans — secured (<i>note (a)</i>)	3.80	2023	<u>1,196</u>
	<u>Effective interest rate</u> (%)	<u>Maturity</u>	<u>31 December 2023</u> RMB’000
Current			
Bank loans — secured (<i>note (a)</i>)	3.3–3.85	2024	<u>2,199</u>
	<u>Effective interest rate</u> (%)	<u>Maturity</u>	<u>31 December 2024</u> RMB’000
Current			
Bank loans — secured (<i>note (a)</i>)	3.20–3.30	2025	21,022
Bank loans from discounting bills receivable and letter of credit — secured (<i>note (b)</i>)	1.14–2.20	2025	<u>116,140</u>
Total			<u>137,162</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year or on demand	1,196	2,199	137,162

Note (a):

The Group’s bank loans are secured by the buildings situated in Mainland China which are jointly owned by Mr. Xiao Jiantao, the key management personnel of the Group and Ms. Zou Guohui, an independent third party.

Hangzhou HIPAC Internet has guaranteed the Group’s bank loans of up to nil, RMB33,000,000 and RMB44,000,000 as at 31 December 2022, 2023 and 2024, respectively.

Hangzhou HIPAC Internet and Hangzhou Yangtuo Internet have jointly guaranteed the Group’s bank loans of up to nil, nil and RMB22,500,000 as at 31 December 2022, 2023 and 2024, respectively.

Note (b):

During the year ended 31 December 2024, the Group discounted certain bills receivable and letter of credit accepted by certain banks in Mainland China with an aggregate carrying amount of RMB116,140,000 at the end of that year. The Group’s bills and letter of credit were issued by one of the Company’s subsidiaries to another subsidiary for digital marketplace services, were aged within one year and were neither past due nor impaired.

As at 31 December 2024, bills of RMB30,000,000 issued by one of the Company’s subsidiaries to another subsidiary were secured by the time deposits of RMB30,993,000 and the remaining bills of RMB66,140,000 were secured by bank balances of RMB22,363,000 (note 23).

As at 31 December 2024, letter of credit of RMB20,000,000 issued by one of the Company’s subsidiaries to another subsidiary were guaranteed by Hangzhou Yangtuo Internet.

APPENDIX I

ACCOUNTANTS’ REPORT

29. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Lease liabilities	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	2,888	66	2,954
Deferred tax credited/(charged) to profit or loss during the year (<i>note 10</i>)	<u>(1,392)</u>	<u>51</u>	<u>(1,341)</u>
At 31 December 2022 and 1 January 2023	1,496	117	1,613
Deferred tax charged to profit or loss during the year (<i>note 10</i>)	<u>(664)</u>	<u>(117)</u>	<u>(781)</u>
At 31 December 2023 and 1 January 2024	832	—	832
Deferred tax credited/(charged) to profit or loss during the year (<i>note 10</i>)	<u>(660)</u>	<u>36</u>	<u>(624)</u>
At 31 December 2024	<u><u>172</u></u>	<u><u>36</u></u>	<u><u>208</u></u>

Deferred tax liabilities

	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2022	2,954
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	<u>(1,341)</u>
At 31 December 2022 and 1 January 2023	1,613
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	<u>(781)</u>
At 31 December 2023 and 1 January 2024	832
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	<u>(624)</u>
At 31 December 2024	<u><u>208</u></u>

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:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax liabilities recognised in the consolidated statements of financial position	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	26,783	27,198	28,403
Tax losses	517,294	468,248	442,810
Total	544,077	495,446	471,213

The Group has tax losses arising in Mainland China of RMB517,294,000, RMB468,248,000 and RMB442,810,000 as at 31 December 2022, 2023 and 2024, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

As at 31 December 2022, 2023 and 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group’s subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

30. SHARE CAPITAL

	As at 31 December		
	2022	2023	2024
	USD	USD	USD
Authorised:			
Ordinary and preferred shares of USD0.0001 each	50,000	50,000	50,000

The Company was incorporated on 28 April 2015 with authorised share capital of USD50,000 divided into 500,000,000 shares of USD0.0001 each.

A summary of movements in the Company’s issued share capital is as follows:

	Number of ordinary shares in issue	Share capital RMB'000
At 1 January 2022	96,308,124	61
Issue of ordinary shares (note (b))	2,128,000	2
At 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	98,436,124	63

APPENDIX I

ACCOUNTANTS’ REPORT

A summary of movements of the Company’s ordinary shares held under the share incentive scheme (i.e., the treasury shares) is as follows:

	Number of shares held for share incentive scheme	Shares held for share incentive scheme <i>RMB’000</i>
At 1 January 2022, 31 December 2022, 1 January 2023	—	—
Shares repurchased (<i>note (a)</i>)	<u>32,200,000</u>	<u>99,808</u>
At 31 December 2023, 1 January 2024 and 31 December 2024	<u><u>32,200,000</u></u>	<u><u>99,808</u></u>

Notes:

- (a) The Company repurchased 32,200,000 of its ordinary shares held by shareholders during the year ended 31 December 2023 at a total consideration of USD14,000,000 (equivalent to approximately RMB99,808,000). These repurchased shares were not cancelled during the Relevant Periods. As at 31 December 2024, a total number of 32,200,000 repurchased shares remained held for the share incentive scheme.
- (b) On 11 November 2022, the Company issued 2,128,000 ordinary shares for rewarding its employee under the Share Award Scheme, details of which are included in note 31 to the Historical Financial Information.

31. SHARE-BASED PAYMENTS

2015 Share Incentive Scheme

The Company adopted a share incentive scheme in 2015 (the “**2015 Share Incentive Scheme**”) for the purpose of providing incentives or rewards to eligible persons for their contributions to, and continuing efforts to promote, the interests of the Group. The 2015 Share Incentive Scheme was amended and clarified on 19 November 2020. Eligible participants of the scheme include directors and employees of the Company or any of its subsidiaries, consultants and business partners of the Group. The scheme became effective in 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of grant. There is no performance target required except that the eligible participant must remain in service for the Group during the vesting period.

The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Share Incentive Scheme and any other share option schemes or share award schemes of the Company must not, in aggregate, exceed 39,928,957 shares. No options may be granted under the 2015 Share Incentive Scheme and any other share option schemes of the Company if this would result in such a limit being exceeded.

The exercise price of the share options is determinable by the board of directors and must be at least higher than the nominal value of a Company’s share.

An option is personal to the grantee and shall not be assignable or transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

APPENDIX I

ACCOUNTANTS’ REPORT

The fair value of share options granted is recognised in profit or loss considering the probability that the options will vest over the vesting period. Upon the exercise of the options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded in the share premium account. When the share options are forfeited or remain exercised at the expiry date, the amount previously recognised in share option reserve is transferred to accumulated losses. Lapsed options, prior to their exercise date, are deleted from the outstanding options. All equity-settled share-based compensation expenses are settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share options can be vested in accordance with the following schedule:

- (1) 25% of the total number of the options granted are exercisable at any time on or after the first anniversary of the date of grant;
- (2) another 25% of the total number of the options granted are exercisable at any time on or after the second anniversary of the date of grant;
- (3) another 25% of the total number of the options granted are exercisable at any time on or after the third anniversary of the date of grant;
- (4) the remaining 25% of the total number of the options granted are exercisable at any time on or after the fourth anniversary of the date of grant.

For share options under the 2015 Share Incentive Scheme, if an employee leaves the Group, the options would forfeit if the grantee did not exercise.

Share options granted under 2015 Share Incentive Scheme

The following share options were outstanding under the 2015 Share Incentive Scheme during the Relevant Periods:

	2022		2023		2024	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	USD per share	'000	USD per share	'000	USD per share	'000
Outstanding at beginning of year	0.71	16,034	0.70	13,700	0.66	12,042
Granted during the year	1.19	3,588	1.20	390	0.53	350
Forfeited during the year	1.04	(5,922)	1.02	(2,048)	1.11	(691)
Outstanding at end of year**	0.70	13,700	0.66	12,042	0.17*	11,701
Exercisable at end for year**	0.59	9,653	0.65	10,205	0.17*	10,767

- * On 8 November 2024, the Company entered into a confirmation letter on the adjustment of exercise price with the grantees under the 2015 Share Incentive Scheme, which adjusts the exercise price to USD0.20 if the exercise price is greater than USD0.20. If the exercise price is less than or equal to USD0.20, the exercise price remains unchanged. The additional share option expenses of RMB26,359,000 related to this adjustment were recognised during the year ended 31 December 2024. The exercise prices for the 2015 Share Incentive Scheme range from USD0.16 to USD0.20.

APPENDIX I

ACCOUNTANTS’ REPORT

** As at 31 December 2022, 2023 and 2024, the numbers of outstanding and exercisable share options granted to business partners were 1,702,940, 1,702,940 and 1,702,940, respectively, which were not included in the above table.

There was no share option exercised during the years ended 31 December 2022, 2023 and 2024.

The fair values of the share options granted during the years ended 2022, 2023 and 2024 was USD2,630,000, USD254,000 and USD360,000, respectively. During the years ended 2022, 2023 and 2024, the Group recognised share option expenses for employees under the 2015 Share Incentive Scheme of RMB4,770,000, RMB2,852,000 and RMB2,052,000, respectively.

The fair value of share options granted under the 2015 Share Incentive Scheme was calculated using the binomial option pricing model. The following table lists the inputs to the model used:

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Dividend yield (%)	0.00	0.00	0.00
Expected volatility (%)	49.5–49.9	48.3–49.2	48.3–48.9
Risk-free interest rate (%)	3.14–4.10	3.98–4.05	4.51–4.82
Expected life of options (year)	10.00	10.00	10.00
Weighted average share price (USD per share)	1.3269–1.3958	1.3108–1.4145	1.3597–1.4158

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

As at 31 December 2024, the Company had 11,700,787 share options outstanding under the 2015 Share Incentive Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 11,700,787 additional ordinary shares of the Company and additional share capital of USD1,170 (before issue expenses).

Shares awarded under 2015 Share Incentive Scheme

On 14 July 2022, the board of directors passed a resolution to grant 2,128,000 awarded shares to a certain selected participant, and the awarded shares were fully vested on 14 July 2022. The fair value of the awards was measured at the date of grant, which was estimated based on the price of ordinary shares on the grant date. The fair value of the awarded shares granted on 14 July 2022 was USD1.4006 per awarded shares.

The fair value of the awarded shares was measured at the date of grant and recognised as an expense over the vesting or fulfilment period. For the year ended 31 December 2022, the Group recognised share award expenses of RMB20,351,000.

2023 Share Incentive Scheme

On 1 August 2023, the Company adopted a new share incentive scheme (the “**2023 Share Incentive Scheme**”) for the purpose of providing incentives or rewards to eligible persons for their contributions to, and continuing efforts to promote, the interests of the Group.

The maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2023 Share Incentive Scheme and any other share option schemes or share award schemes of the Company, must not, in aggregate, exceed 32,200,000 shares.

APPENDIX I

ACCOUNTANTS’ REPORT

Events after the Relevant Periods

In June 2025, the Company granted certain share options and restricted shares to eligible persons under the 2015 Share Incentive Scheme, and granted all the shares to selected participants under the 2023 Share Incentive Scheme.

32. RESERVES**The Group**

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

Share premium

The share premium of the Company represents the premium arising from the issue of shares at a price in excess of their par value.

Share option reserve

The share option reserve of the Group represents the fair value of the share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 2.4 to the Historical Financial Information.

Other capital reserve

The other capital reserve of the Group represents the fair value of the share options granted to business partners of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 2.4 to the Historical Financial Information and the difference between the purchase price paid/payable and the carrying amounts of the non-controlling interests acquired arising from acquisition of non-controlling interests without loss of control.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented below:

	Share premium RMB'000	Share option reserve RMB'000	Other capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
At 1 January 2022	23,799	21,137	8,803	80,147	(1,277,511)	(1,143,625)
Profit/(loss) and total comprehensive income/(loss) for the year	—	—	—	(196,099)	154,693	(41,406)
Issue of new shares for share incentive scheme	20,349	—	—	—	—	20,349
Equity-settled share option arrangements	—	4,770	—	—	—	4,770
Transfer of share option reserve upon the forfeiture or expiry of share options	—	(4,306)	—	—	4,306	—
Others	—	—	352	—	—	352
At 31 December 2022 and 1 January 2023	44,148	21,601	9,155	(115,952)	(1,118,512)	(1,159,560)
Loss and total comprehensive loss for the year	—	—	—	(37,153)	(70,052)	(107,205)
Equity-settled share option arrangements	—	2,852	—	—	—	2,852
Transfer of share option reserve upon the forfeiture or expiry of share options	—	(2,597)	—	—	2,597	—
At 31 December 2023 and 1 January 2024	44,148	21,856	9,155	(153,105)	(1,185,967)	(1,263,913)
Loss and total comprehensive loss for the year	—	—	—	(36,749)	(75,465)	(112,214)
Equity-settled share option arrangements	—	28,411	—	—	—	28,411
Transfer of share option reserve upon the forfeiture or expiry of share options	—	(1,600)	—	—	1,600	—
At 31 December 2024	44,148	48,667	9,155	(189,854)	(1,259,832)	(1,347,716)

APPENDIX I

ACCOUNTANTS’ REPORT

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

The Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,319,000 during the year ended 31 December 2023 in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Convertible redeemable preferred shares <i>RMB'000</i>	Bank borrowings <i>RMB'000</i>	Leases liabilities <i>RMB'000</i>
At 1 January 2022	2,213,581	2,196	17,720
Changes from financing cash flows	—	(1,000)	(8,804)
Interest expense	—	—	657
Changes in fair value	(157,227)	—	—
Exchange realignment	198,886	—	—
At 31 December 2022 and 1 January 2023	2,255,240	1,196	9,573
Changes from financing cash flows	—	1,000	(6,532)
Additions	—	—	5,319
Lease modification	—	—	(3,083)
Interest expense	—	3	463
Changes in fair value	72,989	—	—
Exchange realignment	38,614	—	—
At 31 December 2023 and 1 January 2024	2,366,843	2,199	5,740
Changes from financing cash flows	(78,122)	132,136	(4,731)
Interest expense	—	2,827	137
Changes in fair value	76,183	—	—
Exchange realignment	35,086	—	—
At 31 December 2024	2,399,990	137,162	1,146

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2022 <i>RMB'000</i>	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating activities	763	343	177
Within financing activities	8,804	6,532	4,731
Total	9,567	6,875	4,908

APPENDIX I

ACCOUNTANTS’ REPORT

34. COMMITMENTS

At the end of each of the Relevant Periods, the Group and the Company did not have any significant commitment.

35. PLEDGE OF ASSETS

Details of the Group’s assets pledged for the Group’s financial instruments are included in notes 23, 26 and 28 to the Historical Financial Information.

36. RELATED PARTY TRANSACTIONS

The following four entities are the shareholders of the Company and controlled by the key management personnel of the Company:

<u>Name</u>	<u>Name of key management personnel</u>
Fun Can Co., Ltd. (“ Fun Can ”)	Mr. Wu Tao
Penelope Goose Co., Ltd. (“ Penelope Goose ”)	Mr. Ni Huan
Lotus Lantern Co., Ltd. (“ Lotus Lantern ”)	Mr. Xiao Jiantao
The Black Bone Co., Ltd. (“ The Black Bone ”)	Mr. Zhang Meigen

(a) The Group had the following transactions with related parties during the Relevant Periods:

		<u>Year ended 31 December</u>		
		<u>2022</u>	<u>2023</u>	<u>2024</u>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>Note</i>			
Shares repurchased:				
Fun Can	(i)	—	49,177	—
Penelope Goose	(i)	—	21,925	—
Lotus Lantern	(i)	—	21,925	—
The Black Bone	(i)	—	6,781	—
Total		—	99,808	—

Note:

- (i) During the year ended 31 December 2023, 14,144,584, 7,818,640, 7,818,640 and 2,418,136 shares were repurchased from Fun Can, Penelope Goose, Lotus Lantern and The Black Bone, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) Outstanding balances with related parties:

The Group and the Company

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Due to related parties				
Fun Can	(i)	—	43,558	—
Penelope Goose	(i)	—	2,433	—
Lotus Lantern	(i)	—	2,433	—
The Black Bone	(i)	—	753	—
Total		—	49,177	—

Notes:

- (i) The balances due to related parties above are related to the outstanding payables for repurchase of the Company’s ordinary shares, and are unsecured, interest-free and repayable on demand.
- (ii) The balances with subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

- (c) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2022	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Salaries, allowances and benefits in kind	1,614	1,616	2,398
Performance related bonuses	1,328	1,712	360
Equity-settled share-based payments	182	88	2,814
Pension scheme contributions	28	27	32
Total compensation paid to key management personnel	3,152	3,443	5,604

Further details of directors’ and the chief executive’s emoluments are included in note 8 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

37. FINANCIAL INSTRUMENTS BY CATEGORY

The Group

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2022

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	—	3,192	3,192
Financial assets included in prepayments, deposits and other receivables	—	72,306	72,306
Financial assets at FVTPL	183,494	—	183,494
Derivative financial instruments	2,737	—	2,737
Pledged and time deposits	—	183,646	183,646
Restricted cash	—	165,770	165,770
Cash and cash equivalents	—	334,375	334,375
Total	<u>186,231</u>	<u>759,289</u>	<u>945,520</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss Designated as such upon initial recognition	Held for trading	Financial liabilities at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	—	—	40,609	40,609
Financial liabilities included in other payables and accruals	—	—	455,798	455,798
Derivative financial instruments	—	3,845	—	3,845
Convertible redeemable preferred shares	2,255,240	—	—	2,255,240
Interest-bearing bank borrowings	—	—	1,196	1,196
Lease liabilities	—	—	9,573	9,573
Total	<u>2,255,240</u>	<u>3,845</u>	<u>507,176</u>	<u>2,766,261</u>

APPENDIX I

ACCOUNTANTS’ REPORT

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	—	—	6,028	6,028
Financial assets included in prepayments, deposits and other receivables	—	—	91,765	91,765
Equity investments designated at FVTOCI	—	2,294	—	2,294
Financial assets at FVTPL	25,458	—	—	25,458
Derivative financial instruments	1,734	—	—	1,734
Pledged and time deposits	—	—	240,452	240,452
Restricted cash	—	—	7,680	7,680
Cash and cash equivalents	—	—	388,274	388,274
Total	27,192	2,294	734,199	763,685

Financial liabilities

	Financial liabilities at fair value through profit or loss Designated as such upon initial recognition RMB'000	Held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	—	—	13,773	13,773
Financial liabilities included in other payables and accruals	—	—	299,328	299,328
Derivative financial instruments	—	2,016	—	2,016
Convertible redeemable preferred shares	2,366,843	—	—	2,366,843
Interest-bearing bank borrowings	—	—	2,199	2,199
Lease liabilities	—	—	5,740	5,740
Due to related parties	—	—	49,177	49,177
Total	2,366,843	2,016	370,217	2,739,076

APPENDIX I

ACCOUNTANTS’ REPORT

31 December 2024

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	—	—	13,535	13,535
Financial assets included in prepayments, deposits and other receivables	—	—	77,202	77,202
Equity investments designated at FVTOCI	—	1,849	—	1,849
Financial assets at FVTPL	46,092	—	—	46,092
Pledged and time deposits	—	—	137,846	137,846
Restricted cash	—	—	4,942	4,942
Cash and cash equivalents	—	—	368,461	368,461
Total	<u>46,092</u>	<u>1,849</u>	<u>601,986</u>	<u>649,927</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss Designated as such upon initial recognition RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	—	14,645	14,645
Financial liabilities included in other payables and accruals	—	210,461	210,461
Convertible redeemable preferred shares	2,399,990	—	2,399,990
Interest-bearing bank borrowings	—	137,162	137,162
Lease liabilities	—	1,146	1,146
Total	<u>2,399,990</u>	<u>363,414</u>	<u>2,763,404</u>

APPENDIX I

ACCOUNTANTS’ REPORT

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged and time deposits, restricted cash, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and amounts due to related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group’s finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At the end of each of the reporting periods, the finance department 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 directors of the Company periodically for 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 values of the non-current portion of time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amounts of non-current portion of time deposits approximate to their fair values.

The Group invests in unlisted investments, which represent certain financial products issued by commercial banks. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of equity investments designated at FVTOCI have been estimated using a market-based valuation technique based on assumptions that supported by price to sales (“P/S”) multiples of comparable companies. The Group believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The Group enters into derivative financial instruments with financial institutions. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

APPENDIX I

ACCOUNTANTS’ REPORT

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022, 2023 and 2024:

31 December 2023

	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of fair value to the input
Equity investments designated at FVTOCI — unlisted equity securities of Heming Jiugao of RMB2,294,000	Market multiples with an adjustment of lack of marketability discount (“DLOM”)	P/S	1.66x	10% increase/(decrease) in P/S would result in increase/(decrease) in fair value by RMB229,000/(RMB229,000)
		DLOM	25%	10% increase/(decrease) in DLOM would result in (decrease)/increase in fair value by (RMB76,000)/RMB76,000

31 December 2024

	Valuation technique	Significant unobservable inputs	Rate	Sensitivity of fair value to the input
Equity investments designated at FVTOCI — unlisted equity securities of Heming Jiugao of RMB1,849,000	Market multiples with an adjustment of DLOM	P/S	1.77x	10% increase/(decrease) in P/S would result in increase/(decrease) in fair value by RMB185,000/(RMB185,000)
		DLOM	25%	10% increase/(decrease) in DLOM would result in (decrease)/increase in fair value by (RMB62,000)/RMB62,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2022

	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
Financial assets at FVTPL	—	183,494	—	183,494
Derivative financial instruments	—	2,737	—	2,737
Total	—	186,231	—	186,231

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at FVTOCI	—	—	2,294	2,294
Financial assets at FVTPL	—	25,458	—	25,458
Derivative financial instruments	—	1,734	—	1,734
Total	—	27,192	2,294	29,486

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at FVTOCI	—	—	1,849	1,849
Financial assets at FVTPL	—	46,092	—	46,092
Total	—	46,092	1,849	47,941

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Equity investments designated at FVTOCI			
At beginning of year	—	—	2,294
Purchases	—	3,000	—
Total loss recognised in other comprehensive income	—	(706)	(445)
At end of year	—	2,294	1,849

APPENDIX I

ACCOUNTANTS’ REPORT

Liabilities measured at fair value:

The methodology used to determine the fair value of convertible redeemable preferred shares and the significant unobservable key inputs to the valuation of these preferred shares are included in note 27 to the Historical Financial Information.

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Derivative financial instruments	—	3,845	—	3,845
Convertible redeemable preferred shares	—	—	2,255,240	2,255,240
Total	—	3,845	2,255,240	2,259,085

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Derivative financial instruments	—	2,016	—	2,016
Convertible redeemable preferred shares	—	—	2,366,843	2,366,843
Total	—	2,016	2,366,843	2,368,859

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Convertible redeemable preferred shares	—	—	2,399,990	2,399,990

APPENDIX I

ACCOUNTANTS’ REPORT

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Convertible redeemable preferred shares			
At beginning of year	2,213,581	2,255,240	2,366,843
Changes in fair value	(157,227)	72,989	76,183
Repurchase of preferred shares	—	—	(78,122)
Exchange realignment	198,886	38,614	35,086
At end of year	2,255,240	2,366,843	2,399,990

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, comprise interest-bearing bank borrowings, cash and cash equivalents, pledged and time deposits, restricted cash and financial assets at FVTPL. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. At present, the Group does not intend to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group’s foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD, CAD, EUR and JPY exchange rates, with all other variables held constant, of the Group’s profit before tax (arising from USD and JPY denominated financial instruments) and the Group’s equity.

APPENDIX I

ACCOUNTANTS’ REPORT

	Increase/ (decrease) in rate of foreign currency <i>%</i>	Increase/ (decrease) in profit before tax <i>RMB'000</i>	Increase/ (decrease) in equity* <i>RMB'000</i>
Year ended 31 December 2022			
If RMB weakens against USD	5	7,215	6,133
If RMB strengthens against USD	(5)	(7,215)	(6,133)
 If RMB weakens against CAD	5	4,777	4,060
If RMB strengthens against CAD	(5)	(4,777)	(4,060)
 If RMB weakens against EUR	5	2,188	1,860
If RMB strengthens against EUR	(5)	(2,188)	(1,860)
 Year ended 31 December 2023			
If RMB weakens against USD	5	5,042	4,286
If RMB strengthens against USD	(5)	(5,042)	(4,286)
 If RMB weakens against JPY	5	3,624	3,080
If RMB strengthens against JPY	(5)	(3,624)	(3,080)
 Year ended 31 December 2024			
If RMB weakens against USD	5	239	203
If RMB strengthens against USD	(5)	(239)	(203)

* The impact on the Group’s equity is due to the effect of profit after tax.

Credit risk

The Group trades mainly 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. For other receivables, the Group makes periodic collective assessments as well as individual assessments on the recoverability of these instruments based on historical settlement records and past experience.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022, 2023 and 2024. The amounts presented are gross carrying amounts for financial assets.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables*	—	—	—	3,221	3,221
Financial assets included in prepayments, deposits and other receivables					
— Normal**	73,309	—	—	—	73,309
Pledged and time deposits					
— Not yet past due	183,646	—	—	—	183,646
Restricted cash					
— Not yet past due	165,770	—	—	—	165,770
Cash and cash equivalents					
— Not yet past due	334,375	—	—	—	334,375
Total	<u>757,100</u>	<u>—</u>	<u>—</u>	<u>3,221</u>	<u>760,321</u>

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables*	—	—	—	6,061	6,061
Financial assets included in prepayments, deposits and other receivables					
— Normal**	93,399	—	—	—	93,399
— Doubtful**	—	—	540	—	540
Pledged and time deposits					
— Not yet past due	240,452	—	—	—	240,452
Restricted cash					
— Not yet past due	7,680	—	—	—	7,680
Cash and cash equivalents					
— Not yet past due	388,274	—	—	—	388,274
Total	<u>729,805</u>	<u>—</u>	<u>540</u>	<u>6,061</u>	<u>736,406</u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	13,637	13,637
Financial assets included in prepayments, deposits and other receivables					
— Normal**	78,329	—	—	—	78,329
— Doubtful**	—	—	1,532	—	1,532
Pledged and time deposits					
— Not yet past due	137,846	—	—	—	137,846
Restricted cash					
— Not yet past due	4,942	—	—	—	4,942
Cash and cash equivalents					
— Not yet past due	368,461	—	—	—	368,461
Total	589,578	—	1,532	13,637	604,747

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables 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”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables and other receivables are disclosed in notes 20 and 21 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different sectors and industries.

APPENDIX I

ACCOUNTANTS’ REPORT

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2022				
	<u>On demand</u>	<u>Less than</u>	<u>3 to</u>	<u>1 to 5 years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>3 months</i>	<i>12 months</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables	40,609	—	—	—	40,609
Financial liabilities included in other payables and accruals	455,798	—	—	—	455,798
Derivative financial instruments	—	3,845	—	—	3,845
Convertible redeemable preferred shares	—	—	2,255,240	—	2,255,240
Interest-bearing bank borrowings	—	12	1,215	—	1,227
Lease liabilities	—	1,549	6,661	1,629	9,839
Total	<u>496,407</u>	<u>5,406</u>	<u>2,263,116</u>	<u>1,629</u>	<u>2,766,558</u>
	As at 31 December 2023				
	<u>On demand</u>	<u>Less than</u>	<u>3 to</u>	<u>1 to 5 years</u>	<u>Total</u>
	<i>RMB’000</i>	<i>3 months</i>	<i>12 months</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables	13,773	—	—	—	13,773
Financial liabilities included in other payables and accruals	299,328	—	—	—	299,328
Derivative financial instruments	—	2,016	—	—	2,016
Convertible redeemable preferred shares	2,366,843	—	—	—	2,366,843
Interest-bearing bank borrowings	—	22	2,244	—	2,266
Lease liabilities	—	1,163	3,568	1,150	5,881
Due to related parties	49,177	—	—	—	49,177
Total	<u>2,729,121</u>	<u>3,201</u>	<u>5,812</u>	<u>1,150</u>	<u>2,739,284</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December 2024				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	14,645	—	—	—	14,645
Financial liabilities included in other payables and accruals	210,461	—	—	—	210,461
Convertible redeemable preferred shares	2,399,990	—	—	—	2,399,990
Interest-bearing bank borrowings	—	52,308	85,065	—	137,373
Lease liabilities	—	1,150	—	—	1,150
Total	<u>2,625,096</u>	<u>53,458</u>	<u>85,065</u>	<u>—</u>	<u>2,763,619</u>

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 shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes lease liabilities but excludes convertible redeemable preferred shares). Adjusted capital comprises equity attributable to owners of the parent and convertible redeemable preferred shares. The adjusted net debt-to-capital 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 liabilities	2,850,706	2,785,476	2,800,926
Less: Convertible redeemable preferred shares	<u>(2,255,240)</u>	<u>(2,366,843)</u>	<u>(2,399,990)</u>
Adjusted net debt	<u>595,466</u>	<u>418,633</u>	<u>400,936</u>
Equity attributable to owners of the parent	(1,737,394)	(1,917,772)	(2,001,193)
Add: Convertible redeemable preferred shares	<u>2,255,240</u>	<u>2,366,843</u>	<u>2,399,990</u>
Adjusted capital	<u>517,846</u>	<u>449,071</u>	<u>398,797</u>
Adjusted net debt-to-capital ratio	<u>115.0%</u>	<u>93.2%</u>	<u>100.5%</u>

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APPENDIX I

ACCOUNTANTS’ REPORT

40. EVENTS AFTER THE RELEVANT PERIODS

Details of events after the relevant periods are included in notes 27 and 31 to the Historical Financial Information.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the Accountants’ Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set out in Appendix I to this document, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed “Financial Information” in this document and the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of the Group attributable to owners of the parent as if [REDACTED] had taken place on 31 December 2024.

The unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the parent had the [REDACTED] been completed as of 31 December 2024 or any future date. It is prepared based on the consolidated net tangible assets attributable to owners of the parent as of 31 December 2024 as set out in the Accountants’ Report, the text of which is set out in Appendix I to this document and adjusted as described below.

				Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent immediately after completion of the		
	Consolidated net tangible assets attributable to owners of the parent as at 31 December 2024	Estimated [REDACTED] from the [REDACTED]	Estimated impact related to the change of terms of convertible redeemable preferred shares upon [REDACTED]		Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share immediately after the completion of the [REDACTED]	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000 (Note 3)	RMB'000	RMB (Note 4)	HK\$ (Note 5)
Based on an [REDACTED] of HK\$[REDACTED] per Share	(2,005,671)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per Share	(2,005,671)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The consolidated net tangible assets attributable to owners of the parent as at 31 December 2024 is arrived at after deducting other intangible assets of RMB4,478,000 from the consolidated deficiency in assets attributable to owners of the parent of RMB2,001,193,000 as at 31 December 2024, as shown in the Accountants’ Report set out in Appendix I to this document.
- (2) The estimated [REDACTED] from the [REDACTED] are calculated based on the estimated [REDACTED] of HK\$[REDACTED] per Share or HK\$[REDACTED] per Share, being the low-end price and high-end price, after deduction of the [REDACTED] and related expenses payable by the Company and do not take into account any Shares which may be issued upon exercise of the [REDACTED].
- (3) Upon the [REDACTED] and the completion of the [REDACTED], all the convertible redeemable preferred shares will be converted into ordinary shares of the Company. The convertible redeemable preferred shares will be re-classified from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to the owners of the parent will be increased by RMB[REDACTED], which is arrived at after deducting the repurchase amounts of USD[REDACTED] (approximately RMB[REDACTED]) as if the repurchase of 3,454,613 convertible redeemable preferred shares after the Relevant Periods had taken place on 31 December 2024 from the carrying amount of the convertible redeemable preferred shares of RMB[REDACTED] as at 31 December 2024.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED], without taking into account any Shares which may be allotted and issued upon exercise of the [REDACTED] and/or share options granted under the 2015 Share Incentive Scheme and upon vesting of restricted shares granted under the 2015 Share Incentive Scheme.
- (5) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB1.00 to HK\$[1.0949].
- (6) No adjustment has been made to reflect any trading results or open transactions of the Group entered into subsequent to 31 December 2024.
- (7) No dividend has been declared by the Company subsequent to 31 December 2024.

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APPENDIX II**UNAUDITED PRO FORMA FINANCIAL INFORMATION**

[REDACTED]

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APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II**UNAUDITED PRO FORMA FINANCIAL INFORMATION**

[REDACTED]

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN COMPANIES ACT

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of the Cayman Companies Act.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 April 2015 under the Cayman Companies Act. Our Company’s constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Companies Act and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Islands.
- (b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [•] with effect from the [REDACTED]. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of our Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Act, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the voting rights of the holders of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding (or, in the case of a

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

member being a corporation, by its duly authorised representative) or representing by proxy holding not less than one-third of the issued shares (excluding treasury shares) of that class and at any adjourned meeting two holders present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

Our Company may by ordinary resolution of its members:

- (aa) increase its share capital by the creation of new shares;
- (bb) consolidate or divide all or any of its capital into shares of larger or smaller amount than its existing shares;
- (cc) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- (dd) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum;
- (ee) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (ff) make provision for the issue and allotment of shares which do not carry any voting rights;
- (gg) change the currency of denomination of its share capital; and
- (hh) reduce its share premium account in any manner authorised, and subject to any conditions prescribed by law.

Our Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such a form prescribed by the Hong Kong Stock Exchange and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are [REDACTED] on the Hong Kong Stock Exchange, titles to such [REDACTED] shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Hong Kong Stock Exchange that are or shall be applicable to such [REDACTED] shares. The register of members in respect of its [REDACTED] shares (whether the principal register or a branch register) may be kept in Hong Kong by recording the particulars required by Section 40 of the Cayman Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Hong Kong Stock Exchange that are or shall be applicable to such [REDACTED] shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The Board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The Board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Hong Kong Stock Exchange may determine to be payable) determined by the Directors is paid to our Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do), and the shares concerned are free of any lien in favour of the Company.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Hong Kong Stock Exchange, at such times and for such periods as the Board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year as the Board may determine. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by members by ordinary resolution.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of our Company.

(v) Power of our Company to purchase its own shares

Our Company is empowered by the Cayman Companies Act and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by the Hong Kong Stock Exchange and/or any competent regulatory authority.

Where our Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by our Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The Board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time. A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) days’ notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the forfeited shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re- election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office only until the first annual general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of our Company’s members before the expiration of his term of office (including a managing director or other executive director, but without prejudice to any claim for damages under any contract) and members of our Company may by ordinary resolution appoint another person in his stead. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; or
- (bb) he dies or is declared to be of unsound mind pursuant to an order made by any competent court or official and the Board resolves that his office be vacated; or
- (cc) without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated; or
- (dd) he is prohibited by law from acting as a director or he ceases to be a director by operation of law; or
- (ee) he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (ff) by notice in writing delivered to our Company at its registered office or at the Head Office (as defined in the Articles) or tendered at a meeting of the Board he resigns his office; or
- (gg) he is removed from office by an ordinary resolution of the Company or otherwise pursuant to the Articles; or
- (hh) he is removed from office by notice in writing served on him signed by not less than three-fourths in number (or if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

The Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office in the management of the business of our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the rules of the Hong Kong Stock Exchange and the Memorandum and Articles and to any special rights conferred on the holders of any shares or attaching to any class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of our Company or the holder thereof, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may determine.

Subject to the provisions of the Cayman Companies Act and the Articles and, where applicable, the rules of the Hong Kong Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares and other securities in our Company are at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither our Company nor the Board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares or other securities, to make, or make available, any such allotment, offer, option or shares or other securities to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of our Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by our Company in general meeting.

(iv) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of our Company and, subject to the Cayman Companies Act, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by our Company in a general meeting or by the Board, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive director or a director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds or personal pension plans for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of our Company, or of any company which is a subsidiary of our Company, or is allied or associated with our Company or with any such subsidiary company, or who are or were at any time directors or officers of our Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons.

The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of our Company or of any such other company as aforesaid or of any such persons as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or employment.

Our Company in general meeting may, upon the recommendation of the Board, resolve to capitalise any sum standing to the credit of any of the Company’s reserve accounts which are available for distribution (including its share premium account and capital redemption reserve fund, subject to the Cayman Companies Act) and to appropriate such sums to the holders of shares on the principal register and any branch register of members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time at the close of business on the date of the relevant resolution (or such other date as may be specified therein or determined as provided therein) in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividends, distributions in specie or in kind, capital distributions and capitalisation issues and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director or past Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

(vii) Loans and provision of security for loans to Directors

Our Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance as if our Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is materially, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company must declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal or contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the [REDACTED] or sub-[REDACTED] of the [REDACTED];
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of any employees’ share scheme or any share incentive or share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates to the Directors, his close associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

(d) Alterations to constitutional documents and our Company’s name

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may pursuant to the rules of the Hong Kong Stock Exchange, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or, in the case of a member being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company or at any meeting of any class of members.

The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual shareholder and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of our Company or at any meeting of any class of members of our Company (including but not limited to any general meeting or creditors meeting) provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including, the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

Members must have the right to: (a) speak at general meetings of our Company; and (b) vote at a general meeting except whether a member is required, by the rules of the Hong Kong Stock Exchange, to abstain from voting to approve the matter under consideration.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

Where our Company has any knowledge that any member is, under the rules of the Hong Kong Stock Exchange, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

Our Company shall be entered in the register of members of our Company as the holder of the treasury shares. However:

- (aa) our Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void; and
- (bb) a treasury share shall not be voted, directly or indirectly, at any meeting of our Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the Articles or the Companies Act.

(iii) Annual general meetings and extraordinary general meetings

Other than the year of our Company’s adoption of the Articles, in each financial year during the Relevant Period (as defined in the Articles), our Company shall hold a general meeting as its annual general meeting within six months after the end of each financial year in addition to any other meeting in that financial year and shall specify the meeting as such in the notice calling it.

Extraordinary general meetings may be convened on the requisition of one or more member(s) holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of our Company having the right of voting at general meetings, on a one vote per share basis in the share capital of our Company (excluding treasury shares) and the foregoing members shall be able to add resolutions to the meeting agenda. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by our Company.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meeting. Unless otherwise determined by the Directors, the manner of convening and the proceedings at a general meeting set out in the Articles shall, mutatis mutandis, apply to a general meeting held wholly by or in-combination with electronic means.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by written notice of not less than twenty-one (21) days. All other general meetings must be called by written notice of at least fourteen (14) days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of our Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to, among others, the auditors for the time being of our Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of our Company personally, by post to such member’s registered address or by advertisement in newspapers in accordance with the requirements of the Hong Kong Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Hong Kong Stock Exchange, notice may also be served or delivered by our Company to any member by electronic means to such contact details or websites as may from time to time be supplied by the shareholder concerned or by publishing it on the website of the Company and the Hong Kong Stock Exchange.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors whether by rotation or otherwise in place of those retiring;

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

- (dd) the appointment of auditors and other officers;
- (ee) the fixing of, or determining the method of fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares representing not more than 20% (or such other percentage as may from time to time be specified in the rules of the Hong Kong Stock Exchange) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to paragraph (gg) below; and
- (gg) the granting of any mandate or authority to the Board to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business and continues to be present until the conclusion of the meeting, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding (or, in the case of a member being a corporation, by its duly authorised representative) or representing by proxy not less than one-third of the issued shares of that class.

(vi) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, every member being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of our Company and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer and such proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

member could exercise as if it were an individual member. On a poll or a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of our Company and of all other matters required by the Cayman Companies Act or necessary to give a true and fair view of the state of our Company’s affairs and to show and explain its transactions.

The accounting records must be kept at the Head Office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) or other person shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or ordered by a court of competent jurisdiction or authorised by the Board or our Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (Revised) of the Cayman Islands.

A copy of every balance sheet (including every document required by law to be annexed thereto) and profit and loss account which is to be laid before our Company at its annual general meeting, together with a copy of the Directors’ report and a copy of the auditors’ report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent by post or by electronic means to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Hong Kong Stock Exchange, our Company may send to the shareholders summarised financial statements derived from our Company’s annual accounts and the directors’ report provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete copy of our Company’s annual financial statement and the directors’ report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of our Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

remainder of his term. The remuneration of the auditor shall be fixed by an ordinary resolution passed at a general meeting or in such manner as members may by ordinary resolution determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Hong Kong Stock Exchange.

(g) Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

Our Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder to whom it is sent to, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company in respect of the dividend and/or other moneys represented thereby. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members maintained in Hong Kong shall be open to inspection during business hours by any member of our Company without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Cayman Companies Act or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the Board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority members in relation to fraud or oppression. However, certain remedies are available to members of our Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix III.

(j) Procedures on liquidation

Unless otherwise provided by the Cayman Companies Act, our Company may at any time and from time to time be wound up voluntarily by a special resolution. If our Company shall be wound up the liquidator shall apply the assets of our Company in such manner and order as he thinks fit in satisfaction of creditors’ claims.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if our Company is wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess after payment to all creditors shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if our Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Companies Act divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and members within each class. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no member shall be compelled to accept any shares or other property in respect of which there is a liability.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANIES ACT

Our Company is incorporated in the Cayman Islands subject to the Cayman Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of the Cayman Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Act and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar (for the avoidance of doubt, special resolution used in the summary below shall have the meaning as set out in the Cayman Companies Act):

a. Company operations

As an exempted company, our Company’s operations must be conducted mainly outside the Cayman Islands. An exempted company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

b. Share capital

The Cayman Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Cayman Companies Act provides that the share premium account may be applied by a company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

c. Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding or a subsidiary’s company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

d. Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company’s articles of association or the Cayman Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company’s memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

e. Dividends and distributions

The Cayman Companies Act permits, subject to a solvency test and the provisions, if any, of a company’s memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of a company’s assets (including any distribution of assets to members on a winding up) may be made to a company, in respect of a treasury share.

f. Protection of minorities and shareholders’ suits

The Court ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of a company to challenge (a) an act which is ultra vires or illegal, (b) an act which constitutes a fraud against the minority shareholder and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company’s affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company’s capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by a company’s memorandum and articles of association.

g. Disposal of assets

The Cayman Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

h. Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company’s affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (Revised) of the Cayman Islands.

i. Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

j. Taxation

Pursuant to the Tax Concessions Act (Revised) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet that:

- (1) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- (2) the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company; or by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act (Revised) of the Cayman Islands.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

k. Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

l. Loans to directors

There is no express provision in the Cayman Companies Act prohibiting the making of loans by a company to any of its directors.

m. Inspection of corporate records

Members of a company have no general right under the Cayman Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company’s Articles.

n. Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Cayman Companies Act required or

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

permitted to be kept. A company shall cause to be kept at the place where the company’s principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Cayman Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (Revised) of the Cayman Islands.

o. Register of Directors and Officers

A company is required to maintain at its registered office a register of directors and officers which is not available on display. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

p. Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Hong Kong Stock Exchange. Accordingly, for so long as the shares of a company are listed on the Hong Kong Stock Exchange, the company is not required to maintain a beneficial ownership register.

q. Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily by its members, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company’s affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it shall be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the Court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days’ notice to each contributory in any manner authorised by the company’s articles of association and published in the Gazette.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

r. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) a majority in number representing seventy-five per cent (75%) in value of creditors or class of creditors, as the case may be, or (ii) seventy-five per cent (75%) in value of shareholders or class of shareholders, as the case may be, in each case as are present and voting either in person or by proxy at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

The Cayman Companies Act also contains statutory provisions which provide that a company may present a petition to the Court for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Cayman Companies Act; and (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Cayman Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its shareholders or an express power in its articles of association. On hearing such a petition, the Court may, among other things, make an order appointing a restructuring officer or make any other order as the Court thinks fit.

s. Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

t. Indemnification

Cayman Islands law does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY
AND CAYMAN COMPANIES ACT**

u. Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act (Revised) of the Cayman Islands (“**ES Act**”) that came into force on 1 January 2019, a “relevant entity” is required to satisfy the economic substance test set out in the ES Act. A “relevant entity” includes an exempted company incorporated in the Cayman Islands as is our Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as our Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Ogier, our Company’s legal counsel as to Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Companies Act. This letter, together with a copy of the Cayman Companies Act, is available on display as referred to in the section headed “Documents delivered to the Registrar of Companies and available on display — Documents available on display” in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act, as an exempted company with limited liability on April 28, 2015. Our Company has established a place of business in Hong Kong at Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 24, 2025. Ms. Chong Wan Kai 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 Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Companies Act and its constitution comprises the Memorandum and Articles of Association. A summary of the Memorandum and Articles of Association and relevant aspects of the Cayman Companies Act is set forth in Appendix III to this document.

2. Changes in the share capital of our Company

For details of changes in the share capital of our Company, see the section headed “History, Reorganization and Corporate Structure” in this document.

Save as disclosed herein and in the section headed “— 3. Resolutions in writing of our Shareholders passed on [•], [2025]” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of our Shareholders passed on [•], [2025]

Pursuant to the written resolutions passed by our Shareholders on [•], [2025], it was resolved, among others:

- (a) our Company approved and adopted the Memorandum and Articles of Association, which will come into effect upon the [REDACTED] of our Shares on the Stock Exchange;
- (b) conditional on (i) the [REDACTED] of the Stock Exchange granting the approval for the [REDACTED] of, and permission to [REDACTED] in, the Shares in issue and Shares to be issued (pursuant to the [REDACTED], the exercise of the [REDACTED] and the exercise of share options or vesting of restricted shares under the 2015 Share Incentive Scheme) and such [REDACTED] and permission not having been subsequently revoked prior to the commencement of [REDACTED] in the Shares on the Stock Exchange, (ii) the [REDACTED] being determined, and (iii) the execution and delivery of the [REDACTED], and (iv) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(including, if relevant, as a result of the waiver of any condition(s) by the [REDACTED] (for itself/themselves and on behalf of the [REDACTED])) and remaining unconditional and the [REDACTED] not being terminated in accordance with their terms or otherwise:

- (i) the [REDACTED] and the [REDACTED] were approved and our Directors were authorized to effect the same (including but not limited to agreeing the structure of the [REDACTED], increase or reduce the number of Shares initially [REDACTED] for subscription in the [REDACTED] and agreeing the [REDACTED] range of the [REDACTED] and final [REDACTED]) and to allot and issue the [REDACTED] pursuant to the [REDACTED] and the [REDACTED];
 - (ii) the grant of the [REDACTED] by the Company to the [REDACTED], exercisable by the [REDACTED] (for itself and on behalf of the [REDACTED]);
 - (iii) the proposed [REDACTED] was approved and our Directors were authorized to implement the [REDACTED]; and
 - (iv) the Directors were authorized to issue the document and [REDACTED] by the Company pursuant to the Listing Rules, provided that the number of [REDACTED] was duly determined by the Directors and transfer such number of Shares related to the [REDACTED].
- (c) a general unconditional mandate was granted to our Directors to, *inter alia*, allot, issue and deal with Shares, securities convertible into Shares (the “**Convertible Securities**”) or options, warrants or similar rights to subscribe for any Shares or such convertible securities (the “**Options and Warrants**”) and to make or grant offers, agreements or options which might require such Shares, the Convertible Securities or the Options and Warrants to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares or the underlying Shares relating to the Convertible Securities or the Options and Warrants so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the exercise of share options or vesting of restricted shares under the 2015 Share Incentive Scheme).

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders. Such mandate will remain in effect until:

- (i) the conclusion of our next annual general meeting; or

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Memorandum and Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest;

(d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the Shares to be issued under the 2015 Share Incentive Scheme).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be [REDACTED] (and which is recognized by the SFC and the Stock Exchange for this purpose) and which are in accordance with all applicable laws and regulations. Such mandate will remain in effect until:

(i) the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Memorandum and Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest; and

(e) the general unconditional mandate as mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [REDACTED] (excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] and the Shares to be issued under the 2015 Share Incentive Scheme).

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

4. Corporate reorganization

The companies comprising our Group underwent the Reorganization in preparation for the [REDACTED]. For further details, please refer to the section headed “History, Reorganization and Corporate Structure — Corporate Reorganization” in this document.

5. Changes in the share capital of our subsidiaries

Save as disclosed in “History, Reorganization and Corporate Development” and below, there has been no alteration in the share capital or the registered capital of any of our subsidiaries within the two years immediately preceding the date of this document:

Hangzhou Hiwa Technology Co., Ltd. (杭州嗨蛙科技有限公司)

On July 20, 2023, Hangzhou Hiwa Technology Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Hangzhou Hiling Technology Co., Ltd. (杭州嗨零科技有限公司)

On July 20, 2023, Hangzhou Hiling Technology Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Sizhuangge (Hangzhou) Health Management Co., Ltd. (思壯格(杭州)健康管理有限公司)

On November 1, 2023, Sizhuangge (Hangzhou) Health Management Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Shanghai Yangtuo Internet Technology Co., Ltd. (上海洋駝網絡科技有限公司)

On December 7, 2023, Shanghai Yangtuo Internet Technology Co., Ltd. was established in the PRC with a registered capital of RMB300,000,000.

Hangzhou Kelong Trading Co., Ltd. (杭州珂龍貿易有限責任公司)

On February 27, 2024, Hangzhou Kelong Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Kehu Trading Co., Ltd. (杭州珂虎貿易有限責任公司)

On March 1, 2024, Hangzhou Kehu Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Ketu Trading Co., Ltd. (杭州珂兔貿易有限責任公司)

On March 5, 2024, Hangzhou Ketu Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Hangzhou Hijintu Trading Co., Ltd. (杭州嗨錦兔貿易有限公司)

On March 25, 2024, Hangzhou Hijintu Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Hijinhu Trading Co., Ltd. (杭州嗨錦虎貿易有限公司)

On March 25, 2024, Hangzhou Hijinhu Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Hijinlong Trading Co., Ltd. (杭州嗨錦龍貿易有限公司)

On March 27, 2024, Hangzhou Hijinlong Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Jinwen Technology Co., Ltd. (杭州金聞科技有限公司)

On April 12, 2024, Hangzhou Jinwen Technology Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Hangzhou Yingzhi Trading Co., Ltd. (杭州嬰摯貿易有限責任公司)

On April 17, 2024, Hangzhou Yingzhi Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Hijia Trading Co., Ltd. (杭州嗨嘉貿易有限責任公司)

On April 18, 2024, Hangzhou Hijia Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Hiyou Trading Co., Ltd. (杭州嗨優貿易有限責任公司)

On April 18, 2024, Hangzhou Hiyou Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Hiquyou Trading Co., Ltd. (杭州嗨趣游貿易有限責任公司)

On July 24, 2024, Hangzhou Hiquyou Trading Co., Ltd. was established in the PRC with a registered capital of RMB100,000.

Hangzhou HIPAC Business Management Co., Ltd. (杭州海拍客商業管理有限公司)

On August 8, 2024, Hangzhou HIPAC Business Management Co., Ltd. was established in the PRC with a registered capital of RMB100,000.

Hangzhou Hiyingbao Trading Co., Ltd. (杭州嗨嬰寶貿易有限責任公司)

On September 4, 2024, Hangzhou Hiyingbao Trading Co., Ltd. was established in the PRC with a registered capital of RMB100,000.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Hangzhou HIPAC Internet

On September 27, 2024, the registered capital of Hangzhou HIPAC Internet was decreased from US\$180,000,000 to US\$156,000,000.

Hangzhou Hisi Trading Co., Ltd. (杭州嗨蜥貿易有限公司)

On October 14, 2024, Hangzhou Hisi Trading Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Hangzhou Hishan Trading Co., Ltd. (杭州嗨善貿易有限公司)

On October 14, 2024, Hangzhou Hishan Trading Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Hangzhou Hiliu Trading Co., Ltd. (杭州嗨琉貿易有限公司)

On October 14, 2024, Hangzhou Hiliu Trading Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Hangzhou Hiwu Trading Co., Ltd. (杭州嗨蕪貿易有限公司)

On October 14, 2024, Hangzhou Hiwu Trading Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Hangzhou Hijie Internet Technology Co., Ltd. (杭州嗨杰網絡科技有限公司)

On October 18, 2024, Hangzhou Hijie Internet Technology Co., Ltd. was established in the PRC with a registered capital of RMB10,000.

On November 22, 2024, the registered capital of Hangzhou Hijie was increased from RMB10,000 to RMB500,000.

Hangzhou Hiyi Internet Technology Co., Ltd. (杭州嗨伊網絡科技有限公司)

On October 18, 2024, Hangzhou Hiyi Internet Technology Co., Ltd. was established in the PRC with a registered capital of RMB10,000.

Hangzhou Hihou Internet Technology Co., Ltd. (杭州嗨猴網絡科技有限公司)

On October 18, 2024, Hangzhou Hihou Internet Technology Co., Ltd. was established in the PRC with a registered capital of RMB10,000.

Hangzhou Hiyi Trading Co., Ltd. (杭州嗨軼貿易有限公司)

On October 21, 2024, Hangzhou Hiyi Trading Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Hangzhou Hier Trading Co., Ltd. (杭州嘸貳貿易有限公司)

On October 21, 2024, Hangzhou Haier Trading Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

Hangzhou Quanyuquan Trading Co., Ltd. (杭州泉鈺泉貿易有限責任公司)

On November 4, 2024, Hangzhou Quanyuquan Trading Co., Ltd. was established in the PRC with a registered capital of RMB100,000.

Hangzhou Quanyiquan Trading Co., Ltd. (杭州泉奕泉貿易有限責任公司)

On November 4, 2024, Hangzhou Quanyiquan Trading Co., Ltd. was established in the PRC with a registered capital of RMB100,000.

Hangzhou Letang Trading Co., Ltd. (杭州樂棠貿易有限公司)

On November 28, 2024, Hangzhou Letang Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Leqiang Trading Co., Ltd. (杭州樂薈貿易有限公司)

On November 29, 2024, Hangzhou Leqiang Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Hiyingle Trading Co., Ltd. (杭州海嬰樂貿易有限公司)

On August 9, 2024, Hangzhou Hiyingle Trading Co., Ltd. was established in the PRC with a registered capital of RMB100,000.

Hangzhou Himan Internet Technology Co., Ltd. (杭州嘸滿網絡科技有限公司)

On January 8, 2025, Hangzhou Himan Internet Technology Co., Ltd. was established in the PRC with a registered capital of RMB10,000.

Hangzhou Pailexiang Trading Co., Ltd. (杭州派樂享貿易有限公司)

On February 28, 2025, Hangzhou Pailexiang Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

Hangzhou Hiduo Trading Co., Ltd. (杭州嘸朵貿易有限公司)

On March 3, 2025, Hangzhou Hiduo Trading Co., Ltd. was established in the PRC with a registered capital of RMB500,000.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Hangzhou Hiying Internet Technology Co., Ltd. (杭州嗨英網絡科技有限公司)

On April 18, 2025, Hangzhou Hiying was established in the PRC with a registered capital of RMB500,000.

Fengyun Qidi (Hangzhou) Technology Co., Ltd. (蜂云啟迪(杭州)科技有限公司)

On April 21, 2025, Fengyun Qidi (Hangzhou) Technology Co., Ltd. was established in the PRC with a registered capital of RMB1,000,000.

6. Repurchase of Shares by our Company

This section sets out information required by the Stock Exchange to be included in this document concerning the repurchase of our Company. Our Directors confirm that neither the explanatory statement of the repurchase mandate nor the proposed share repurchase has any unusual features.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listings are on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the resolutions in writing of all our Shareholders passed on [•], [2025] a general unconditional mandate (the “**Repurchase Mandate**”) was granted to our Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the completion of the [REDACTED] (excluding treasury shares of the Company), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Memorandum and Articles of Association to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate nominal value of the company’s shares in issue on the date the repurchase mandate is granted. A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities disclose to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

(iv) Status of Repurchased Securities

Our Company may cancel any repurchased Shares (upon which the certificates for such shares must be cancelled and destroyed) and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances. Shareholders and potential investors should pay attention to any announcement to be published by us in the future, including but without limitation, any next day disclosure return (which shall identify, amongst others, the number of repurchased Shares that are to be held as treasury shares or cancelled upon settlement of such repurchases).

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

The [REDACTED] status of all Shares which are held as treasury shares will be retained. Our Company will ensure that treasury shares are appropriately identified and segregated. For any treasury shares deposited with [REDACTED] pending resale on the Stock Exchange, our Company will ensure that it would not exercise any shareholders’ rights or receive any entitlements which would otherwise be suspended under the relevant laws if those shares were registered in our Company’s own name as treasury shares by, including but not limited to, obtaining an approval by the board of our Company that (i) our Company should procure its broker not to give any instructions to [REDACTED] to vote at general meetings for the treasury shares deposited with [REDACTED]; and (ii) in the case of dividends or distributions, our Company should withdraw the treasury shares from [REDACTED], and either re-register them in its own name as treasury shares or cancel them, in each case before the record date for the dividends or distributions.

The [REDACTED] status of all Shares which are purchased by our Company (whether on the Stock Exchange or otherwise) but not held as treasury shares shall be automatically cancelled upon repurchase. Our Company shall ensure that the documents of title of these repurchased Shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its securities on the Stock Exchange other than in exceptional circumstances.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company’s annual report is required to disclose details regarding repurchases of securities made during the year reviewed, including

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a “core connected person,” that is, a director, chief executive, or substantial shareholder of the company or any of its subsidiaries or their respective close associates and a core connected person is prohibited from knowingly selling his securities to the company, on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will be in the interest of our Company and our Shareholders. Such repurchases may, depending on market conditions, funding arrangements and other circumstances at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws of the Cayman Islands.

Any repurchases by our Company may be made out of profits or from the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act, out of capital.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this document in the event that the Repurchase Mandate is exercised in full.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(d) Share capital

Exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after the [REDACTED] of the Shares, could accordingly result in up to [REDACTED] Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Memorandum and Articles of Association to be held; or
- (iii) the date on which the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the “**Code**”). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of the increase of our Shareholders’ interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Code if the Repurchase Mandate is exercised. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances. No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of our business) have been entered into by us within the two years preceding the date of this document and are or may be material:

- (1) the shareholders agreement dated June 13, 2025 entered into among our Company, Cross Maze, Entrusting Shareholders and their respective holding vehicles, certain subsidiaries and [REDACTED] Investors regarding the shareholders’ rights in our Company; and
- (2) the [REDACTED].

2. Intellectual property rights of our Group

Trademarks

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registration number	Registered owner	Class	Registration date	Expiry date
1		PRC	68688959	Hangzhou Yangtuo Internet	29	September 7, 2023	September 6, 2033
2		PRC	68690796	Hangzhou Yangtuo Internet	30	September 7, 2023	September 6, 2033
3		PRC	68689870	Hangzhou Yangtuo Internet	5	September 7, 2023	September 6, 2033
4		PRC	68380997	Hangzhou Yangtuo Internet	5	May 7, 2024	May 6, 2034
5		PRC	67617926	Hangzhou Yangtuo Internet	5	August 28, 2023	August 27, 2033
6		PRC	67623533	Hangzhou Yangtuo Internet	29	August 28, 2023	August 27, 2033
7		PRC	67603881	Hangzhou Yangtuo Internet	30	August 28, 2023	August 27, 2033
8		PRC	63349616	Hangzhou Yangtuo Internet	32	September 14, 2022	September 13, 2032
9		PRC	51075019	Hangzhou Yangtuo Internet	5	August 14, 2021	August 13, 2031
10		PRC	47693871	Hangzhou Yangtuo Internet	5	May 28, 2021	May 27, 2031
11		PRC	38403922	Hangzhou Yangtuo Internet	35	January 14, 2020	January 13, 2030
12		PRC	27768668	Hangzhou Yangtuo Internet	5	June 21, 2019	June 20, 2029

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Place of registration	Registration number	Registered owner	Class	Registration date	Expiry date
13	爸比船长 daddy captain	PRC	32021735	Hangzhou Borou Trading Co., Ltd. (杭州帛柔貿易有限公司)	5	September 7, 2019	September 6, 2029
14	普睿贝思	PRC	77152748	Sizhuangge (Hangzhou) Health Management Co., Ltd. (思壯格(杭州)健康管理有限公司)	5	August 14, 2024	August 13, 2034
15	普睿贝思	PRC	77151100	Sizhuangge (Hangzhou) Health Management Co., Ltd.	32	August 14, 2024	August 13, 2034

As of the Latest Practicable Date, we filed the following application for registration of trademark in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Application number	Applicant	Class	Application date
1.	   	Hong Kong	306884218	Hangzhou Yangtuo Internet	9, 35	April 28, 2025

Copyrights

As of the Latest Practicable Date, we have registered the following copyrights which are material in relation to our Group’s business:

No.	Copyright	Registered owner	Registration number	Place of registration	Registration date
1	The HarmonyOS version of the Yangtuo Hipac APP (洋駝海拍客 APP鴻蒙版軟件)	Hangzhou Yangtuo Internet	2024SR1989663	PRC	December 5, 2024
2	Yangtuo Cross-border Weidian System (洋駝跨境微店系統)	Hangzhou Yangtuo Internet	2020SR0487234	PRC	May 21, 2020
3	Yangtuo Hipac Online Mall system software (洋駝海拍客商城系統軟件)	Hangzhou Yangtuo Internet	2018SR204649	PRC	March 26, 2018

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

<u>No.</u>	<u>Copyright</u>	<u>Registered owner</u>	<u>Registration number</u>	<u>Place of registration</u>	<u>Registration date</u>
4	The Android version of the Yangtuo Hipac App software (洋駝海拍客APP Android版軟件)	Hangzhou Yangtuo Internet	2017SR479029	PRC	August 30, 2017
5	The ios version of the Yangtuo Hipac APP software (洋駝海拍客APP ios版軟件)	Hangzhou Yangtuo Internet	2017SR479122	PRC	August 30, 2017
6	Hi Hipac (Hi海拍客)	Hangzhou Yangtuo Internet	國作登字-2019-F-00721512	PRC	February 2, 2019

Domain Name

As of the Latest Practicable Date, we have registered the following domain name which are material in relation to our Group’s business:

<u>No.</u>	<u>Domain Name</u>	<u>Registrant</u>	<u>Date of registration</u>	<u>Expiry date</u>
1	hipac.cn	Hangzhou Yangtuo Internet	April 1, 2015	April 1, 2028

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Disclosure of interest — interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following the completion of the [REDACTED] (but without taking into account the exercise of the [REDACTED] and the exercise of share options or vesting of restricted shares under the 2015 Share Incentive Scheme), the interest or short position of our Directors or chief executive of our Company in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were 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 entered in the register referred

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once the Shares are [REDACTED], will be as follows:

(i) *Interests in the Shares of our Company*

Name of Director/Chief Executive	Positions	Nature of interest	Number of Shares	Approximate percentage of interest in the total share capital of our Company
Mr. Zhao ⁽¹⁾⁽²⁾	Chairman of the Board, executive Director and chief executive director	Interest in controlled corporation Interest of a party to an agreement regarding interest Other	99,230,346	[REDACTED]
Ms. Xu Hong ⁽³⁾	Executive Director and chief operation officer	Interest in a controlled corporation	10,200,000	[REDACTED]
Mr. Wu Tao ⁽⁴⁾	Executive Director and director of strategic cooperation department	Interest in a controlled corporation	3,403,540	[REDACTED]

Notes:

- (1) Cross Maze, a company wholly owned by Mr. Zhao, directly holds 44,294,222 Shares in our Company.
- (2) Under the SFO, Mr. Zhao is deemed to be interested in (i) 16,776,414 Shares held by HIPAC Incentive and (ii) 38,159,710 Shares held by Entrusting Shareholders. For details, see “History, Reorganization and Corporate Structure — Voting Rights Entrustment Arrangements.”
- (3) Echo Plus, a company wholly owned by Ms. Xu Hong, directly holds 10,200,000 Shares in our Company.
- (4) Fun Can, a company wholly owned by Mr. Wu Tao, directly holds 3,403,540 Shares in our Company.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(ii) *Interests in our associated corporation*

<u>Name of Director/ Chief Executive</u>	<u>Nature of interest</u>	<u>Name of associated corporation</u>	<u>Approximate percentage of shareholding</u>
Mr. Wu Tao (吳濤)	Beneficial interest	Hangzhou Yangmei Enterprise Management Consulting Partnership (L.P.) (杭州洋鎂企業管理諮 詢合夥企業(有限合 夥))	1%

(b) *Disclosure of interest — interests and short positions disclosable under Divisions 2 and 3 of the Part XV of the SFO*

Save as disclosed in “Substantial Shareholders” of this document, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (but without taking into account the exercise of the [REDACTED] and the exercise of share options or vesting of restricted shares under the 2015 Share Incentive Scheme), have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 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 the rights to vote in all circumstances at the general meetings of our Company.

As of the Latest Practicable Date, so far as is known to our Directors, the following person was interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of any member of the Group other than us or had option in respect of such capital:

<u>Name of shareholder</u>	<u>Name of member of the Group</u>	<u>Approximate percentage of shareholding</u>
Mr. Ye Feng (叶峰)	Shanghai Tongguan Food Sales Co., Ltd. (上海童冠食品銷售 有限公司)	30%
Hunan Kangshi Diaper Co., Ltd. (湖南康氏衛生用品有限 公司)	Hangzhou Boshu Trading Co., Ltd. (杭州帛殊貿易有限公司)	10%
Guangdong Winsun Personal Care Products Co., Ltd. (廣東昱升個人護理用品股份 有限公司)	Hangzhou Borou Trading Co., Ltd. (杭州帛柔貿易有限公司)	20%
Fengyun Qidi Technology Co., Ltd. (蜂云啟迪科技有限公司)	Fengyun Qidi (Hangzhou) Technology Co., Ltd. (蜂云啟 迪(杭州)科技有限公司)	33%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

2. Particulars of service contracts and letters of appointment

Each of Mr. Zhao and Ms. Xu Hong, being our executive Directors, has entered into a service contract with our Company on [•]. The service contract is for an initial term of [three] years commencing from the [REDACTED]. The service contracts may be renewed in accordance with our Memorandum and Articles of Association and the applicable laws, rules, and regulations.

Each of Mr. Wu Tao, Mr. Wang Mengzhi, Mr. Shen Kai, Ms. Chen Jie and Ms. Wang Xun, being our non-executive Directors or independent non-executive Directors, has entered into a letter of appointment with our Company on [•]. Each letter of appointment is for an initial term of [three] years commencing from the [REDACTED]. The letters of appointment may be renewed in accordance with our Memorandum and Articles of Association and the applicable laws, rules, and regulations.

3. Directors’ remuneration

The aggregate amounts of remuneration (including salaries, bonuses, social insurance and housing provident fund and other benefits) paid to our Directors for the three years ended December 31, 2022, 2023 and 2024 were RMB2.3 million, RMB2.5 million and RMB4.8 million, respectively.

None of our Directors has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this document.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended December 31, 2022, 2023 and 2024 by any member of our Group to any of our Directors.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group.

It is estimated that remuneration equivalent to approximately RMB7.6 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2025, based on the arrangements currently in force.

4. Personal Guarantees

Our Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted or to be granted to any member of our Group.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

5. Agency fees or commissions received

No commissions, discounts, brokerages, or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital of any member of our Group.

6. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning 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 or which will be required, pursuant to section 352 of the SFO, to be entered 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 Issuers once the Shares are [REDACTED];
- (b) none of our Directors or any of the experts referred to under paragraph headed “E. Other Information — 7. Qualification of Experts” in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been 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;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of any Shares which may be taken up under the [REDACTED], so far as is known to our Directors or chief executive of our Company, no person (not being a Director or chief executive of our Company) who will, immediately following the completion of the [REDACTED], have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, 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 member of our Group; and

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. [REDACTED] SHARE INCENTIVE SCHEMES

1. 2015 Share Incentive Scheme

(a) Purpose

The purpose of the 2015 Share Incentive Scheme is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, consultant and business partners, and to promote the success of the Company’s business and enhance the value of the Company through linking the personal interests of the Company’s business partners with the Company by permitting them to acquire Shares of our Company.

(b) Administration

The 2015 Share Incentive Scheme shall be administered by the Board or a committee appointed by the Board (the “**2015 Scheme Administrator**”). Subject to the provisions of the 2015 Share Incentive Scheme and, in the case of a committee, the specific duties delegated by the Board to such committee, and subject to the approval of any relevant authorities, the 2015 Scheme Administrator shall have the authority in its discretion to do things in connection with the grant of the share options and restricted shares and the administration of the 2015 Share Incentive Scheme.

(c) Eligible Participants

The eligible participants of the 2015 Share Incentive Scheme are the employees, directors, consultant and business partners who have satisfied the conditions and performance targets set by the Board and are selected by the 2015 Scheme Administrator to receive the share options and restricted shares under the 2015 Share Incentive Scheme.

(d) Maximum number of Shares

Under the 2015 Share Incentive Scheme, the Company may grant options and/or restricted shares to the eligible participants, where the total number of the restricted shares and Shares underlying the share options granted pursuant to the 2015 Share Incentive Scheme in aggregated shall be 39,928,957 Shares, representing approximately 17.17% of the total issued Shares as of the Latest Practicable Date.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(e) Grant of Restricted Shares and Share Options

Each restricted shares and share options shall be evidenced by a granting agreement (the “**Granting Agreement(s)**”) between the scheme participants and the Company in the form and substance approved by the 2015 Scheme Administrator. The Granting Agreement evidencing a grant of restricted shares and/or share options shall contain the terms established by the 2015 Scheme Administrator for that grant (including but not limited to the number of restricted shares and/or share options, exercise price/purchase price, term of share options, vesting schedule, exercisability and performance targets (if any)), as well as any other terms, provisions, or restrictions that the Board may impose on the grant.

(f) Restricted Shares

(i) Vesting of the Restricted Shares

Subject to conditions set forth in the Granting Agreement, the restricted shares shall generally be vested in four equal instalments on the first, second, third and fourth anniversaries of the vesting date as specific in the Granting Agreement, respectively.

(ii) Transferability

The scheme participants may not directly or indirectly, transfer any of the restricted shares or create any encumbrance, including but not limited to mortgage, pledge or guarantee until the vest of the restricted shares.

Upon vesting and issuance of the restricted shares, the scheme participants are entitled to sell, transfer, assign or create encumbrance on the unrestricted shares.

(g) Share Options

(i) Vesting of the Share Options

Subject to conditions set forth in the Granting Agreement, the share options shall be vested in four equal instalments on the first, second, third and fourth anniversaries of the vesting date as specific in the Granting Agreement, respectively.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(ii) Exercise of the Share Options

Any share options granted under the 2015 Share Incentive Scheme shall be exercisable according to the terms in the scheme rules at such times and under such conditions as may be determined by the 2015 Scheme Administrator and as set forth in the Granting Agreement; provided that, however, an option shall not be exercised for a fraction of a Share and all share options shall be exercised no later than 15 years from the grant date.

A share option shall be deemed exercised when the Company receives (i) written or electronic notice of exercise (in accordance with the Granting Agreement) from the person entitled to exercise the option, (ii) full payment for the Shares with respect to which the option is exercised, and (iii) all representations, indemnifications, and documents reasonably requested by the 2015 Scheme Administrator including, without limitation, any shareholders agreement. The Company shall issue (or cause to be issued) certificates evidencing the issued Shares promptly after the option is exercised in accordance with the applicable laws and regulation.

(iii) Transferability

The scheme participants may not directly or indirectly, transfer any of the share options or related rights or interest therein or create any encumbrance including but not limited to mortgage, pledge or guarantee.

(iv) Voting rights

The share options held by the scheme participants have no voting rights. Further, the voting rights in respect of any Shares underlying the share options shall be fully delegated to the Director designated by the Board until (i) the [REDACTED] of the Company, (ii) the change in control of the Company as specific in the scheme rules, and (iii) the termination of the designation by the Board, whichever is the earliest.

(h) Amendments

The Board may, at any time, amend, alter, suspend, or terminate the 2015 Share Incentive Scheme.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(i) Outstanding Restricted Shares and Share Options Granted under the 2015 Share Incentive Scheme

2015 Share Incentive Scheme consists of (i) 22,227,574 restricted shares, and (ii) 17,701,383 share options.

(i) Restricted Shares

Pursuant to the 2015 Share Incentive Scheme, (i) 14,988,000 ordinary Shares were granted to three eligible participants and were fully-vested, and (ii) 7,239,574 restricted shares were granted to three eligible participants and were not yet vested. Particulars of the granting are set forth below:

Name of the scheme participants	Position held in our Company	Address	Number of restricted shares	Purchase price (per share)	Date of grant	Vesting period	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED] ⁽¹⁾
Directors							
Ms. Xu Hong	Executive Director and chief operation officer	Flat 2301, Building 12, Yaojiang Wendingyuan, Xihu District, Hangzhou, Zhejiang Province, PRC	10,200,000	US\$0.0001	November 13, 2019	Vest immediately	[REDACTED]
Mr. Wu Tao	Non-executive Director and director of external strategic cooperation department	Flat 702, Unit 3, No. 6, Xixi River East, Xihu District, Hangzhou, Zhejiang Province, PRC	339,235	US\$0.0001	June 20, 2025	4 years	[REDACTED]
Senior management							
Ms. Yang Qianqian	Chief financial officer and joint company secretary	No. 13, Lane 500, Jiangzhi Road, Minhang Strict, Shanghai, PRC	2,660,000	US\$0.0001	March 4, 2021	Vest immediately	[REDACTED]
Mr. Xiao Jiantao	Chief technology officer	Flat 202, Unit 1, Building 15, Yingyuetai Apartment, Aicheng Street, Wuchang Subdistrict, Yuhang District, Hangzhou, Zhejiang Province, PRC	1,250,000	US\$0.0001	June 20, 2025	4 years	[REDACTED]
Connected person							
Mr. Yang Wenjie	N/A ⁽²⁾	Flat 302, Unit 1, Building 1, Yuehua Garden, Chunjiang Huayue, Shangcheng District, Hangzhou, Zhejiang Province, PRC	2,128,000	US\$0.0001	July 14, 2022	Vest immediately	[REDACTED]
Other participant							
Mr. Zhang Meigen	N/A	Flat 101, Unit 2, Building 4, Shulinyuan, Gongshu District, Hangzhou, Zhejiang Province, PRC	5,650,339	US\$0.0001	June 20, 2025	4 years	[REDACTED]
Total			<u><u>22,227,574</u></u>				<u><u>[REDACTED]</u></u>

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Notes:

- (1) Calculated based on [REDACTED] Shares in issue immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme).
- (2) Mr. Yang Wenjie is the former director of Hangzhou Yangtuo Trading, one of our major subsidiaries.

(ii) Share Options

As of the Latest Practicable Date, share options to subscribe 17,701,383 Shares, representing approximately 7.61% of the issued share capital of our Company as of the Latest Practicable Date and approximately [REDACTED]% of the total issued share capital of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme), had been conditionally granted by our Company to 596 employees or former employees and 1,175 business partners of our Group.

Particulars of the share options granted to our Directors, senior management members and connected persons are set forth below:

Name of the scheme participants	Position held in our Company	Address	Number of share options granted	Exercise price (per share)	Date of grant	Vesting period	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED] ⁽¹⁾
Director							
Ms. Xu Hong	Executive Director and chief operation officer	Flat 2301, Building 12, Yaojiang Wendingyuan, Xihu District, Hangzhou, Zhejiang Province, PRC	1,112,000	US\$0.2 or US\$0.0001	July 1, 2019 and June 20, 2025	4 years or vest immediately	[REDACTED]
Connected person							
Mr. Huang Yazhong	N/A ⁽²⁾	No. 31, Qingchunfang, Xiacheng District, Hangzhou, Zhejiang Province, PRC	2,219,874	US\$0.2 or US\$0.0001	July 1, 2019, January 1, 2020, January 1, 2021, January 1, 2022 and June 20, 2025	4 years or vest immediately	[REDACTED]
Total			3,331,874				[REDACTED]

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Notes:

- (1) Calculated based on [REDACTED] Shares in issue immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme).
- (2) Mr. Huang Yazhou is the director of Hangzhou Hitun, one of our major subsidiaries.

Save as the 2 grantees disclosed above, the remaining 1,769 grantees who are not members of the Directors, senior management or connected persons of our Company had been granted share options to subscribe for 14,369,509 new Shares, representing [REDACTED]% of the issued share capital of our Company immediately upon the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme).

The table below sets out the details of share options granted to the remaining 1,769 grantees who are not members of our Directors, senior management or connected persons of our Company under the 2015 Share Incentive Scheme.

Range of outstanding Shares for options granted	Total number of grantees	Total number of outstanding Shares for options granted	Exercise price (per share)	Date of grant	Vesting period	Approximate percentage of enlarged issued share capital of our Company immediately after the completion of the [REDACTED] ⁽¹⁾
1–1,000	1,064	778,161	US\$0.0001 or US\$0.2	January 1, 2017 to June 20, 2025	4 years	[REDACTED]
1,001–5,000	464	1,122,744	US\$0.0001 or US\$0.16 or US\$0.2	February 1, 2016 to June 20, 2025	4 years	[REDACTED]
5,001–10,000	79	571,366	US\$0.0001 or US\$0.16 or US\$0.2	February 1, 2016 to June 20, 2025	4 years	[REDACTED]
10,001–50,000	98	2,321,061	US\$0.0001 or US\$0.16 or US\$0.2	September 1, 2015 to June 20, 2025	4 years	[REDACTED]
50,001–100,000	31	2,278,995	US\$0.0001 or US\$0.16 or US\$0.2	September 1, 2015 to June 20, 2025	4 years or vest immediately	[REDACTED]
100,001 or above	33	7,297,182	US\$0.0001 or US\$0.16 or US\$0.2	September 1, 2015 to June 20, 2025	4 years or vest immediately	[REDACTED]
Total	1,769	14,369,509				[REDACTED]

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Notes:

- (1) Calculated based on [REDACTED] Shares in issue immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme).

2. 2023 Share Incentive Scheme

(a) Purpose

The purpose of the 2023 Share Incentive Scheme is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors and consultant and to promote the success of the Company’s business by offering these individuals an opportunity to acquire a proprietary interest in the success of our Company or to increase this interest.

(b) Administration

Pursuant to the Trust Deed, the 2023 Share Incentive Scheme shall be administered by the a committee established and authorised by the Board (the “**2023 Scheme Administrator**”). Subject to the provisions of the 2023 Share Incentive Scheme, shareholder agreement and Articles of Association of the Company, the 2023 Scheme Administrator shall have the authority in its discretion to do things in connection with the grant of the restricted shares (the “**Award(s)**”) and the administration of the 2023 Share Incentive Scheme.

In the event that the number of restricted shares in one-off grant to a single participant exceeds 1% of the Company’s total outstanding shares, or if any participant has already been granted restricted shares reaching or exceeding 1% of the Company’s total outstanding shares and is proposed to receive additional grants, such grant shall require approval by the Board, including the consent of investor-appointed directors.

(c) Eligible Participants

The eligible participants of the 2023 Share Incentive Scheme are the employees, directors and consultant of the Group who have satisfied the conditions set by the Board and are selected by the 2023 Scheme Administrator to receive the Awards under the 2023 Share Incentive Scheme.

(d) Amendments

The Board may revise, supplement, improve, terminate and interpret 2023 Share Incentive Scheme in writing.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(e) Grant of Awards

Each Award shall be evidenced by an award agreement (the “**Award Agreement(s)**”) in the form and substance approved by the Board. The Award Agreement evidencing a grant of Awards (“**Grant**”) shall contain the terms established by the Board for that Grant (including but not limited to the numbers of the Awards, vesting schedule and performance targets (if any)), as well as any other terms, provisions, or restrictions that the Board may impose on the Grant.

(f) Maximum Number of Shares

The total number of restricted shares granted pursuant to the 2023 Share Incentive Scheme shall be 32,200,000 Shares, representing approximately 13.84% of the total issued Shares as of the Latest Practicable Date. 16,776,414 restricted shares under the 2023 Share Incentive Scheme have been issued to HIPAC Incentive and were held by Trident Trust Company (HK) Limited, as the trustee (“**Trustee**”) for the benefits of the scheme participants of the 2023 Share Incentive Scheme before vesting of the restricted shares. 500,000 ordinary Shares, 500,000 ordinary Shares, 2,300,000 ordinary Shares, and 12,123,586 ordinary Shares are issued to Glamorous Serenade, Dear Hero, White Bone and Galaxy Beta, respectively.

(g) Vesting of the Restricted Shares

Subject to conditions set forth in the Award Agreement, the restricted shares shall generally vest in four equal instalments on the first, second, third and fourth anniversaries of the vesting date as specific in the Award Agreement, respectively. The restricted shares shall be transferred from HIPAC Incentive to the scheme participants and become unrestricted shares upon vesting.

(h) Transferability

The scheme participants may not directly or indirectly, transfer any of the restricted shares or create any encumbrance, including but not limited to mortgage, pledge or guarantee until the vest of the restricted shares.

Upon vesting and subject to the articles of association of HIPAC Incentive the shareholders agreement and Articles of Association of the Company, the scheme participants are entitled to sell, transfer, assign or create encumbrance on the unrestricted shares.

(i) Outstanding Restricted Shares Granted under the 2023 Share Incentive Scheme

As of the Latest Practicable Date, an aggregate of 32,200,000 restricted shares, representing approximately 13.84% of the total issued share capital of our Company as of the Latest Practicable Date and [REDACTED]% of the enlarged total issued share capital of our Company immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no Shares

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme), were issued, consisting (i) 16,776,414 restricted shares to HIPAC Incentive; and (ii) 500,000 ordinary Shares, 500,000 ordinary Shares, 2,300,000 ordinary Shares, and 12,123,586 ordinary Shares to Glamorous Serenade, Dear Hero, White Bone and Galaxy Beta, respectively. No further Awards will be granted under 2023 Share Incentive Scheme after the [REDACTED].

Particulars of the restricted shares granted are set forth below:

Name of the scheme participants	Position held in our Company	Address	Number of Awards granted	Purchase Price (per share)	Date of Grant	Vesting Period	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED] ⁽¹⁾
Directors							
Mr. Zhao	Chairman, executive Director and chief executive officer	Flat 701, Unit 7, Building 7, Wulin Garden Tianmushan Road, Xihu District, Hangzhou, Zhejiang Province, PRC	7,344,120	US\$0.0001	June 20, 2025	3 years	[REDACTED]
Ms. Xu Hong	Executive Director and chief operation officer	Flat 2301, Building 12, Yaojiang Wendingyuan, Xihu District, Hangzhou, Zhejiang Province, PRC	1,565,668	US\$0.0001	June 20, 2025	3 years	[REDACTED]
Mr. Wu Tao	Non-executive Director and director of external strategic cooperation department	Flat 702, Unit 3, No. 6, Xixi River East, Xihu District, Hangzhou, Zhejiang Province, PRC	2,196,025	US\$0.0001	June 20, 2025	3 years	[REDACTED]
Senior management							
Mr. Xiao Jiantao	Chief technology officer	Flat 202, Unit 1, Building 15, Yingyuetai Apartment, Aicheng Street, Wuchang Subdistrict, Yuhang District, Hangzhou, Zhejiang Province, PRC	3,030,706	US\$0.0001	June 20, 2025	3 years or vest immediately	[REDACTED]
Ms. Yang Qianqian	Chief financial officer and joint company secretary	No. 13, Lane 500, Jiangzhi Road, Minhang Strict, Shanghai, PRC	12,123,586	US\$0.0001	June 20, 2025	vest immediately	[REDACTED]
Connected person							
Mr. Ni Huan	N/A ⁽²⁾	Flat 1602, Unit 1, Building 1, Qilinge, Hongshi Central Garden, Gongshu District, Hangzhou, Zhejiang Province, PRC	2,428,371	US\$0.0001	June 20, 2025	3 years or vest immediately	[REDACTED]
Other participant							
Mr. Zhang Meigen	N/A	Flat 101, Unit 2, Building 4, Shulinyuan, Gongshu District, Hangzhou, Zhejiang Province, PRC	3,511,524	US\$0.0001	June 20, 2025	3 years or vest immediately	[REDACTED]
Total			32,200,000				[REDACTED]

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Notes:

- (1) Calculated based on [REDACTED] Shares in issue immediately after completion of the [REDACTED] (assuming that the [REDACTED] is not exercised and no Shares are issued pursuant to the exercise of share options or vesting of restricted shares granted under the 2015 Share Incentive Scheme).
- (2) Mr. Ni Huan is the manager of Hangzhou HIPAC Internet, one of our major subsidiaries.

E. 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

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in sections headed “Risk factors” and “Business” so far as our Directors are aware, no litigation or claim of material importance (to our Group’s financial condition or results of operation) is pending or threatened against any member of our Group.

3. Sole Sponsor and Sole Sponsor’s fees

The Sole Sponsor has made an application on our behalf to the [REDACTED] of the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the Shares in issue and to be issued as mentioned in this document.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Sole Sponsor by our Company is US\$600,000.

4. Preliminary expenses

Our preliminary expenses incurred by us in relation to our incorporation were approximately RMB62,640 and have been paid by our Company.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

5. Promoter

We do not have any promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this document, no cash, securities, or other benefit has been paid, allotted, or given nor are any proposed to be paid, allotted, or given to any promoter in connection with the [REDACTED] and the related transactions described in this document.

6. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the Shares being sold or transferred. Profits from [REDACTED] in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands.

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, or disposing of or [REDACTED] in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the [REDACTED] will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or [REDACTED] in the Shares or exercise of any rights attaching to them.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

7. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

<u>Name</u>	<u>Qualifications</u>
CITIC Securities (Hong Kong) Limited	Licensed corporation under the SFO to engage in type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Haiwen & Partners	PRC legal advisors to our Company
Haiwen & Partners	PRC Legal Advisors to our Company on data compliance matters
Ogier	Cayman Islands legal advisors to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

8. Consents of experts

Each of the experts referred to in “— E. Other Information — 7. Qualification of experts” above in this document has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

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 our Company or any of our subsidiaries.

9. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

10. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

- (a) Save as disclosed in the sections headed “History, Reorganization and Corporation Structure,” “[REDACTED]” and “Structure of the [REDACTED]” in this document, within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no commissions, discounts, brokerages, or other special terms had 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; and
 - (iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription, or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Save as disclosed in the section headed “— D. [REDACTED] Share Incentive Schemes” in this appendix and “Structure of the [REDACTED],” no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option.
- (c) There are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries.
- (d) Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2024 (being the date to which the latest audited combined financial statements of our Group were made up).
- (e) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (f) Our principal register of members will be maintained by our principal registrar, [REDACTED], in the Cayman Islands and our Hong Kong register of members will be maintained by [REDACTED]. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our share register in Hong Kong.
- (g) All necessary arrangements have been made to enable the Shares to be admitted to [REDACTED].
- (h) No company within our Group is [REDACTED] on any stock exchange or traded on any trading system at present, and our Group is not seeking or proposing to seek any [REDACTED] of, or permission to [REDACTED] in, the share or loan capital of our Company on any other stock exchange.
- (i) There is no arrangement under which future dividends are waived or agreed to be waived.

APPENDIX V**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND ON DISPLAY**

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in the section headed “Statutory and General Information — E. Other Information — 8. Consents of experts” in Appendix IV; and
- (b) a copy of each of the material contracts referred to in the section headed “Statutory and General Information — B. Further Information about Our Business — 1. Summary of material contracts” in Appendix IV.

B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published at the websites of the Stock Exchange at www.hkexnews.hk and our Company at <https://www.hipac.cn> up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum of Association and Articles of Association;
- (b) the Accountant’s Report from Ernst & Young, the text of which is set out in “Appendix I — Accountants’ Report” to this document;
- (c) the audited consolidated financial statements of the Group for each of the three years ended December 31, 2022, 2023 and 2024;
- (d) the report on unaudited pro forma financial information from Ernst & Young, the text of which is set out in “Appendix II — Unaudited Pro Forma Financial Information” to this document;
- (e) the letter of advice prepared by Ogier, our legal advisors as to Cayman Islands laws, summarizing certain aspects of the Cayman Islands Companies Act as referred to in “Appendix III — Summary of the Constitution of the Company and Cayman Companies Act” in this document;
- (f) the Cayman Companies Act;
- (g) the material contracts referred to in the section headed “Appendix IV — Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts” in this document;
- (h) the service contracts and letters of appointment with Directors, referred to in the section headed “Appendix IV — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders” in this document;

APPENDIX V

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND ON DISPLAY**

- (i) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant;
- (j) the written consents referred to in the section headed “Appendix IV — Statutory and General Information — E. Other Information — 8. Consents of experts” in this document;
- (k) the legal opinion issued by Haiwen & Partners, our legal advisor as to PRC laws, in respect of certain aspects of our Group’s business operations in the PRC;
- (l) the legal opinion issued by Haiwen & Partners, our legal advisor as to PRC laws in respect of PRC data compliance; and
- (m) the terms of the [REDACTED] Share Incentive Schemes.

C. DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of grantees under the [REDACTED] Share Incentive Schemes, containing all the particulars as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Tian Yuan Law Firm LLP at Suites 3304–3309, 33/F, Jardine House, One Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this document.